

Report of the Executive Board

Dear Shareholders and Business Partners,

With its products and solutions for more efficient development and production of medicines and vaccines, Sartorius is directly addressing the third Sustainable Development Goal of the United Nations: “Ensure healthy lives and promote well-being for all at all ages.” Our focus on the biopharmaceutical industry is also one reason why we again performed strongly in 2022 following two exceptionally dynamic years. Sales revenue rose 15 percent in constant currencies to almost 4.2 billion euros, with broad-based growth across our portfolio and all geographies in a challenging environment, and we currently see ourselves as being a good year ahead of our mid-term plan. While growth in the lab division was even slightly stronger than forecast, the bioprocess division was influenced by the expected normalization of demand. At 33.8 percent, the underlying EBITDA margin achieved in 2022 was close to the high prior-year level, even though we saw the expected significant increase in costs.

We continued to substantially invest in new capacities last year and spent more than half a billion euros in capital expenditures, primarily to expand production across all geographies, in particular in Germany, Puerto Rico, the United States, France and China. We also completed three acquisitions that add innovative and complementary products to our portfolio. We expanded our bioanalytics offering by acquiring a majority stake in ALS Automated Lab Solutions and strengthened our downstream business with the purchase of Novasep’s chromatography division. Albumedix adds a critical component for the manufacture of innovative biopharmaceuticals to our portfolio, particularly for modalities such as cell therapies, viral therapies, and vaccines. We also expect the partnership with the BICO Group agreed upon in December to provide valuable input for innovative applications in research and development, for example in the field of 3D cell printing.

Along with the continued expansion and sales revenue growth came an increase in the number of employees by more than 2,100 to around 16,000 at the end of December 2022. In light of the normalizing demand situation, we have adjusted the pace of recruitment, setting the focus on training and fully integrating the many new employees who have joined us, as well as on consolidating our organization and its processes.

Due to the significant political and economic uncertainties, the capital market sentiment was negative overall last year. Shares of growth companies were also burdened by interest rate increases. On top of this, there was a certain level of uncertainty among investors around the short-term growth prospects of biopharma suppliers in the context of the transition into a post-pandemic phase. In light of this challenging environment, the Sartorius preference share ended 2022 at a price of 369.40 euros, down around 38 percent year over year. The ordinary share closed 33 percent lower at 334.50 euros.



In the two previous years, the pandemic had led to high demand from coronavirus vaccine manufacturers. In addition, customers placed their orders earlier and, in some cases, increased their inventories in view of the strained supply chains. In 2022, the expected normalization of demand set in, and Covid-19-related sales revenues experienced significant declines; similarly, some customers have started to reduce their inventories again. We expect the normalization of demand to continue for some time and thus anticipate sales revenue growth in the low single-digit percentage range for the current year. Excluding the Covid-19-related business, the increase should be in the high single-digit range. We aim to maintain our profit margin at around the high prior-year level. The investment level will also remain high; we expect the CAPEX ratio to be around 12.5 percent again in 2023.

The fundamental growth drivers in our markets are fully intact. Demand for biopharmaceuticals is increasing in all indication areas and regions, and at the same time, the biotech industry is in an extraordinarily innovative phase. We are excellently positioned to support our customers in their endeavors and to seize the opportunities that arise from this. Substantial investments in capacities and acquisitions that expand our capabilities will therefore remain part of our growth strategy.

While our basic assessment of medium-term market growth remains unchanged, we have raised our sales revenue forecast for 2025 to around 5.5 billion euros to reflect higher price levels caused by inflation. At the same time, we have confirmed our 2025 profitability expectation of an underlying EBITDA margin of around 34 percent.

The peak phases of the pandemic posed a considerable challenge to everyone. At the same time, our employees experienced what kind of extraordinary challenges we can master as a team. On behalf of the Executive Board, I would like to express my sincere thanks and appreciation for the exceptional performance the global Sartorius team continued to deliver in 2022.

I would also like to sincerely thank you, our valued customers, business partners, and shareholders. The trust you have placed in Sartorius, often for many years, has been a fundamental driver of the company's positive performance. It would be our great pleasure to have you continue to accompany us on our journey in 2023 and beyond.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joachim Kreuzburg'. The signature is fluid and cursive, written in a professional style.

Dr. Joachim Kreuzburg
Chief Executive Officer