

Group Business Development

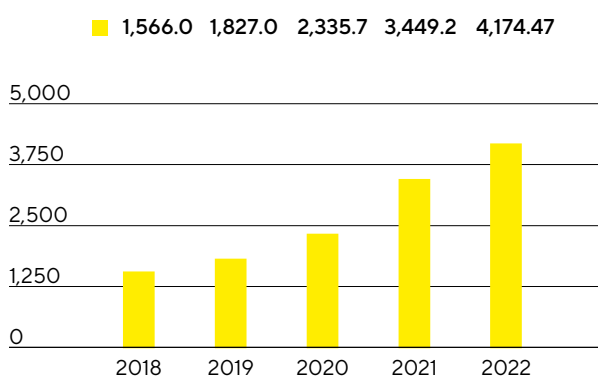
Sales Revenue and Order Intake

In the reporting year, sales revenue of the Sartorius Group rose 15.0% in constant currencies to €4,174.7 million (reported: +21.0%). Thus, the company again grew at double-digit rates in a challenging and volatile environment and following the exceptionally high growth rates in 2020 and 2021. The main driver of this very robust development was organic¹ growth in the laboratory as well as in the bioprocess division. Recent acquisitions also developed positively and contributed close to 2 percentage points to the increase in sales. Significantly lower business with coronavirus vaccine manufacturers compared to the previous year had a dampening effect. The restrictions in China caused by the pandemic as well as the strong reduction of the business in Russia also impacted growth to a relatively minor extent.

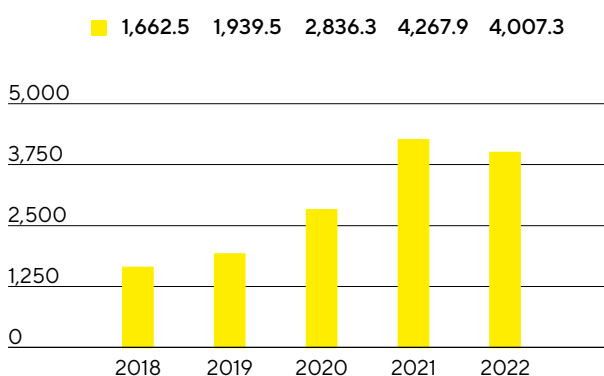
As expected, order intake declined in 2022, after Sartorius had posted exceptionally high growth rates in the previous two years, particularly in the Bioprocess Solutions Division. In addition to a very good base business, there had been significant additional demand from coronavirus vaccine manufacturers and a changed ordering pattern by some customers, who had placed orders larger in size and further in advance than usual due to pandemic-related uncertainties and strained supply chains. As expected, the situation has increasingly normalized as the pandemic has subsided and supply chains have eased from mid-2022 onwards. The temporary decline in demand is due to lower production of coronavirus vaccines and the reduction of partially increased inventories at some customers. Order intake for the full year declined by 10.1% in constant currencies to €4,007.3 million (reported: -6.1%). Excluding the dampening effect of the declining Covid-19-related business, order intake would have increased slightly.

For a full comparison of the Group's business development with its forecast, see page 64.

Sales Revenue 2018 to 2022
€ in millions



Order Intake 2018 to 2022
€ in millions



Sales Revenue and Order Intake

€ in millions	2022	2021	in % reported	in % cc ²
Sales revenue	4,174.7	3,449.2	21.0	15.0
Order intake	4,007.3	4,267.9	-6.1	-10.1

¹ The revenue contributed by acquired companies is not included in the calculation of organic revenue growth in the first 12 months after acquisition.

² In constant currencies

Double-digit growth in both divisions

Both divisions and all business regions contributed to growth in fiscal 2022. The Bioprocess Solutions Division, which offers a wide array of innovative technologies for the manufacture of biopharmaceuticals and vaccines, expanded - despite the high prior-year base and a sharp decline in Covid-19-related business - by 15.9% in constant currencies to €3,326.5million (reported: +22.0%). This includes about 2 percentage points of non-organic growth from acquisitions.

The Lab Products&Services Division, which specializes in life science research and pharmaceutical laboratories, recorded a very dynamic development, increasing by 11.5% in constant currencies to €848.2million (reported: +17.4%). Around 1 percentage point came from non-organic growth. The bioanalytical instruments business showed a particularly strong expansion, whereas the decline in Covid-19-related business had a somewhat dampening effect on the increase in sales of the laboratory division.

Sales by Division

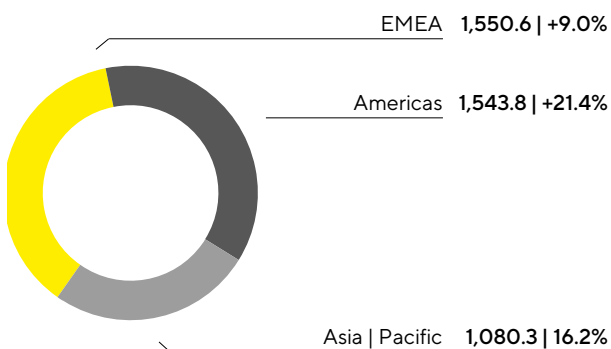
€ in millions	2022	2021	in % reported	in % cc
Bioprocess Solutions	3,326.5	2,727.0	22.0	15.9
Lab Products&Services	848.2	722.2	17.4	11.5

Further information on the business development of the Group divisions is given on pages 54 et seq. for the Bioprocess Solutions Division and on pages 59 et seq. for the Lab Products&Services Division.

Gains in All Regions

Sales Revenue and Growth¹ by Region²

€ in millions, unless otherwise specified



¹ In constant currencies

² Acc. to customers' location

Sartorius increased its sales revenue in all three business regions.

Sales in the EMEA region recorded an increase of 9.0% to €1,550.6 million, representing a share of 37% of total Group revenue. The considerable business limitations in Russia dampened growth by close to 2 percentage points in the reporting year. While the Bioprocess Solutions Division grew by 10.6% compared to a high prior-year base, the Lab Products & Services Division increased moderately by 2.5%.

Sales in the Americas region saw very dynamic development, so that for the first time the share of total Group sales was on a par with the EMEA region at 37%. Growth amounted to 21.4% to €1,543.8 million and was based on a strong development of both the bioprocess division (+22.0%) and the laboratory division (+19.0%).

Business in the Asia|Pacific region, which accounted for around 26% of total Group revenue in 2022, achieved growth of 16.2% to €1,080.3 million in the reporting year, with pandemic-related restrictions in China having a slightly dampening effect, particularly in the first half of the year. The Bioprocess Solutions Division expanded by 16.5% and the Lab Products & Services Division by 15.5%.

All growth rates for the regional development are in constant currencies unless otherwise stated.

Sales by Region

€ in millions	2022	2021	in % reported	in % cc
EMEA	1,550.6	1,411.0	9.9	9.0
Americas	1,543.8	1,141.2	35.3	21.4
Asia Pacific	1,080.3	897.0	20.4	16.2

Costs and Earnings

In 2022, cost of sales rose by 22.9% to €1,978.3 million in connection with the growth in sales revenue. The respective cost of sales ratio was 47.4% compared to 46.7% in the previous year.

Selling and distribution costs rose at an underproportionate rate with respect to sales revenue due to economies of scale by 8.2% to €628.5 million, so the ratio of these costs to sales revenue fell year over year to 15.1% (previous year: 16.8%). Research and development expenses rose by 27.1% to €177.8 million. The corresponding ratio of R&D expenses to sales revenue was 4.3% (previous year: 4.1%). General administrative expenses increased by 21.5% to €200.5 million, and the administrative expense ratio in 2022 was unchanged at 4.8%.

The balance of other operating income and expenses in 2022 was -€124.8 million (previous year: -€50.2 million), and essentially covered extraordinary items of -€60.4 million (previous year: -€40.7 million). These extraordinary items consisted primarily of expenses in connection with the most recent acquisitions as well as of expenses for various corporate projects and structuring measures. The realized currency hedges and valuation effects included in the balance of other operating income and expenses resulted in an expense of €51.0 million, particularly due to the development of the dollar exchange rate in 2022, following income of €10.5 million in the previous year.

EBIT increased by 17.9% to €1,064.8 million; the respective EBIT margin was 25.5% (previous year: 26.2%).

The financial result was €116.9 million in 2022 compared to -€234.7 million in 2021. This includes non-cash-effective income of €148.9 million, predominantly from the reporting date valuation of the share-based earn-out liability in connection with the acquisition of BIA Separations, which had resulted in an expense of €207.8 million in the previous year.

In 2022, tax expenses amounted to €268.6 million (previous year: €241.4 million). In relation to the reported earnings before taxes, the tax rate is 22.7% (previous year: 36.1%). However, taking into account that the above-mentioned valuation effect in the financial result has no subsequent tax impact, the tax rate amounts to 26.0% (previous year: 27.6%).

Net profit for the period increased by 113.8% to €913.1 million (2021: €427.0 million).

Net profit attributable to shareholders of Sartorius AG rose to €678.1 million in the reporting year, up from €318.9 million in 2021. Non-controlling interest stood at €235.0 million (previous year: €108.1 million), which essentially reflected shares in Sartorius Stedim Biotech S.A. not held by the Sartorius Group.

Statement of Profit or Loss

€ in millions	2022	2021	Δ in %
Sales revenue	4,174.7	3,449.2	21.0
Cost of sales	-1,978.3	-1,610.3	-22.9
Gross profit on sales	2,196.5	1,838.9	19.4
Selling and distribution costs	-628.5	-580.7	-8.2
Research and development costs	-177.8	-139.9	-27.1
General administrative expenses	-200.5	-165.0	-21.5
Other operating income and expenses	-124.8	-50.2	-148.8
Earnings before interest and taxes (EBIT)	1,064.8	903.2	17.9
Financial income	198.2	29.3	576.7
Financial expenses	-81.3	-264.0	69.2
Financial result	116.9	-234.7	149.8
Profit before tax	1,181.7	668.4	76.8
Income taxes	-268.6	-241.4	-11.2
Net profit for the period	913.1	427.0	113.8
Attributable to:			
Equity holders of Sartorius AG	678.1	318.9	112.6
Non-controlling interest	235.0	108.1	117.4

Underlying EBITDA

The Sartorius Group uses underlying EBITDA – earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items – as its key profitability indicator to provide a better picture of its operating development, also in an international comparison. More information on extraordinary items is provided on page 178.

Reconciliation from EBIT to Underlying EBITDA

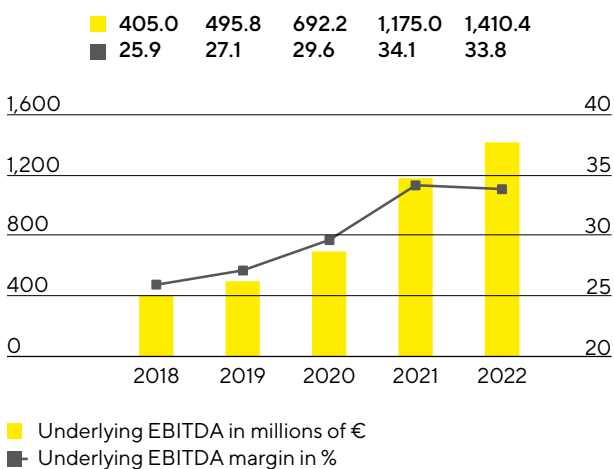
€ in millions	2022	2021
EBIT	1,064.8	903.2
Extraordinary items	60.4	40.7
Amortization depreciation	285.3	231.1
Underlying EBITDA	1,410.4	1,175.0

Extraordinary items

€ in millions	2022	2021
M&A projects Integration costs	-16.1	-22.5
Structuring measures	-29.6	-10.4
Other	-14.7	-7.8
Total	-60.4	-40.7

In fiscal 2022, the Sartorius Group increased its earnings and achieved high profit margins despite a significant rise in inflation rates. Underlying EBITDA increased by 20.0% to €1,410.4 million. The corresponding margin of 33.8% was close to the high level of the prior-year period of 34.1%. The 2021 margin had been positively influenced by a partially delayed cost development, for example, as a result of deferred new hires in relation to sales revenue growth because of the pandemic and low business travel activity. As planned, these cost positions normalized in 2022 and, in addition to the dilution caused by currency effects, had a dampening effect on profitability. Price effects on the procurement and customer sides largely offset each other.

Underlying EBITDA¹ and Margin



¹ Underlying = excluding extraordinary items

Underlying EBITDA by Division

	Underlying EBITDA € in millions	Underlying EBITDA margin in %
Group	1,410.4	33.8
Bioprocess Solutions	1,188.4	35.7
Lab Products & Services	222.0	26.2

Underlying EBITDA of the Bioprocess Solutions Division rose by 20.5% to €1,188.4 million. The resulting margin of 35.7% was close to the high prior-year level of 36.2% and was dampened by higher costs, as planned, for example due to the growth in the number of employees as well as other normalized cost positions.

In the Lab Products & Services Division, underlying EBITDA increased by 17.6% to €222.0 million; the corresponding margin increased slightly to 26.2% (previous year: 26.1%). A positive product mix, mainly due to strong growth in the bioanalytics business, and economies of scale compensated for negative currency effects and planned higher costs.

Relevant Net Profit

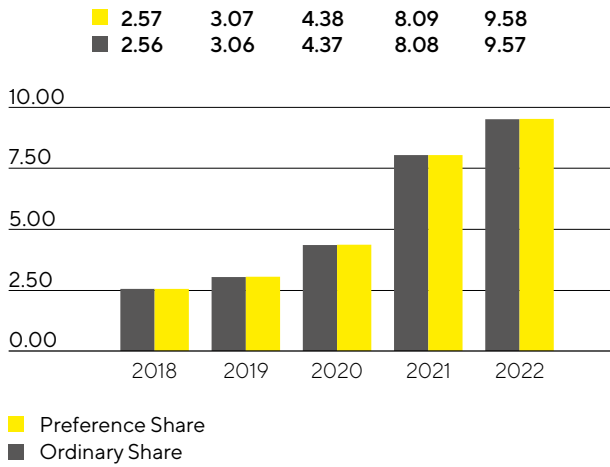
The relevant net profit attributable to the shareholders of Sartorius AG rose compared to the previous year by 18.4% to €655.4 million. This figure is the basis for determining the profit to be appropriated, is calculated by adjusting for extraordinary items and eliminating amortization, and is based on the normalized financial result and the normalized tax rate. Underlying earnings per ordinary share grew 18.4% to €9.57, up from €8.08 a year earlier, and by 18.4% per preference share to €9.58, up from €8.09 a year ago.

€ in millions	2022	2021
EBIT	1,064.8	903.2
Extraordinary items	60.4	40.7
Amortization	104.5	88.4
Normalized financial result ¹	-38.7	-28.1
Normalized income tax (27%) ²	-321.6	-271.1
Underlying earnings	869.4	733.1
Non-controlling interest	-214.0	-179.7
Underlying earnings after taxes and non-controlling interest	655.4	553.4
Underlying earnings per share		
per ordinary share (in €)	9.57	8.08
per preference share (in €)	9.58	8.09

¹ Financial result adjusted for valuation effects from the subsequent measurement of contingent purchase price liabilities as well as for effects of foreign currency translation and hedging.

² Income tax considering the average expected Group tax rate, based on the underlying profit before tax.

Underlying Earnings per Share¹ in €



¹ After non-controlling interest, adjusted for extraordinary items and amortization, as well as based on the normalized financial result and the normalized tax rate.

Further information on earnings development and extraordinary items for the Group divisions is given on pages 56 et seq. and 61 et seq.

Research and Development

Sartorius 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 2022, the Sartorius Group spent €177.8 million on R&D, corresponding to an increase of 27.1% compared to the previous year. The ratio of R&D costs to sales revenue stood at 4.3% (previous year: 4.1%).

The International Financial Reporting Standards (IFRS) require certain development costs to be capitalized on the statement of financial position and then to be amortized over subsequent years. In the reporting year, these development investments increased in connection with the growth in sales revenue to €81.7 million compared with €50.9 million the year before. This equates to a share of 31.5% (previous year: 26.7%) of the Group's total R&D expenses. Scheduled amortization related to capitalized development costs totaled €23.9 million in 2022 (previous year: €24.3 million). These expenses were disclosed in the cost of sales. At 6.2%, the gross capital expenditure ratio, which is even more meaningful for assessment of innovation-related expenses and includes capitalized development costs, was higher than the previous year's figure of 5.5%.

At Sartorius, we pursue a strategic intellectual and industrial property rights policy across our divisions to protect our expertise. The Group systematically monitors compliance with these rights on a cost|benefit basis to determine which specific individual rights are to be maintained.

In 2022, Sartorius filed a total of 261 applications for intellectual and industrial property rights (previous year: 155). As a result of these applications, including those of prior years, we were issued 353 patents and trademarks during the reporting year (previous year: 298). As of the reporting date, we had a total of 6,421 patents and trademarks in our portfolio (previous year: 5,479).

Further information is provided in the sections covering the individual divisions on pages 54 et seq. and 59 et seq.

Investments

Against the backdrop of strong growth, Sartorius invested considerably in building up new capacities in all regions in the reporting year. In addition to significantly expanding production capacities, the investment program aims to further diversify the production network and make it more flexible. In line with the company's expansion plans, some expansion projects were completed in 2022 and have contributed to meeting strong demand. Further projects will be completed in the current year.

At €522.6million, capital expenditures in 2022 were significantly higher than the previous year's figure of €407.2million. The corresponding CAPEX ratio was 12.5% (previous year: 11.8%).

The company's largest investment projects in the reporting year included the expansion of membrane manufacturing capacities and new laboratory space for product development in Göttingen, Germany.

At its site in Yauco, Puerto Rico, Sartorius is expanding its clean room capacity for the manufacture of separation and fluid management products. In addition, a production facility for cell culture media will be established there for the first time, and is scheduled to come on stream in 2023.

In the reporting year, Sartorius also made substantial investments in additional clean room space for the production of sterile disposables at its site in Aubagne, France.

In Ann Arbor, Michigan, USA, Sartorius invested in the construction of a new center of excellence in the field of bioanalytics, including research laboratories and production capacity.

In the Asia|Pacific region, the company invested heavily in Songdo, South Korea, in addition to China. After acquiring the necessary plots of land, the company began construction of a plant for cell culture media production and sterile consumables processing. In addition, Sartorius plans to build a technology center for customer consulting and product demonstrations as well as laboratory space at the new site, which is located in the middle of a biopharma park.

Production capacities were also expanded at other locations. For example, the company carried out expansion projects at other sites in Germany as well as in Finland, Great Britain, and Slovenia.

Employees

The following employee figures include all employees of the Sartorius Group except for vocational trainees, interns, permanent absent employees, and employees in partial retirement. Employee figures are shown as headcount.

As of the reporting date of December 31, 2022, the Sartorius Group had 15,942 employees in 36 countries worldwide: 2,110 or 15.3% more than a year earlier. This figure includes 245 employees who joined the Group as a result of acquisitions in the reporting year. Due to the renewed sharp increase in the size of the workforce during the reporting year, the number of employees working for the Sartorius Group has nearly doubled since 2018.

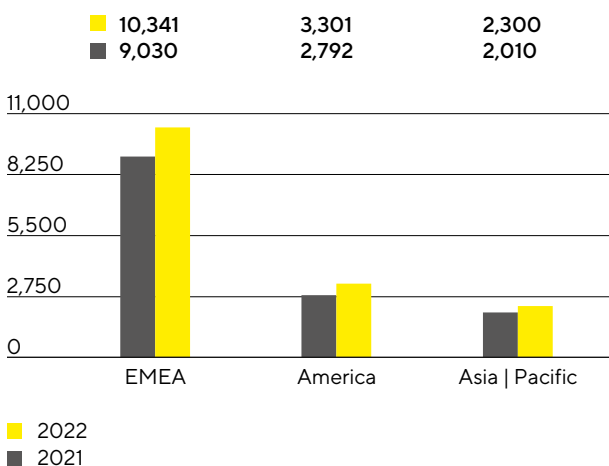
Employees

	2022	2021	Increase in %
Group	15,942	13,832	15.3
Bioprocess Solutions	12,560	10,745	16.9
Lab Products & Services	3,382	3,087	9.6

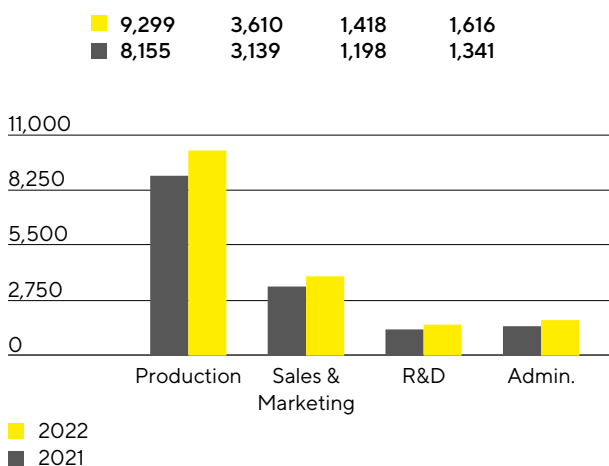
The Bioprocess Solutions Division had 12,560 employees at the end of the reporting year (previous year: 10,745). The Lab Products & Services Division had 3,382 employees (previous year: 3,087).

The employees of the central administrative functions were allocated to the divisions on the basis of their activities.

Employees by Region



Employees by Function



The number of employees in the EMEA region grew by 1,311, an increase of 14.5%. In Germany, Sartorius had 5,391 employees at the end of the reporting year, which corresponds to 33.8% of the total workforce.

With an increase of 18.2% or 509 employees, the Americas region recorded the strongest increase in percentage terms. In the Asia | Pacific region, the number of employees increased by 14.4% or 290.

At the end of 2022, approximately 58% of all Sartorius employees worked in production. At 9,299, the number of employees in this area increased by 14.0% year over year.

At the end of the year, 3,610 people were employed in marketing and sales, representing an increase of 15.0% and a share of around 23% of the total workforce.

A good 9% of all employees worked in R&D. This corresponded to an increase by 220 individuals or 18.4% more than in the previous year, bringing the total number of employees to 1,418.

As of the reporting date, 1,616 people worked in administrative positions. This corresponds to an increase of 20.5% compared with the same date last year and to 10% of all Sartorius employees.

Further information on employees can be found in the Group's Non-Financial Statement starting on page 106.

Net Worth and Financial Position

Cash Flow

Cash flow from operating activities amounted to €734.2 million in 2022, compared with €873.2 million in the previous year, a decrease of 15.9%. Higher earnings were offset by cash outflows in connection with the growth-related increase in working capital. Inventories were in particular built up to safeguard supply security in view of the continuing tensions in some supply chains. Recently, however, the focus has shifted back to optimizing inventories, as the supply chain situation for many product groups has improved significantly and shortages in these areas have become unlikely. In addition, increased tax payments had an impact.

Due to high demand, Sartorius had been driving the expansion of its production capacities full speed ahead. Cash outflows from investing activities increased in the reporting period by 38.8% to €593.8 million. Because of expenses of €536.1 million (previous year: €141.7 million) in connection with the most recent acquisitions, cash flow from investing activities and acquisitions rose to -€1,129.9 million compared with -€569.6 million in the previous year.

Primarily driven by the placement of a new note loan ("Schuldscheindarlehen"), cash flow from financing activities amounted to €209.9 million in 2022 (previous year: -€172.6 million). This also included dividend payments for the 2021 financial year of €118.1 million (previous year: €65.8 million).

Cash Flow Statement

€ in millions	2022	2021 ¹
Cash flow from operating activities	734.2	873.2
- thereof change in working capital	-300.1	-217.8
Cash flow from investing activities and acquisitions	-1,129.9	-569.6
Cash flow from financing activities	209.9	-172.6
Cash and cash equivalents	165.9	342.8
Gross debt	2,541.2	2,075.5
Net debt	2,375.3	1,732.7

¹ Interest received are reported under cash flows from operating activities since fiscal 2022. Prior year figures were restated accordingly.

Consolidated Statement of Financial Position

The balance sheet total of the Sartorius Group was €6,977.7 million as of the end of fiscal 2022 and thus €1,279.8 million higher than the prior-year level. This increase is largely due to the rise in non-current assets by €1,053.4 million to €4,954.6 million, predominantly driven by the recent acquisitions and by the continuation of the extensive investment program. In addition, current assets rose by €226.4 million year over year to €2,023.2 million, mainly as a result of the increase in working capital and, in particular, the build-up of inventories as a risk provision to ensure supply security in the event of interrupted supply chains. Working capital amounted to €1,663.5 million as of December 31, 2022 (previous year: €1,316.8 million).

Key Figures for Working Capital

in days		2022	2021
Days inventory outstanding			
Inventories Sales revenue ¹	x 360	101	93
Days sales outstanding			
Trade receivables Sales revenue ¹	x 360	41	44
Days payables outstanding			
Trade payables Sales revenue ¹	x 360	47	54
Net working capital days			
Net working capital ² Sales revenue ¹	x 360	95	83

¹ Including pro forma sales of recent acquisitions

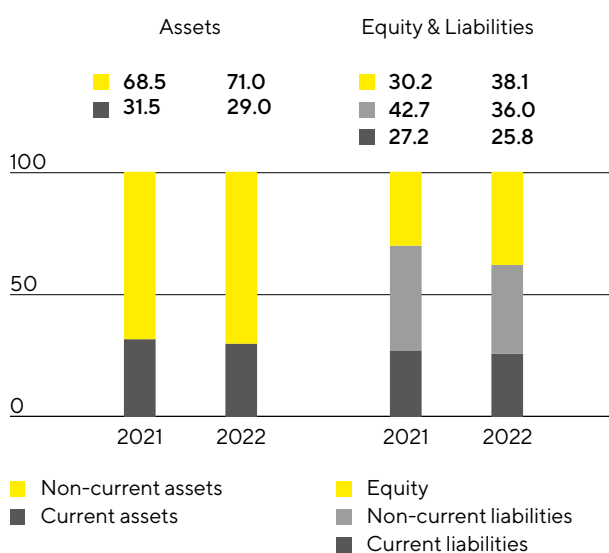
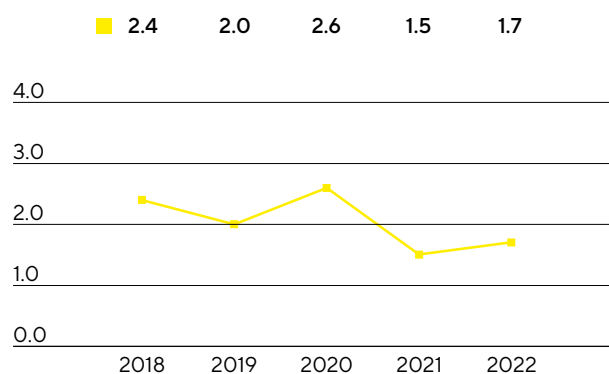
² Sum of inventories and trade receivables less the trade payables

Equity grew by €938.7 million to €2,658.9 million as of year-end. The equity ratio was 38.1% (previous year: 30.2%).

In the reporting year, current and non-current liabilities for the Sartorius Group of €4,318.8 million were higher than the previous year's figure of €3,977.7 million. The increase resulted, among other things, from the financing of recent acquisitions and the build-up of working capital.

Balance Sheet Structure

in %

**Ratio of Net Debt to Underlying EBITDA¹**

¹ Quotient of net debt and underlying EBITDA over the past 12 months, including the pro forma amount contributed by acquisitions for this period

At the end of fiscal 2022, gross debt stood at €2,541.2 million relative to €2,075.5 million in fiscal 2021 and is comprised of liabilities to banks, including note loans ("Schuldscheindarlehen"), as well as lease liabilities. The increase is essentially due to the placement of a new note loan, which was mainly used to refinance the acquisition of Albumedix completed at the end of September 2022. Net debt, defined as gross debt less cash and cash equivalents, was €1,732.7 million compared to €2,375.3 million a year ago.

In relation to the debt financing capacity of the Sartorius 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. At 1.7 as of December 31, 2022, this ratio was only slightly higher than the prior-year figure of 1.5, despite extensive investments and the acquisitions made in the reporting year.

Reconciliation

€ in millions	2022	2021
Gross debt	2,541.2	2,075.5
- Cash & cash equivalents	165.9	342.8
Net debt	2,375.3	1,732.7
Underlying EBITDA (12 months)	1,410.4	1,175.0
+ Pro forma EBITDA from acquisitions (12 months)	11.7	6.1
Pro forma underlying EBITDA	1,422.1	1,181.1
Ratio of net debt to underlying EBITDA	1.7	1.5

Impact of War in Ukraine

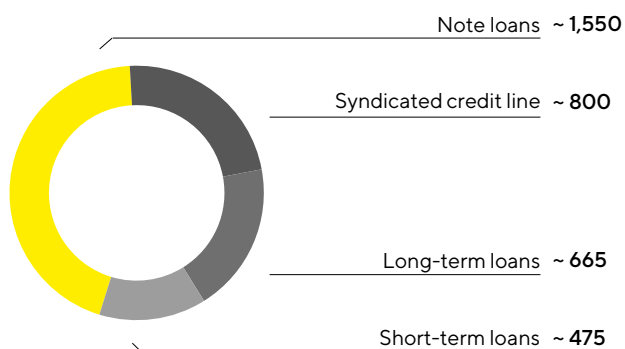
Since the beginning of Russia's attack on Ukraine, Sartorius has suspended all business activities in Russia that are not related to humanitarian medical products. This has been done in compliance with all applicable sanctions and in line with the practice of other companies in the pharmaceutical and healthcare sectors. In 2021, Russia had accounted for a good 2% of Group sales. In fiscal 2022, sales were significantly below this level and a further decline is expected in 2023.

Further explanations on the impact of the war in Ukraine on Sartorius can be found on pages 73 and 177 et seq.

Financing | Treasury

Sartorius 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 debt financing instruments are shown in the graphic below.

Main Financing Instruments € in millions



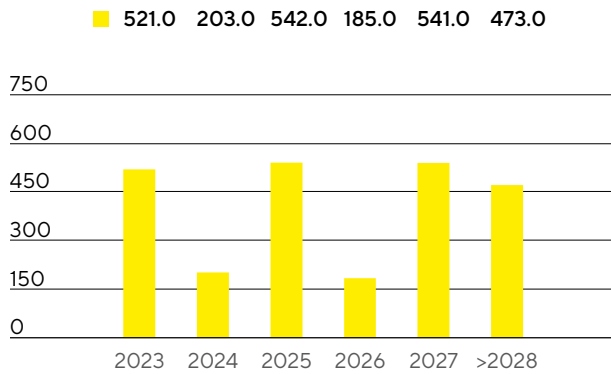
A major pillar in the financing mix is a syndicated credit line with a term of five years and extension options, which was refinanced in the reporting year and increased from €600 million to €800 million. In addition, Sartorius has diverse short-term credit lines totaling around €475 million. As of December 31, 2022, the total volume of all available credit lines amounted to €1,275 million, of which around €180 million was used. Thus, the available credit lines unused as of the end of 2022 was €1,095 million.

Corporate financing was supplemented in the reporting year by the placement of new note loans ("Schuldscheindarlehen") with a volume of €650 million and maturities of 3, 5, 7, 10 and 13 years. Around €210 million of this placement will be paid out in the first quarter of 2023. The funds were mainly used to refinance the acquisition of Alumedix completed at the end of September 2022. The total volume of all outstanding note loans amounted to around €1,550 million at the end of the year. In addition, the company has several short- and long-term loans in place that total around €665 million and are being used in part for the expansion of production capacities.

The financing instruments mentioned above comprise those with both fixed and variable interest rates. The maturity profile of the Group's financing instruments is broadly and appropriately diversified.

Maturity Profile of the Financing Facilities¹

€ in millions



¹ As of December 31, 2022, major financing instruments

Due to its global business activities, Sartorius is exposed to the usual fluctuations in foreign exchange rates, which it hedges by forward contracts. At the end of 2022, foreign exchange contracts amounted to a volume of €585 million on a reported basis, with a market value of -€3.3 million.