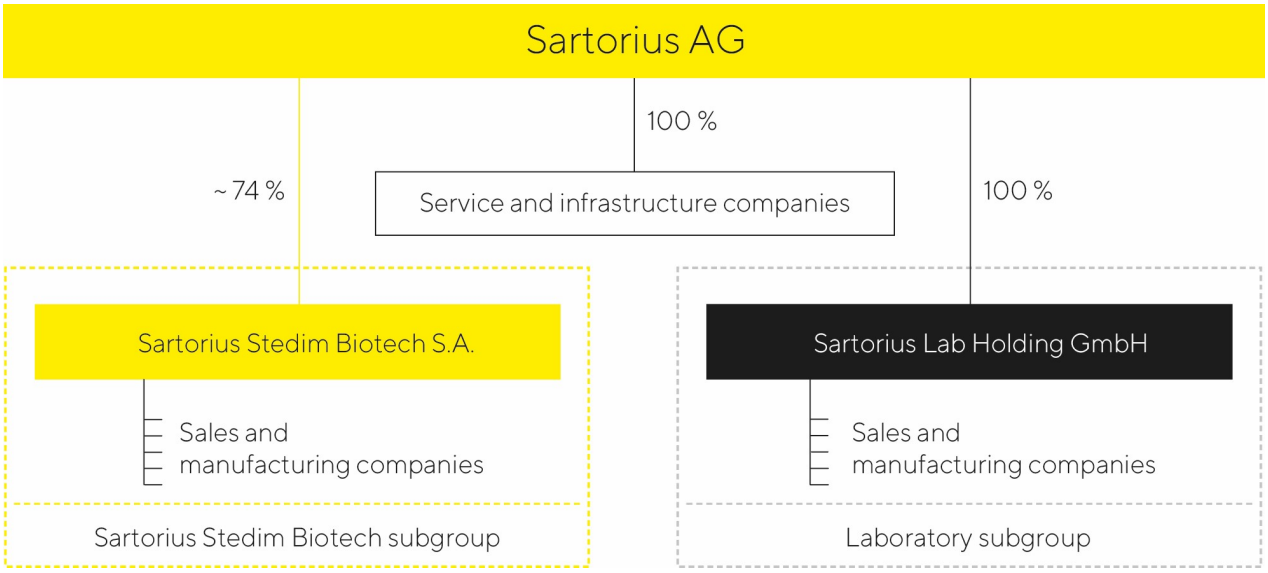
SARTORIUS

Combined Group Management Report

02

Structure and Management of the Group



Group Legal Structure

Sartorius is a globally operating company with subsidiaries in more than 30 countries. The holding company Sartorius AG is the parent corporation of the Sartorius Group. The corporation is headquartered in Göttingen, Germany, and is listed on the German Stock Exchange.

Sartorius manages its bioprocess business as a legally independent subgroup whose parent corporation is Sartorius Stedim Biotech S.A., which is listed on Euronext Paris. As of December 31, 2022, Sartorius AG held around 74% of the shares of Sartorius Stedim Biotech S.A. The Group's lab business is legally combined in a further subgroup whose parent company is Sartorius Lab Holding GmbH, in which Sartorius AG holds a 100% stake.

The consolidated financial statements include Sartorius AG and all major affiliates in which Sartorius AG has a controlling interest pursuant to IFRS 10.

Organization and Management of the Group

The Group's central management entity is the Executive Board of Sartorius AG. In collaboration with the Supervisory Board, the Executive Board defines the Group's strategy, is responsible for the operational management of the Group and controls the distribution of resources within the organization.

The Sartorius Group conducts its operating business in two divisions: Bioprocess Solutions and Lab Products & Services. The divisions each combine their respective businesses for the same fields of application and customer groups, and share part of the infrastructure and central services.

To align the business as closely as possible with customers' needs, the company's organizational structure is tailored based on the two divisions. All operational functions, such as Sales and Marketing and Production, including production-related functions, as well as Product Development, are organized by division. Administrative functions, support functions, and the Corporate Research unit operate across divisions.

Implementing the Group's various strategies and projects at the local level is the responsibility of the national affiliates. The management bodies of the local companies run their organizations in accordance with the applicable statutory provisions, Articles of Association and rules of procedure and in keeping with the principles of corporate governance that apply throughout the Sartorius Group worldwide.

Changes in the Group Portfolio

Sartorius expanded its product portfolio in both divisions by making three acquisitions in the reporting year. Effective January 3, 2022, the company acquired a majority stake in ALS Automated Lab Solutions, expanding its bioanalytics portfolio. This laboratory technology company based in Jena, Germany, has more than 30 employees and develops, manufactures, and markets solutions for the automated analysis, selection, and isolation of cells. Sartorius initially purchased 62.5% of the shares in ALS and plans to acquire the remaining 37.5% in 2026.

In February 2022, Sartorius, through its subgroup Sartorius Stedim Biotech, completed the acquisition of the chromatography process equipment division of Novasep with approximately 100 employees in France, the United States, China, and India. The acquired business, headquartered in the city of Pompey in eastern France, specializes in innovative resin-based intensified chromatography systems and complements the Group's existing chromatography offering.

The acquisition of 100% of the shares in Albumedix Ltd., which was completed at the end of September also via the Sartorius Stedim Biotech subgroup, strengthens Sartorius' portfolio of innovative solutions for the field of advanced therapies. Founded in 1984 and based in Nottingham, England, the company has more than 100 employees and is a leading provider of solutions based on recombinant human albumin, a key component in the manufacture of innovative biopharmaceuticals.

Financial Controlling and Key Performance Indicators

The Sartorius Group is managed using a number of key performance indicators, which are also decisive for the determination of the variable remuneration component for the Executive Board and managers.

A key management parameter that Sartorius uses to measure the development of its size is currency-adjusted growth of sales revenue, i.e., sales in constant currencies. The key indicator for managing profitability is the adjusted EBITDA margin, which is based on EBITDA adjusted for extraordinary items, i.e., underlying EBITDA.

With regard to the Sartorius Group's debt financing capacity, the ratio of net debt to underlying EBITDA serves as the key metric. It is calculated as the ratio of net debt to underlying EBITDA for the last twelve months, including the pro forma amount contributed by acquisitions for this period. Furthermore, the CAPEX ratio, i.e., capital expenditures in proportion to sales revenue, represents a key control parameter.

In addition, the following financial and non-financial indicators are reported on a regular basis:

- Order intake
- Relevant net profit | Earnings per share
- Annual net profit | Earnings per share
- Equity ratio

- Net working capital
- Net cash flow from operating activities
- Number of employees
- Employee Net Promoter Score (ENPS)
- Reduction of CO_2 emission intensity

The Employee Net Promoter Score and the reduction in CO_2 emission intensity have been part of the compensation system for the Executive Board since 2022 and have therefore been newly included in this list.

The annual financial forecast that is published at the beginning of a fiscal year for the Group and the divisions refers, as a rule, to the development of sales revenue and of the underlying EBITDA margin. The expected CAPEX ratio, as well as a directional forecast for the ratio of net debt to underlying EBITDA, is additionally indicated for the Group.

Business Model, Strategy and Goals

As a leading partner of life science research and the biopharmaceutical industry, Sartorius helps its customers in the development and manufacture of biotech medications and vaccines – from the initial idea in the lab to commercial-scale production.

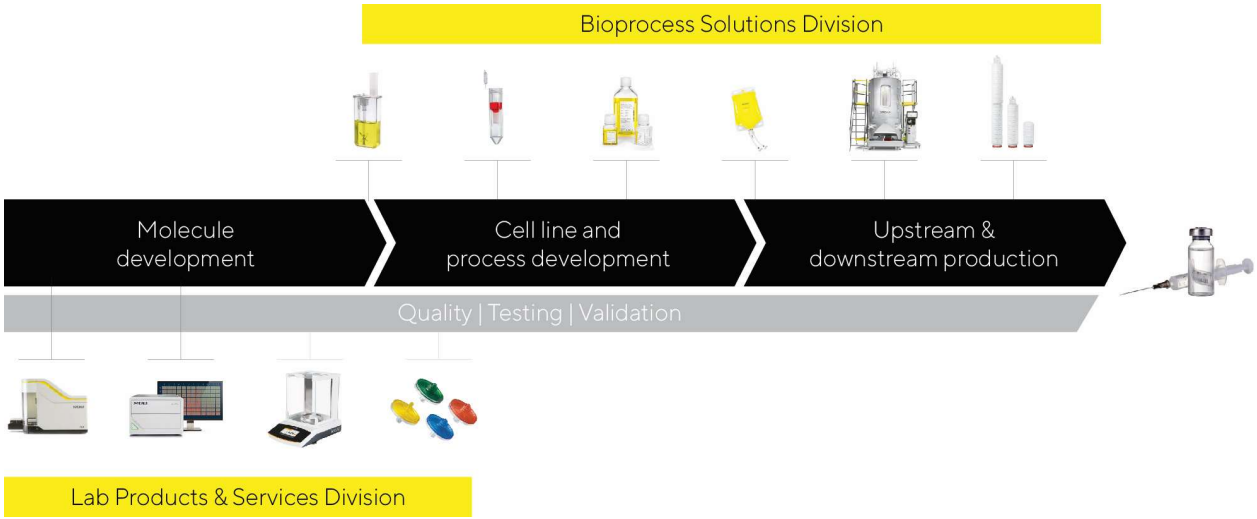
Biopharmaceuticals are integral components of advanced medicine and are used to treat many illnesses, mostly of a serious nature. However, long development times and complex production make these medications very expensive. This leads to high healthcare costs in industrialized countries and to the situation that patients in less developed countries are often excluded from treatment with such drugs. The development of a biopharmaceutical medication is a long haul: It takes more than ten years on average to bring a new drug out on the market, costing more than two billion euros. On top of this, biotechnological manufacturing processes for such high-tech medications are demanding and must be developed individually for each biologic compound. As a pioneer and technology leader in the biopharma sector, Sartorius with its products and services is enabling its customers to make their research, development, and production processes easier and more efficient so that advanced therapeutics can reach the market faster and become accessible for more people worldwide. Therefore, the United Nations' sustainability goal "Good Health and Well Being" is an integral component of Sartorius' business model.

The maturity and intensity of competition in this comparably young industry are successively increasing. To support customers in meeting this challenge, Sartorius is constantly developing its portfolio further. A key competitive advantage is the broad understanding of applications based on its clear focus on the sector. The company is thoroughly familiar with customers' value-added chains and understands the interaction of the employed systems particularly well. A further success factor of the company is offering highly differentiating technologies. The innovative power rests on three pillars: the company's own specialized product development, alliances with partners, and the integration of innovations through acquisitions.

With the biopharma industry, Sartorius is focusing on an attractive market that is characterized by strong growth momentum in view of long-term trends and significant innovative strength. Medical progress provides positive impetus, leading to the discovery and approval of new biopharmaceuticals. The biopharmaceutical industry is thus increasingly relying on advanced therapies, such as cell and gene therapeutics and biotech tissue products. Further primary growth drivers are a growing world population and an increase in age-related diseases in industrialized countries. In addition, rising incomes in emerging countries are leading to improved access to healthcare and rising demand for medications. Biosimilars, the generic versions of reference biologics that have lost their patent protection, account for a share of the biopharma market that is currently still small, but especially fast-growing. As a result of these factors, the volumes of biotech medications and the demand for the appropriate production technologies are steadily increasing, with market growth largely independent of business cycles.

In the following, the positioning and strategy of the company's two divisions, Bioprocess Solutions and Lab Products & Services, is outlined.

Strategic Focus on Biopharma Applications from Molecule Development to Production of Biopharmaceuticals



Bioprocess Solutions

In the Bioprocess Solutions Division, Sartorius offers a broad portfolio of products that focuses on all major steps in the manufacture of a biopharmaceutical, as well as in process development as prerequisite procedures. The product range includes cell lines, cell culture media, bioreactors, a wide range of products for the separation, purification, and concentration of biological intermediates and finished products, as well as solutions for their storage and transportation. Sartorius also offers data analytics software for modeling and optimizing processes of biopharmaceutical development and production. In its core technologies, the company has leading market positions with high double-digit market shares.

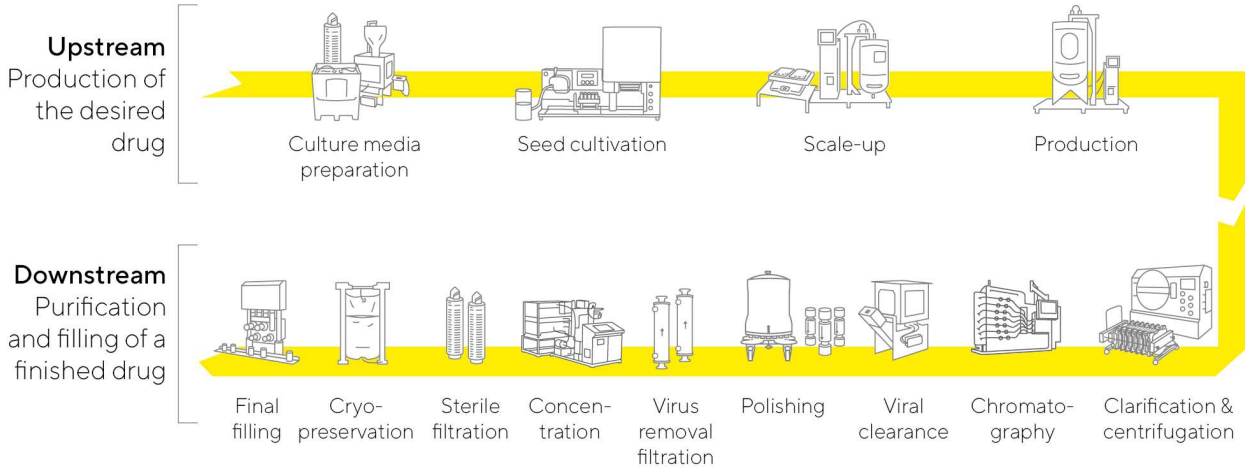
The breadth of the company's product portfolio is one of the key factors that differentiates it from its competitors. Sartorius can provide customers with complete process solutions from a single source, as well as assist with preceding project planning, process integration, and subsequent validation. The company's products are used in manufacturing all classes of medical drugs, from vaccines and monoclonal antibodies to advanced viral vector-based gene therapeutics.

Recurring business with sterile single-use products accounts for about three-quarters of the division's sales revenue. These offer customers cost advantages, flexibility, and less resource usage, and thus a better ecological footprint compared with conventional processes employing reusable stainless steel components. The high share of recurring revenues is also bolstered by the strict regulatory requirements on the part of the customers. Because health authorities validate production processes as an integral part of an application for approval of a new medical drug, the components initially validated can be replaced only at considerable expense once they have been approved. Beyond this, the company's broad and stable customer base that is primarily addressed directly through a specialized sales force also contributes to this favorable risk profile.

The division's strong strategic positioning and the above-average expansion of the sector are a good foundation for profitable growth in the future as well.

Information on the business development of this division is given in the chapter, Business Development of Bioprocess Solutions.

Innovative Technologies for All Phases of Biopharmaceutical Drug Production



Schematic illustration

Lab Products & Services

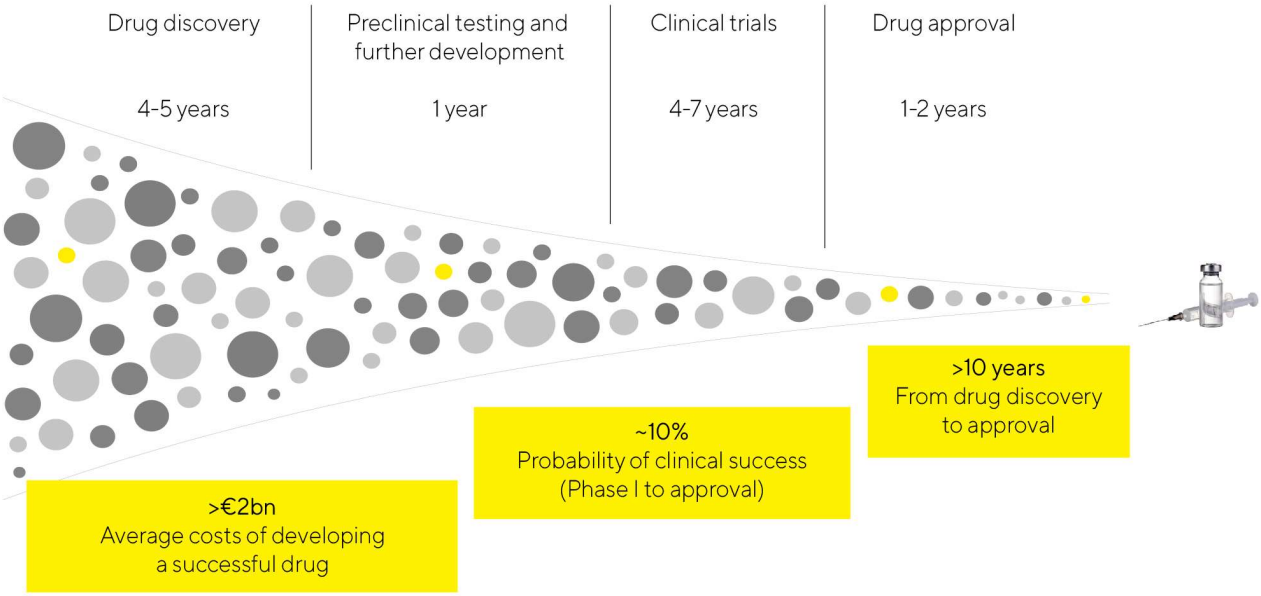
Over the past years, the Lab Products & Services Division has increasingly concentrated on the high-growth biopharmaceutical industry. With its products, the division addresses pharmaceutical and biotech research laboratories as well as academic research institutes. Sartorius supplies scientists and laboratory staff with the instruments and consumables they need to make their research and quality control easier and faster. For example, the company provides life science customers with innovative systems for bioanalytics to enable them to automate key analytical steps in the development of molecules, cell lines and processes: steps which earlier were mostly carried out manually. In this way, considerably larger quantities of samples can be examined and extensive sets of data generated and evaluated within a short time, substantially accelerating the identification of suitable drug candidates or cell clones. This contributes to the acceleration of the protracted timelines of drug development and increases the efficiency of R&D labs in the biopharmaceutical industry.

Beyond this, the division offers a wide range of premium laboratory instruments for sample preparation – such as laboratory balances, pipettes, and lab water systems – as well as consumables, such as filters and microbiological test kits. In these product categories, Sartorius has leading market positions and significant market shares. The company's solutions are designed to boost the efficiency and productivity of routine yet quality-critical lab processes and industry-specific workflows. Aside from serving the needs of the biopharmaceutical industry, this portfolio is also tailored to quality control labs in the chemical and food industries.

With its innovative technology platforms for bioanalytics and its comprehensive portfolio for sample preparation, the Lab Products & Services Division has a strong foundation for further significant organic growth. Due to economies of scale and product mix effects, growth is projected to be accompanied by a continuous increase in profitability.

Information on the business development of this division in 2022 is provided in the section entitled "Business Development of the Lab Products & Services Division.".

Focus on Solutions to Improve the Protracted, Expensive and Inefficient Process of Medical Drug Development



Based on the data of the Tufts Center for the Study of Drug Development and the Association of the British Pharmaceutical Industry

Sartorius 2025 Strategy

In 2018, management presented its strategy and long-term targets up to 2025. The consolidated sales revenue target was again significantly raised at the beginning of 2021 and so was the profitability target at the start of 2022. At the beginning of 2023, Sartorius confirmed its fundamental growth projections based on the unchanged strong fundamental growth trends in its markets and the resulting positive prospects for the company. In light of increased inflation and associated price adjustments, the company therefore made a mathematical adjustment to its medium-term sales revenue forecast and now expects sales revenue of around €5.5bn in 2025 (previously around €5bn). For the Bioprocess Solutions Division, the company now projects sales revenue of around €4.2bn in 2025 (previously around €3.8bn) and for Lab Products & Services of around €1.3bn euros (previously around €1.2bn).

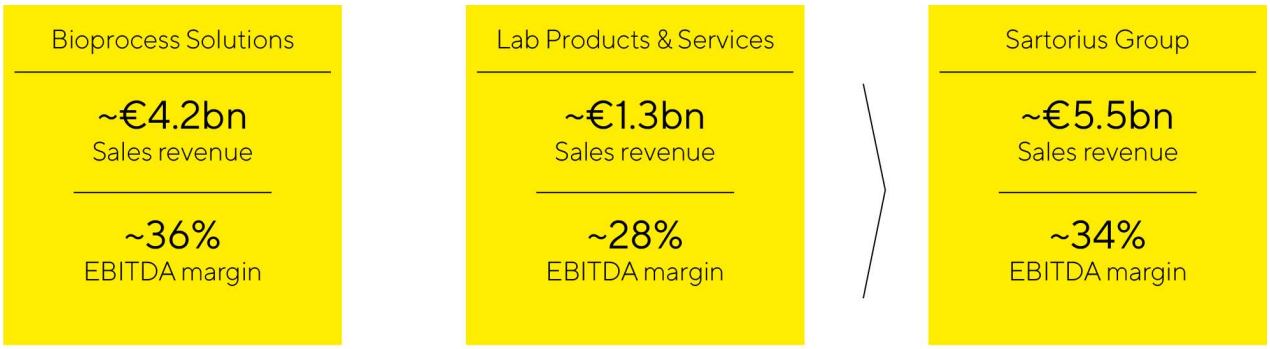
The forecast for the Group's underlying EBITDA margin in 2025 remains unchanged at around 34%. For the Bioprocess Solutions Division, the company continues to expect an underlying EBITDA margin of around 36% in 2025. The margin forecast for Lab Products & Services also remains unchanged at around 28%.

The mid-term targets for 2025 do not include any pandemic-related business, as management considers such estimates to be too uncertain.

The margin targets include expenses for measures to reduce the company's CO_2 emission intensity. Sartorius aims to reduce its CO_2 emission intensity by around 10% annually on average until 2030, spending over time around 1% of its sales revenue annually on corresponding measures. Moreover, these projections assume that, on average, the margins of future acquisitions will initially be somewhat below the levels of the Group's existing businesses and, after integration, at levels comparable to these, and that there will be no relevant changes in the key currency exchange rates.

Management points out that the dynamics and volatilities in the life science and biopharma sectors have increased over the past years, and the coronavirus pandemic has further amplified these trends. Moreover, the forecasts are based on the assumption of no deterioration in the geopolitical and global economic situation, supply chains, inflation, or energy supply, and no new relevant restrictions in connection with the coronavirus pandemic. Accordingly, current forecasts show higher uncertainties than usual.

Sartorius 2025 Targets



2025 targets are based on 2022 currency rates; EBITDA excluding extraordinary items

These targets are being implemented by various growth initiatives with the following focal points:

Expansion of the Product Portfolio

Sartorius has a broad product portfolio that is aligned with the value chain of the biopharma industry, and which the company is continuously expanding. The focus is on products that offer solutions for customers' needs and make the company's offering even more attractive from the customer's perspective. Aside from its own research and development activities and strategic partnerships, acquisitions that are complementary to or extend the company's strengths appropriately will remain part of the portfolio strategy of both divisions. Due to high innovation dynamics, the company considers further additions to be possible on an ongoing basis across the entire breadth of the product portfolio. When identifying suitable companies, Sartorius considers the following criteria in particular: complementarity of technologies to its existing portfolio; strong market positioning, for example, through innovative products with unique selling propositions; integration capability; appropriate valuation; and growth and profitability profile.

Regional Growth Initiatives

Sartorius invested substantially in expanding its production capacity during the reporting year. Capital expenditures totaled approximately €523 million in 2022 and were used to expand sites in Germany, France, Puerto Rico, the USA, South Korea, and China, among other countries.

North America and Asia are the key focal areas of the regional growth strategy. The USA is the world's largest market for bioprocess equipment and laboratory products. Yet because it is home to the main competitors for both company divisions, Sartorius formerly had lower market share in this region than in Europe and Asia. By systematically strengthening its sales and service capacities, Sartorius has gained market share in the USA in recent years.

In Asia, one focus is on expanding production capacity in China, particularly for the Chinese market, which offers significant growth potential due to rising private and government health care spending and the rapid establishment of regional biopharmaceutical plants. In South Korea, which offers excellent growth prospects

with its dynamically expanding biopharma market, Sartorius started initial work to build a new production facility at the beginning of 2023.

A detailed presentation of all investments can be found in the corresponding section starting on page 46.

Optimization of Work Processes

Sufficient production capacity and a powerful supply chain are an essential foundation for future growth. In recent years, Sartorius has substantially expanded its capacities for nearly all product groups at various Group sites in order to optimize delivery times and reliably maintain delivery capability, even in the event of local transport restrictions.

Sartorius is driving forward digitalization and automation in many areas to further accelerate and enhance processes and, wherever meaningful, to standardize such processes throughout the Group.

This also includes extending the company's activities in the areas of e-commerce, digital marketing, and analytics, as well as on the topic of IT security.

Research and Development

The Sartorius Group conducts its product development in its two divisions, Bioprocess Solutions and Lab Products & Services. A more detailed explanation of the focal points of product development can be found in the sections on the divisions on pages 58 and 63. Further related information, for example on the amount of expenditure for research and development in the reporting year, can be found on page 45.

The Group-wide Corporate Research function conducts cross-divisional research and development with a view to long-term technological topics and works in close cooperation with external partners. Its most important task and objective consists of identifying and developing key technologies and application fields of the future. In addition to collaborating closely with customers, research institutes, and startups, Corporate Research pursues its own research activities in selected fields. These include, for instance, innovative technologies in live cell analysis, materials with new functionalities and improved properties, and data analysis.