

Chairman's Message

Dear Shareholders and Business Partners,

With its products and solutions for more efficient development and production of medicines and vaccines, Sartorius Stedim Biotech 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 15.1 percent in constant currencies to around 3.5 billion euros, with broad-based growth across our portfolio and all geographies in a challenging environment. We currently see ourselves as being a good year ahead of our mid-term plan, while demand started to normalize last year. At 35.0 percent, the underlying EBITDA margin remained at a high level in 2022, even though we saw the expected significant increase in costs.

We continued to substantially invest in new capacities last year and spent approximately 430 million euros in capital expenditures, primarily to expand production across all geographies, for example in Germany, Puerto Rico, France and China. We also completed two acquisitions that add innovative and complementary products to our portfolio. The Novasep chromatography process equipment business strengthens our downstream offering, while Albumedix provides a critical component for the manufacture of innovative biopharmaceuticals, particularly for modalities such as cell therapies, viral therapies, and vaccines.

Along with the continued expansion and sales revenue growth came an increase in the number of employees by more than 1,500 to almost 12,000 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 Stedim Biotech share ended 2022 at a price of 302.50 euros, down around 37 percent year over year.

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 mid-to-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, with an expected CAPEX ratio of around 12.5 percent 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 4.4 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 more than 35 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 Board of Directors, I would like to express my sincere thanks and appreciation for the exceptional performance the global Sartorius Stedim Biotech 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 Stedim Biotech, 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, which appears to be "Joachim Kreuzburg". The signature is fluid and cursive, written in a professional style.

Dr. Joachim Kreuzburg

Chairman of the Board of Directors and CEO