

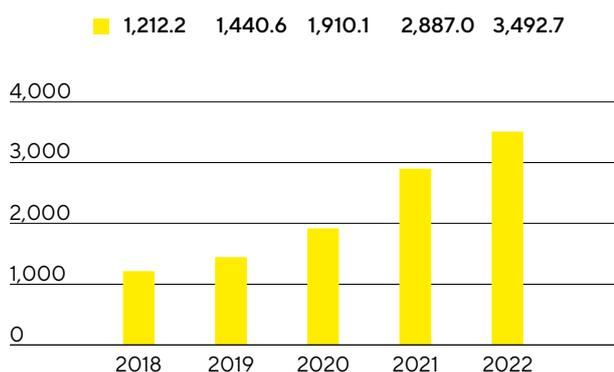
# Group Business Development

## Sales Revenue and Order Intake

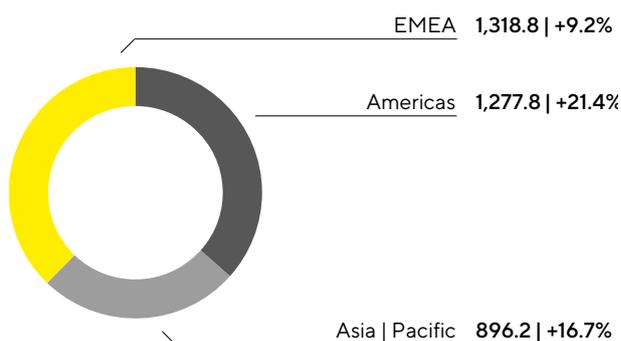
In the reporting year, sales revenue of the Sartorius Stedim Biotech Group rose 15.1% in constant currencies<sup>1</sup> to €3,492.7 million (reported: +21.0%). Thus, the company again grew at double-digit rates in a very challenging and volatile environment and following the exceptionally high growth rates in 2020 and 2021. This good development was primarily due to a strong organic<sup>2</sup> expansion of around 13.2%, driven by a high demand for innovative products and technologies for the efficient development and manufacturing of biopharmaceuticals. Recent acquisitions also developed positively and contributed 1.9 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 Stedim Biotech had posted exceptionally high growth rates in the previous two years. 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 noticeably 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 13.0% in constant currencies<sup>1</sup> to €3,314.8 million (reported: -9.5%). Excluding the dampening effect of the declining Covid-19-related business, order intake would have increased slightly.

**Sales Revenue 2018 to 2022**  
€ in millions



**Sales Revenue and Growth<sup>1</sup> by Region<sup>3</sup>**  
€ in millions unless otherwise specified



1 Constant currencies: Figures given in constant currencies eliminate the impact of changes in exchange rates by applying the same exchange rate for the current and the previous period.

2 Organic: Organic growth figures exclude the impact from changes in exchange rates and changes in the scope of consolidation.

3 Acc. to customers' location

Sartorius Stedim Biotech increased its sales revenue in 2022 in all three business regions. In EMEA, the region generating the highest share of around 38% of total revenue, sales rose by 9.2% to €1,318.8 million compared to a strong 2021 base. Accounting for around 36% of sales, the Americas region showed strong growth with an increase of 21.4% to €1,277.8 million. The Asia | Pacific region, which accounts for 26% of total sales, also posted significant double-digit growth of 16.7% to €896.2 million. (All growth rates for the regional development are in constant currencies unless otherwise stated.)

#### Sales Revenue and Order Intake

€ in millions	2022	2021	Δ in % reported	Δ in % const. fx
Sales Revenue	3,492.7	2,887.0	21.0	15.1
Order Intake	3,314.8	3,664.4	-9.5	-13.0

## Development of Costs and Earnings

In 2022, cost of sales rose by 24.3% to €1,658.2 million. The respective cost of sales ratio was 47.5% compared to 46.2% in the previous year.

Selling and distribution costs rose at an underproportionate rate with respect to sales revenue by 10.1% to €446.5 million, meaning the ratio of these costs to sales revenue fell year on year to 12.8% (previous year: 14.1%). Research and development expenses rose by 19.9% to €132.4 million. The corresponding ratio of R&D expenses to sales revenue remained constant at 3.8% (previous year: 3.8%). General administrative expenses increased by 22.7% to €154.7 million, and the administrative expense ratio in 2022 was unchanged at 4.4% (previous year: 4.4%).

The balance of other operating income and expenses in 2022 was -€105.6 million (previous year: -€45.3 million), and essentially covered extraordinary items of -€46.3 million (previous year: -€26.5 million). These extraordinary items consisted primarily of expenses in connection with the most recent acquisitions as well as of expenses for various corporate projects. The realized currency hedges and valuation effects included in the balance of other operating income and expenses resulted in an expense of €41.2 million, particularly due to the development of the dollar exchange rate in 2022, following income of €8.9 million in the previous year.

EBIT increased by 15.0% to €995.2 million; the respective EBIT margin was 28.5% (previous year: 30.0%).

The financial result was €135.2 million in 2022 compared to -€218.7 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 €250.5 million (previous year: €232.4 million). In relation to the reported earnings before taxes, the tax rate is 22.2% (previous year: 35.9%). However, taking into account that the above-mentioned valuation effect in the financial result has no subsequent tax impact, the tax rate amounts to 25.5% (previous year: 27.2%).

Net profit attributable to shareholders of Sartorius Stedim Biotech S.A. increased by 111.4% to €876.1 million (previous year: €414.4 million).

**Statement of Profit or Loss**

€ in millions	2022	2021	Δ in %
Sales revenue	3,492.7	2,887.0	21.0
Cost of sales	-1,658.2	-1,334.0	-24.3
Gross profit on sales	1,834.5	1,553.0	18.1
Selling and distribution costs	-446.5	-405.6	-10.1
Research and development costs	-132.4	-110.5	-19.9
General administrative expenses	-154.7	-126.1	-22.7
Other operating income and expenses	-105.6	-45.3	-133.0
Earnings before interest and taxes (EBIT)	995.2	865.4	15.0
Financial income	185.8	22.3	733.6
Financial expenses	-50.7	-241.0	79.0
Financial result	135.2	-218.7	n.m.
Profit before tax	1,130.4	646.7	74.8
Income taxes	-250.5	-232.4	-7.8
Net result	879.9	414.3	112.4
Attributable to:			
Equity holders of SSB S.A.	876.1	414.4	111.4
Non-controlling interest	3.8	-0.1	n.m.

## Earnings

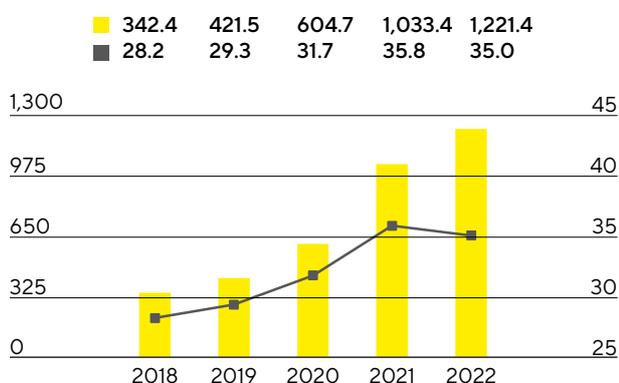
At the Sartorius Stedim Biotech Group, EBITDA (earnings before interest, taxes, depreciation and amortization) are used as the key profitability indicator. To provide a complete and transparent picture of the Group's profitability, also in an international comparison, earnings are adjusted for extraordinary items (underlying EBITDA). For more information about definitions, please refer to the Glossary on page 247.

**Reconciliation between EBIT and Underlying EBITDA**

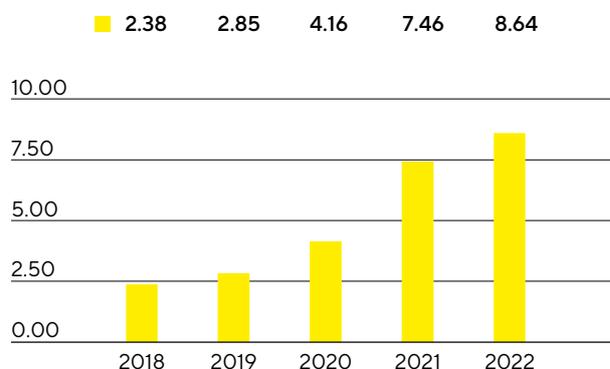
€ in millions	2022	2021
EBIT	995.2	865.4
Extraordinary items	46.3	26.5
Depreciation and amortization	179.9	141.5
Underlying EBITDA	1,221.4	1,033.4

In fiscal 2022, Sartorius Stedim Biotech strongly increased its earnings and achieved high profit margins despite a significant rise in inflation rates. Underlying EBITDA rose by 18.2% to €1,221.4million. The corresponding margin of 35.0% almost reached the high level of the prior-year period of 35.8%. 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 had a dampening effect on profitability. Price effects on the procurement and customer sides largely offset each other.

The underlying net result after non-controlling interest for the Group rose from €687.8million in 2021 to €796.6million in fiscal 2022. This figure is the basis for calculating the profit to be appropriated and is computed by adjusting for extraordinary items, eliminating amortization of €60.7million (previous year: €48.6million), and is based on the normalized financial result and a normalized tax rate (see Glossary). Underlying earnings per share increased by 15.8% from €7.46 a year earlier to €8.64.

Underlying EBITDA<sup>1</sup> and Margin

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

Underlying Earnings per Share<sup>2</sup>  
in €

1 Adjusted for extraordinary items

2 Adjusted for extraordinary items, 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	2022	2021
<b>EBIT (operating result)</b>	<b>995.2</b>	<b>865.4</b>
Extraordinary items	46.3	26.5
Amortization   IFRS 3	60.7	48.6
<b>Normalized financial result<sup>1</sup></b>	<b>-20.6</b>	<b>-11.2</b>
Normalized income tax (26%) <sup>2</sup>	-281.2	-241.6
<b>Underlying net result</b>	<b>800.4</b>	<b>687.7</b>
Non-controlling interest	-3.8	0.1
<b>Underlying net result after non-controlling interest</b>	<b>796.6</b>	<b>687.8</b>
Underlying earnings per share (in €)	8.64	7.46

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

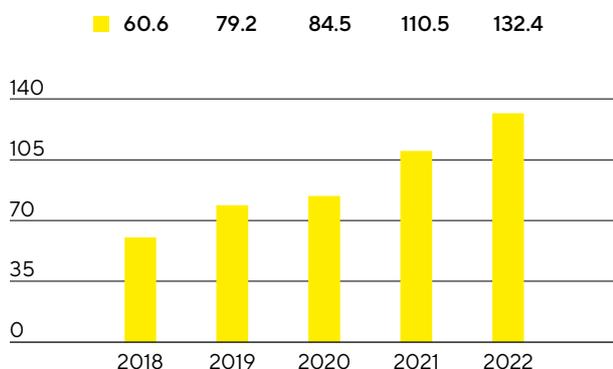
2 Normalized income tax based on the underlying profit before taxes and amortization.

See Glossary on page 247 for the definitions of the totals listed above.

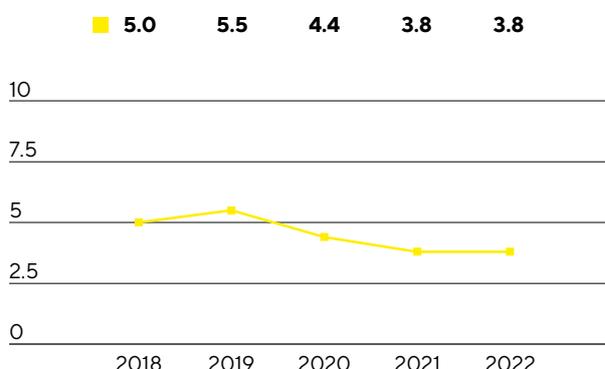
## Research and Development

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 2022, the Group spent €132.4million on R&D, corresponding to an increase of 19.9% over the previous year's investment of €110.5million. The ratio of R&D costs to sales revenue remained constant at 3.8%. The gross capital expenditure ratio of 5.6% was above the prior-year ratio of 5.1%; this ratio is even more meaningful for the assessment of innovation-related expenses and includes capitalized development costs of €63.1million (previous year: €37.0million) that were disclosed in the statement of financial position.

**Research & Development Costs**  
€ in millions



**Research & Development Ratio**  
in % of sales revenue



To protect know-how, Sartorius Stedim Biotech pursues a targeted intellectual and industrial property rights policy. The company systematically monitors compliance with these rights and reviews 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 2022 totaled 171 compared with 71 in the previous year. As a result of the applications submitted in the past years, the company was issued 267 patents and trademarks (previous year: 234). As of the balance sheet date, there was a total of 4,067 patents and trademarks in the portfolio (previous year: 3,316).

	2022	2021
Number of patent and trademark applications	171	71
Registered patents and trademarks	267	234

## Capital Expenditures

Against the backdrop of strong growth, Sartorius Stedim Biotech invested considerably in building up new capacities in all regions in 2022. 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 meet the strong demand. Further projects will be completed in 2023.

At €430.6 million, capital expenditures in 2022 were higher than the previous year's figure of €324.0 million, as planned. The corresponding CAPEX ratio was 12.3% (previous year: 11.2%).

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 Stedim Biotech 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 here for the first time, which is scheduled to come on stream in 2023.

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

In the Asia-Pacific region, Sartorius Stedim Biotech 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, the company plans to build a technology center for consulting customers and product demonstrations as well as laboratory space at the new site, which is located in the middle of a biopharma park.

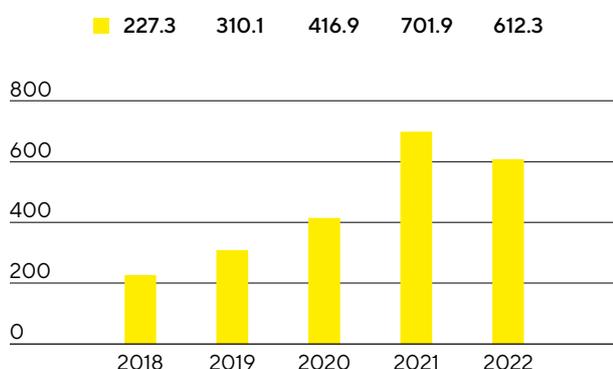
Production capacities were also expanded at other locations. For example, the company carried out expansion projects at other sites in Germany, as well as in Great Britain and Slovenia.

# Net Worth and Financial Position

## Cash Flow

Cash flow from operating activities amounted to €612.3 million in 2022, compared with €701.9 million in the previous year, a decrease of 12.8%. 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.

### Net Cash Flow from Operating Activities € in millions



Due to high demand, Sartorius Stedim Biotech has been driving the expansion of its production capacities full speed ahead. Cash outflows from investing activities increased in the reporting period by 36.6% to €442.0 million. Because of expenses of €515.6 million in connection with the most recent acquisitions, cash flow from investing activities and acquisitions rose to -€957.5 million compared with -€465.2 million in the previous year.

Primarily driven by the financing of the most recent acquisitions, cash flow from financing activities amounted to €220.7 million in 2022 relative to -€77.7 million in the previous year. This also included dividend payments for the 2021 financial year of €117.7 million (previous year: €63.8 million).

### Cash Flow Statement

€ in millions	2022	2021 <sup>1</sup>
Cash flow from operating activities	612.3	701.9
Cash flow from investing activities and acquisitions	-957.5	-465.2
Cash flow from financing activities	220.7	-77.7
Cash and cash equivalents	107.1	223.6
Gross debt	1,135.7	625.5
Net debt	1,028.6	401.9

<sup>1</sup> 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 Stedim Biotech Group was €5,065.4 million as of the end of fiscal 2022 and thus €1,114.3 million higher than the prior-year level. This increase is largely due to the rise in non-current assets by €898.7 million to €3,394.2 million, predominantly driven by the recent acquisitions and by the continuation of the extensive investment program. In addition, current assets rose by €215.5 million year on year to €1,671.2 million, mainly as a result of the increase in working capital and, in particular, the buildup 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 Working Capital Figures

in days		2022	2021
<b>Days inventories outstanding</b>			
Inventories   sales revenue <sup>1</sup>	x 360	105	97
<b>Days sales outstanding</b>			
Trade receivables   sales revenue <sup>1</sup>	x 360	41	44
<b>Days payables outstanding</b>			
Trade payables   sales revenue <sup>1</sup>	x 360	50	58
<b>Net working capital days</b>			
Net working capital <sup>2</sup>   sales revenue <sup>1</sup>	x 360	96	83

<sup>1</sup> Including pro forma sales of recent acquisitions

<sup>2</sup> Sum of inventories and trade receivables less the trade payables

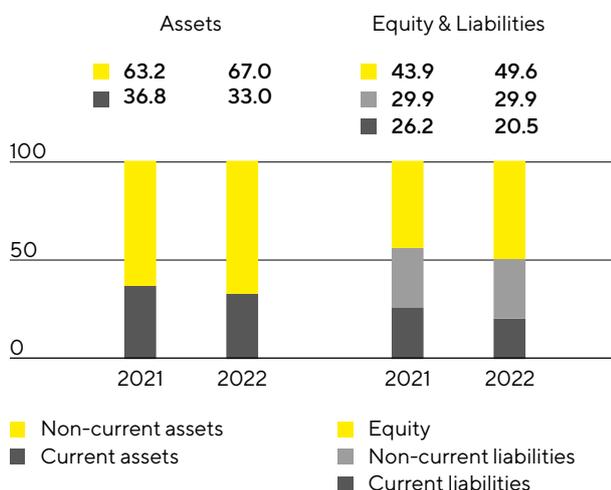
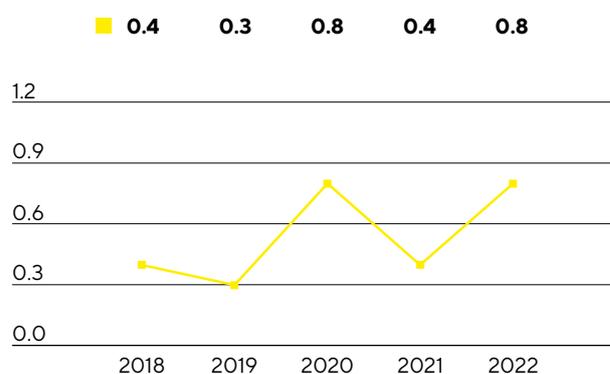
Equity grew by €781.0 million to €2,514.2 million as of year-end. The equity ratio – defined as the quotient of equity to the balance sheet total – was 49.6% (previous year: 43.9%).

In the reporting year, current and non-current liabilities for the Sartorius Stedim Biotech Group of €2,551.2 million exceeded the previous year's figure of €2,217.9 million. The increase resulted, among other things, from the financing of recent acquisitions and the build-up of working capital.

Overall, gross debt, which is comprised of liabilities to banks and loans from the parent company Sartorius AG as well as of lease liabilities, rose to €1,135.7 million as of December 31, 2022, compared with €625.5 million for the year ended December 31, 2021. The increase is essentially due to a new loan agreement signed with Sartorius AG, mainly to serve the financing of the Albumedix acquisition. Net debt, defined as gross debt less cash and cash equivalents, was €1,028.6 million compared to €401.9 million a year ago.

## Calculation of Net Debt

€ in millions	2022	2021
<b>Non-current</b>		
Loans and borrowings	1,020.6	521.1
Lease liabilities	91.1	64.0
<b>Current</b>		
Loans and borrowings	4.5	25.5
Lease liabilities	19.5	14.9
Gross debt	1,135.7	625.5
Cash and cash equivalents	107.1	223.6
Net debt	1,028.6	401.9

Balance Sheet Structure  
in %Ratio of Net Debt<sup>1</sup> to Underlying EBITDA<sup>2</sup>

<sup>1</sup> The net debt excludes the liability for the remaining purchase price for acquisitions; 2022: €245.1million, 2021: €518.7million, 2020: €127.8million, 2019: €72.5million, 2018: €8.7million

<sup>2</sup> 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. As of December 31, 2022, the ratio rose to 0.8 (previous year: 0.4) mainly driven by the financing of the extensive investments and the acquisitions made in the reporting year.

## Impact of War in Ukraine

Since the beginning of Russia's attack on Ukraine, Sartorius Stedim Biotech 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 Stedim Biotech can be found on pages 44 and 134 et seq.

## Financing | Treasury

Sartorius Stedim Biotech covers its operational and strategic financing needs through a combination of operating cash flows and the taking out 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 €1,005 million provided by the parent company Sartorius AG. In 2022, Sartorius Stedim Biotech signed a new loan agreement with its parent company Sartorius AG mainly to refinance the acquisition of Albumedix.

In addition, the Group has diverse bilateral credit lines of approximately €77 million in total.

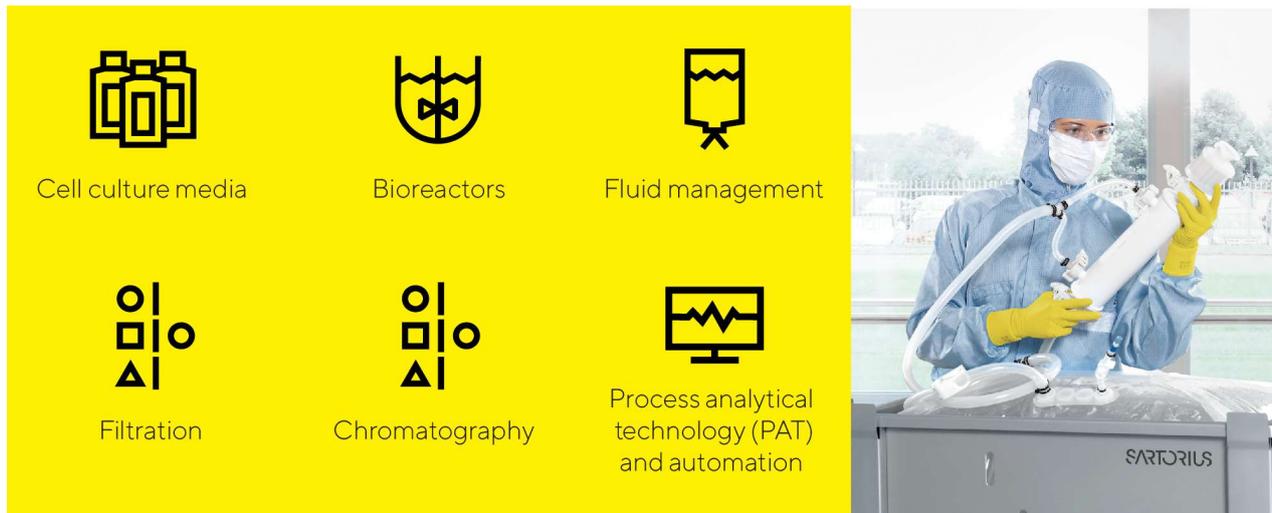
The above-mentioned financing comprises instruments with both fixed and variable interest.

As of December 31, 2022, the total volume of all available credit lines was €337 million. Of this amount, Sartorius Stedim Biotech had utilized €3 million, leaving available credit of €334 million at the end of 2022. This ensures that all Group entities have sufficient funds to successfully finance their business operations and new capital expenditures.

The company uses 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 2022, foreign exchange contracts amounted to €396 million on a reported basis, with a market value of -€2.5 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 by making two acquisitions in 2022:

- By acquiring the business from Novasep in February 2022, Sartorius Stedim Biotech added a complementary offering to its chromatography portfolio. The acquired portfolio includes chromatography systems primarily suited for small biomolecules, such as oligonucleotides, peptides, and insulin, as well as innovative systems for the continuous production of biopharmaceuticals.
- The acquisition of Albumedix, a leading provider of solutions based on recombinant human albumin, completed at the end of September 2022, added an important component to portfolio in the production of innovative biopharmaceuticals, especially for modalities such as cell therapies, viral therapies, and vaccines.

During 2022, Sartorius Stedim Biotech launched a scalable and ready-to-use disposable membrane for separating monoclonal antibodies as an alternative to classical resin-based column chromatography for the affinity purification step. Furthermore, the company introduced a computer-based application for optimizing cell culture development that enables substantial time and cost savings. The application is part of a cloud-based software ecosystem for analyzing and managing data along the biopharma value chain and makes it possible to maximize insights from in vitro experiments by using simulations in virtual bioreactors.

## Sales Activities

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

Even after the gradual lifting of pandemic-related travel and contact restrictions in many parts of the company's business regions, sales representatives continued to interact directly with many customers using

digital communication tools. Videoconferencing and augmented reality also continue to be used for such direct interactions, for example, when demonstrating products, conducting training sessions, and bringing systems into service. One focus aimed at strengthening the sales force is on expanding the company's international presence. A further focus is on the ongoing enhancement of sales effectiveness, for example, by specialized training for employees. 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 the 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.

The largest product development site is located in Göttingen, Germany, where a new product development building is scheduled to begin operations in the first quarter of 2023. Further important activities take place in France, India, the USA, and the UK, as well as in Sweden, Israel, Slovenia, and other locations in Germany.

## Production and Supply Chain Management

Sartorius Stedim Biotech has a very well-developed global production network that was expanded at many sites in 2022. 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. Recent acquisitions have added sites in France and the UK.

The supply chain situation remained challenging in 2022, but it has eased somewhat overall compared with the previous year. Delivery times for most products have normalized, and the availability of electronic components and some chemical raw materials also improved over the course of the year. The prices of many primary products used by Sartorius Stedim Biotech did increase, however, in some cases significantly.

With regard to its energy supply, the company has taken extensive measures in Germany in order to become as independent as possible from the availability of gas, if necessary.

Sartorius Stedim Biotech has expanded production capacity in all business regions, such as China, Tunisia, and Puerto Rico. Additional production employees were hired for this purpose.

To meet the growing demand for consumables in China, the expansion of the clean room in Beijing was brought into operation in 2022. This significantly expanded the local production capacity for sterile disposable bags. In addition to bags, the company has recently started producing other types of filters in the expanded clean rooms.

Following the opening of a significantly expanded application, validation, and service center for biopharma customers at the Shanghai site in 2021, the company opened new application centers in Yantai, China, and Bangalore, India, in the reporting year. These enable customers to test complex systems at a Sartorius Stedim Biotech site first before they are delivered to and set up at their plant facilities.