

# 1.1 Joint report of the Chairman and CEO

## Dear Shareholders and Business Partners,

A challenging year lies behind the life science industry. Following three years of extraordinary and partially unsustainable growth due to the coronavirus pandemic, 2023 was characterized by an overall expected normalization of demand for the entire sector, including Sartorius Stedim Biotech. In addition, geopolitical tensions have had a growing impact on business in recent years.

Accordingly, in 2023, sales revenue of the Sartorius Stedim Biotech Group declined by 18.7% in constant currencies and stood at 2.8 billion euros; compared to 2019, the last year before the pandemic, however, this corresponds to an increase of 97 percent. The underlying EBITDA margin of 28.3 percent was below the high level of the previous year but remained on a robust and healthy level. The development was primarily due to the after-effects of the coronavirus pandemic, in particular the longer-than-expected reduction of customer inventories and relatively low production levels, but also to the discontinued business with Russian customers and an overall muted investment activity, primarily among customers in China and the USA. However, since the end of the third quarter, business has been picking up, with order intake exceeding sales levels in the fourth quarter, and we expect this trend to gradually gain traction over the course of the year 2024.

After creating many new jobs at our sites around the world to meet the demand for our urgently needed products during the pandemic, we have adjusted our headcount from around 11,900 a year ago to 10,700 by the end of December 2023, in line with our business development. The reduction resulted primarily from the expiry of fixed-term employment contracts and regular attrition. In view of the sales development, we have also systematically reduced costs in other areas and postponed some investments.

The demand normalization in the biopharmaceutical industry has had an impact on the capital market valuations in the life science tools sector and also on the Sartorius Stedim Biotech share price. After years of strong increases, the share closed the year at a price of 239.50 euros, which corresponds to a decline of about 21 percent. To put this into perspective, including the decline in 2023, the market capitalization of Sartorius Stedim Biotech has increased more than 11-fold over the past ten years.

After four years that were dominated by extraordinary effects, we expect to now enter a phase that will be more strongly characterized by fundamental, very positive growth drivers. By 2050, the world's population will grow to more than 9.5 billion people, about 1.6 billion of whom will be over the age of 65 and have increased need for medical care. Biopharmaceuticals, based on established concepts such as monoclonal antibodies to the new approaches in cell and gene therapy, promise to improve people's lives and fight diseases that are not yet curable or treatable. Innovative technologies are vital in making biopharmaceutical development and production more efficient and bringing these promising approaches to life faster.

Our broad product portfolio, ranging from bioreactors to critical cell culture media and reagents, helps customers to bring new therapeutics to the market faster and to manufacture them more cost efficiently. Through a series of acquisitions over the past years, we have combined key technologies for the cell and gene therapy segment and created a comprehensive technology platform for the particularly dynamic segment of cell and gene therapies. Last year, we added the most important building block with the acquisition of Polyplus. Its transfection reagents are key to the efficient production of viral vectors used in many of these new therapies.

Furthermore, we continued our long-term investment program as part of our growth strategy, including the expansion of our capacities at sites in Europe and the United States and the start of construction of a new facility in South Korea, and thereby also investing in resilience in the face of geopolitical uncertainties.

Given the robust market trends, our latest acquisitions, and our investments, we are very well positioned to continue to grow profitably in the long term. Based on the demand recovery since the end of the third quarter of 2023 and the market outlook forecast by industry observers, we anticipate Group sales revenue to increase by a mid to high single-digit percentage range, while the underlying EBITDA margin is expected to rise to more than 30 percent. In the current year, we will put special focus on efficiency gains and strong cash generation to rapidly run down the elevated debt leverage following the Polyplus acquisition. At the beginning of February 2024, we accelerated this deleveraging and created additional strategic flexibility through an equity raise of Sartorius Stedim Biotech S.A. by in total 1,200 million euros in which the majority shareholder Sartorius AG participated by a third.

Moreover, we have set ourselves a new medium-term ambition: For the five-year period to 2028, Sartorius Stedim Biotech expects average annual growth in the low- to mid-teens percentage range, with the underlying EBITDA margin reaching around 35 percent in 2028.

Last year's challenges were different from the pandemic, but no less demanding. Our employees once again went the extra mile and achieved extraordinary successes. On behalf of the entire Board of Directors, I would like to thank each and every one of them for their outstanding efforts over the past year. Special thanks go to the teams who kept our production and deliveries to our customers going in exceptional situations - for example at the Beit Haemek site in Israel.

And we want to particularly thank you, our valued customers, business partners, and shareholders, for the trust you have placed in us for many years. We are confident that we can continue our long-term, successful path together and would be delighted if you accompanied us in 2024 and beyond.

Sincerely,

Joachim Kreuzburg

Chairman

René Fáber

CEO