Sartorius Group

First-Half Financial Report January to June 2023

Simplifying Progress

SARTORIUS

Key Figures for the First Half of 2023

	Group				Bioprocess Solutions				Lab Products & Services			
in millions of € unless otherwise specified	6 mo. 2023	6-mo. 2022	Δ in %	Δ in % cc[1]	6 mo. 2023	6-mo. 2022	Δ in %	Δ in % cc[1]	6 mo. 2023	6-mo. 2022	Δ in %	Δ in % cc[1]
Sales Revenue and Order Intake												
Order intake	1,449.6	2,168.8	–33.2	–32.7	1,101.7	1,715.9	–35.8	–35.5	347.9	452.9	–23.2	–22.4
Sales revenue	1,735.2	2,060.3	–15.8	–15.4	1,346.5	1,637.1	–17.8	–17.4	388.7	423.2	–8.2	–7.3
▪ EMEA[2]	668.9	793.4	–15.7	–15.7	526.3	651.1	–19.2	–19.3	142.6	142.3	0.2	0.8
▪ Americas[2]	645.7	726.1	–11.1	–12.1	520.5	571.9	–9.0	–10.0	125.2	154.1	–18.7	–19.7
▪ Asia | Pacific[2]	420.5	540.9	–22.2	–19.4	299.7	414.1	–27.6	–25.0	120.8	126.8	–4.7	–0.8
Results												
EBITDA[3]	516.7	697.5	–25.9		414.5	585.6	–29.2		102.2	111.9	–8.7	
EBITDA-Margin[3] in %	29.8	33.9			30.8	35.8			26.3	26.4		
Net result[4]	202.5	333.9	–39.4									
Financial data per share												
Earnings per ordinary share[4] in €	2.95	4.88	–39.4									
Earnings per preference share[4] in €	2.96	4.89	–39.3									

Balance Sheet | Financials

	June 30, 2023	Dec. 31, 2022
Balance sheet total	7,042.6	6,977.7
Equity	2,706.7	2,658.9
Equity ratio in %	38.4	38.1
Net debt	2,611.3	2,375.3
Ratio of net debt to underlying EBITDA	2.1	1.7

1 cc = in constant currencies

2 According to customers' location

3 Underlying = adjusted for extraordinary items

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

Key Figures for the Second Quarter of 2023

	Group				Bioprocess Solutions				Lab Products & Services			
in Mio. €, sofern nicht anderweitig angegeben	Q2 2023[1]	Q2 2022[1]	Δ in %	Δ in % cc[2]	Q2 2023[1]	Q2 2022[1]	Δ in %	Δ in % cc[2]	Q2 2023[1]	Q2 2022[1]	Δ in %	Δ in % cc[2]
Sales Revenue and Order Intake												
Order intake	684.8	1,056.6	–35.2	–33.5	526.0	826.2	–36.3	–34.8	158.9	230.3	–31.0	–28.9
Sales revenue	832.0	1,035.6	–19.7	–17.5	651.5	822.5	–20.8	–18.8	180.5	213.0	–15.3	–12.6
▪ EMEA[3]	310.0	392.1	–21.0		242.6	321.2	–24.5		67.4	70.9	–5.0	
▪ Americas[3]	323.5	367.0	–11.8		264.9	290.8	–8.9		58.6	76.2	–23.1	
▪ Asia | Pacific[3]	198.5	276.4	–28.2		144.0	210.5	–31.6		54.5	65.9	–17.3	
Results												
EBITDA[4]	244.7	348.5	–29.8		197.3	292.3	–32.5		47.5	56.2	–15.6	
EBITDA-Margin[4] in %	29.4	33.7			30.3	35.5			26.3	26.4		
Net result[5]	86.3	166.6	–48.2									
Financial Data per Share												
Earnings per ordinary share[5] in €	1.26	2.44	–48.2									
Earnings per preference share[5] in €	1.26	2.44	–48.2									

1 Figures are not audited nor reviewed

2 cc = in constant currencies

3 According to customers' location

4 Underlying = adjusted for extraordinary items

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

Interim Management Report

Group Basis

The Annual Report 2022 provides a detailed overview of the business activities, objectives and strategy of the Sartorius Group. The statements made therein are still valid. There were no significant changes in the first half of 2023.

Economic and Sector Report

Sartorius operates in industries that differ in their dependence on the economy. While the Bioprocess Solutions Division operates in an environment that is largely independent of economic fluctuations, the Lab Products & Services Division conducts some of its business activities in sectors that are more strongly affected by economic factors.

Growth momentum slows as global political and economic uncertainties persist

The global economy entered 2023 with declining momentum and deteriorating conditions, growing only slightly in the first six months. Positive drivers included the relaxation of coronavirus restrictions in China and a normalization of previously strained supply chains. Private consumption and the service sector also proved to be comparatively robust. Inflation trends showed a mixed picture. Inflation rates remained high despite declined raw material and food prices. At the same time, tighter monetary policy increased the risks to the financial system, as evidenced in the United States by the collapse of several regional banks during the reporting period, and, according to the International Monetary Fund, could have a further dampening effect on the real economy over the course of the year.

In light of these conditions, growth in the European Union's gross domestic product (GDP) slowed significantly to 1.0% in the first quarter of 2023 (prior-year period: +5.7%). While the increase in France stood at 0.9% (prior-year period: +4.5%), Germany's economy shrank by 0.5% (prior-year period: +3.8%). The United Kingdom, another core European market, virtually stagnated at an increase of 0.2% (prior-year period: +10.6%). Meanwhile, the world's largest economy, the United States, grew by 1.6% in the first quarter (prior-year period: +3.7%), while China's growth in the Asia-Pacific economic region stood at 4.5% (prior-year period: +4.8%). The GDP of other countries in Asia that are relevant to Sartorius also increased year over year. South Korean economic output rose by 1.0% (prior-year period: +3.1%), India achieved significant growth of 6.1% (prior-year period: +3.6%), and economic activity in Japan increased by 1.8% (prior-year period: +0.6%).

Sources: OECD: Quarterly National Accounts, June 2023; IMF: World Economic Outlook, April 2023

Temporary weak demand affecting suppliers in the biopharma market

The global pharmaceutical market grew by around 7% in 2022, according to EvaluatePharma. Revenue generated with biopharmaceuticals increased by around 4% year over year to €365 billion, somewhat slower than the average of previous years. This was mainly due to lower sales of coronavirus vaccines and antibody-based Covid-19 therapeutics, both of which are classified as biopharmaceuticals. Biopharma accounted for 37% of the total pharmaceutical market, compared with 38% in 2021.

During the pandemic, the biopharmaceutical market experienced significant additional growth due to demand for Covid-19-related products. In general, however, market development depends more on medium- and long-term trends than on short-term trends. In addition to the market launch of innovative biopharmaceuticals, significant impetus is provided by the world's rising demand for medications as well as the expanded range of indications for approved medicines and their further market penetration. The number of new biopharmaceutical approvals by the US Food and Drug Administration (FDA) remained at a high level both in 2022 with 31 (2021: 30) and in the first half of 2023 with 15 (first half of 2022: 9).

The leading manufacturers of products for the development and production of biopharmaceuticals recorded further growth in 2022. As expected, the growth was lower for companies involved in the production of coronavirus vaccines and therapeutics. In addition, as many pharmaceutical manufacturers had increased their inventories due to strained supply chains during the Corona period, a reduction in inventories set in during the course of 2022 as the pandemic subsided, with a corresponding negative impact on order intake of suppliers to the biopharma industry.

The inventory reduction continued in the first months of 2023, while at the same time the relevance of the coronavirus-related business decreased significantly, and relatively low investment activity was observed on the part of some biopharma companies as a result of available production capacities. These factors had a significant impact on the sales development of bioprocess technology providers and their expectations for the full year, but these should only temporarily overshadow the highly positive growth drivers of the life science and biopharma markets.

Weaker demand also in the laboratory market

The global laboratory market had a total value of around €69 billion in 2022 and, according to estimates by various market observers, is growing at an average annual rate of around 4% to 5% over the long term. Market growth is related, among other things, to research and development spending in the individual end markets, which is partly linked to economic development.

However, this applies less to laboratories in the pharmaceutical and biopharmaceutical industries, which represent the most important customer group for laboratory instruments and consumables. Their demand is more strongly influenced by fundamental growth drivers such as the continuous research into new active pharmaceutical ingredients. Against the backdrop of above-average growth in previous years, leading suppliers of laboratory instruments and consumables recorded declines in some parts of their business in the first quarter of 2023. In addition to the high basis for comparison, reasons cited include cautious investment behavior in the current interest rate environment and the subdued funding environment, particularly for small and medium-sized biotech companies. Falling demand for components for coronavirus tests is also having a dampening effect.

Despite a weaker macroeconomic environment, demand from industrial end markets was generally robust both in 2022 and the first quarter of 2023, according to several leading laboratory product manufacturers. The same applies to business with academic and public research institutions, which are benefiting from a positive development in government budgets and funding programs.

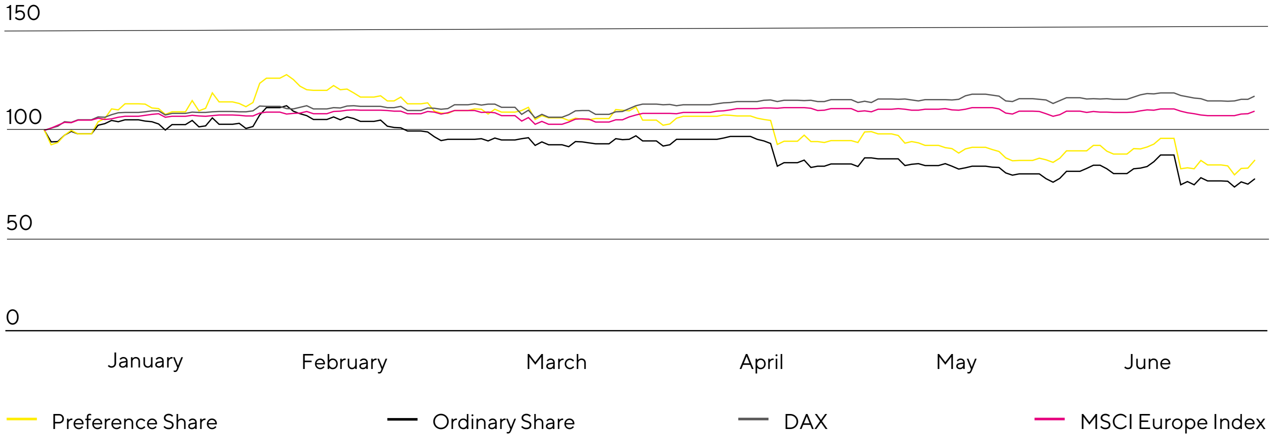
Sources: Evaluate Pharma: World Preview 2022, Outlook to 2028, October 2022; SDi: Global Assessment Report 2022, June 2022; www.fda.gov

Sartorius Shares

The global stock markets recorded gains in the first half of 2023 despite falling global economic growth expectations and increasing risks. The German benchmark index, the DAX rose by 16.0% to 16,148 points during the first half of 2023, while the European benchmark index, MSCI Europe, rose by 8.4% to 1,868 points. In the first half of 2023, the performance of the Sartorius shares and most biopharma suppliers continued to be strongly influenced by the temporarily subdued growth prospects for the current fiscal year. Thus, the preference shares closed at €317.10 on June 30, 2023, which corresponds to a price decrease of 14.2% compared to the year-end price in 2022. The ordinary share price closed at €258.00, down by 22.9%.

The market capitalization of Sartorius AG based on outstanding ordinary and preference shares declined in the period under review by around 18.3% to €19.7 billion (December 31, 2022: €24.1 billion).

Sartorius Shares in Comparison to DAX and MSCI Europe Index (indexed)
January 1, 2023 to June 30, 2023

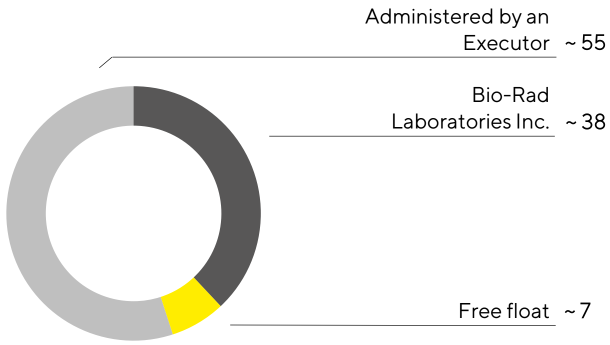


A total of 22 financial analysts were analyzing Sartorius shares at the end of June. The average target price amounted to €368.30. Citigroup initiated coverage of the Sartorius preference shares in the reporting period with a Buy rating and price target of €375.00.

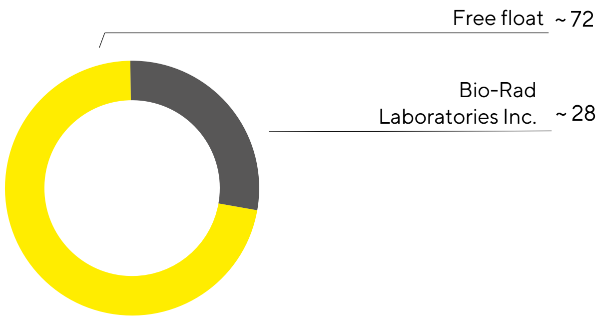
The Annual General Meeting of Sartorius AG was held on March 29, 2023, in virtual format without the physical presence of the shareholders or their proxies. Shareholder resolutions included the disbursement of a dividend of €1.44 per preference share and €1.43 per ordinary share.

According to the information available to us, the shareholder structure remained unchanged in the first half of 2023.

Shareholder Structure: Ordinary Shares
in %, related to ~34.2 million shares outstanding



Shareholder Structure: Preference Shares
in %, related to ~34.2 million shares outstanding



Information on shareholdings and shares in free float pursuant to the disclosure requirements of Sections 33 et seq. of the German Securities Trading Act (WpHG) and the shareholders' own disclosures. These reporting obligations and own disclosures refer only to voting shares and not to non-voting preference shares.

Current information on investor relations publications, voting right notifications and analysts' estimates is available on the website.

Group Business Development

- As expected, first half of 2023 characterized by temporarily weak demand in both divisions
- Sales revenue and profitability of the Bioprocess Solutions Division down;
  Lab Products & Services with stable margin despite decline in sales revenue
- Full-year 2023 sales revenue and profitability outlook confirmed; uncertainties remain high due to global political and economic situation
- Polyplus acquisition closed; start of integration

Following extraordinarily high growth rates during the pandemic, which, as already communicated, were partly based on, unsustainable positive extraordinary effects such as additional business related to the coronavirus pandemic and an inventory buildup at customers, the business development of Sartorius has been normalizing since the second half of 2022. The first half of 2023 was also characterized by ongoing inventory reductions by customers and low investment activity in view of idle production capacity. The associated soft demand momentum has been lasting longer than originally expected.

On a constant currency basis, Group sales revenue decreased by 15.4% (reported: -15.8%) to €1,735.2 million between January and June compared to a high prior-year base. This includes a growth contribution from acquisitions of around 1 percentage point. Excluding the Covid-19-related business, the decline in constant currencies was in the upper single-digit percentage range.

The aforementioned temporary effects were even more pronounced in order intake, which decreased by 32.7% in constant currencies (nominal: -33.2%) to €1,449.6 million.

Sales Revenue and Order Intake, Group

in millions of €	6 mo. 2023	6-mo. 2022	Δ in % reported	Δ in % cc[1]
Sales revenue	1,735.2	2,060.3	-15.8	-15.4
▪ EMEA[2]	668.9	793.4	-15.7	-15.7
▪ Americas[2]	645.7	726.1	-11.1	-12.1
▪ Asia | Pacific[2]	420.5	540.9	-22.2	-19.4
Order intake	1,449.6	2,168.8	-33.2	-32.7

1 cc = in constant currencies
2 According to customers' location

Primarily due to the development in China, the decline in sales revenue was more prominent in the Asia | Pacific region, where it decreased by 19.4% to €420.5 million. This region accounted for 24% of Group revenue. Sales in the EMEA region, which contributed the highest share of 39% of the total Group revenue, declined by 15.7% to €668.9 million, with the considerable business limitations in Russia dampening growth by around 4 percentage points. Business in the Americas region, which accounted for about 37% of Group revenue, declined by 12.1% to €645.7 million in the reporting period. (All growth rates for the regional development are in constant currencies unless otherwise stated.)

Decline in underlying earnings

The Sartorius Group uses underlying EBITDA (earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items) as its key profitability indicator.

In the first half of 2023, underlying EBITDA declined by 25.9% to €516.7 million, mainly as a result of the volume development, but also due to negative product mix effects and a higher cost base. The resulting margin of 29.8% (H1 2022: 33.9%) was in line with expectations and, despite the decline, remained at a robust level. Price effects on the procurement and customer sides largely offset each other.

Underlying EBITDA and EBITDA Margin, Group

in millions of €	6 mo. 2023	6-mo. 2022	Δ in %
Underlying EBITDA	516.7	697.5	-25.9
Underlying EBITDA margin	29.8	33.9	

With functional costs remaining almost stable compared to the previous year, consolidated EBIT decreased by 45.2% to €303.9 million (H1 2022: €554.7 million), particularly as a result of the decline in sales revenue. In addition to depreciation and amortization, this figure includes extraordinary items of -€60.8 million (H1 2022: -€12.2 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 (for further details, please refer to page 23). The EBIT margin was 17.5% (H1 2022: 26.9%).

The financial result amounted to €19.2 million for the first half of 2023 compared to €93.2 million in the prior-year period. This includes non-cash effective income of €65.4 million, mainly from the reporting date valuation of the share-based earn-out liability in connection with the acquisition of BIA Separations (H1 2022: €98.6 million). After adjustment for this effect, the increase in remaining net financing expenses resulted, among other things, from the increased debt in connection with the acquisition of Albumedix, which was completed at the end of September 2022.

Net profit for the first six months of 2023 decreased by 49.3% to €253.5 million (H1 2022: €499.6 million). The Group´s net profit after non-controlling interest amounted to €188.1 million, compared to €371.5 million in the same period of the previous year, with non-controlling interests accounting for €65.4 million (H1 2022: €128.1 million). A tax rate of 27% expected for the full year was applied (H1 2022: 27%) for calculating tax expenses. Including the non-tax-relevant valuation effects from the above-mentioned earn-out liability, the nominal tax rate is 21.5%.

Relevant net result below prior year

The relevant net result attributable to the shareholders of Sartorius AG declined by 39.4% from €333.9 million to €202.5 million. This figure 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 totaled €2.95 per ordinary share (H1 2022: €4.88) and € 2.96 per preference share (H1 2022: €4.89).

in millions of €	6 months 2023	6 months 2022
EBIT	303.9	554.7
Extraordinary items	60.8	12.2
Amortization	54.9	51.3
Normalized financial result[1]	-53.6	-14.2
Normalized income tax (27%)[2]	-98.8	-163.1
Underlying net result after tax	267.1	440.9
Non-controlling interest	-64.7	-107.1
Underlying earnings after taxes and non-controlling interest	202.5	333.9
Underlying earnings per share		
per ordinary share in €	2.95	4.88
per preference share in €	2.96	4.89

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.

Operating cash flow above prior year

In the first six months of 2023, cash flow from operating activities was €362.6 million, up 24.9% from €290.2 million a year ago. The decline in earnings was offset by cash inflows from the optimization of working capital (H1 2022: cash outflow from the buildup of working capital). In addition, lower tax payments had a positive effect.

In view of the growth drivers in the end markets and the medium-term growth targets, Sartorius continues to expand its production capacities. The investment program covers, in particular, production sites in Germany, the USA, France and South Korea. Cash outflow from investing activities increased by 32.7%, amounting to €303.9 million in the reporting period. The ratio of capital expenditures (CAPEX) to sales in the first half of 2023 was 17.3%, compared to 10.7% in the prior-year period. Due to expenses of €22.7 million in connection with the acquisition of Sartonet, which distributes Sartorius products in Türkiye, cash flow from investing activities and acquisitions was -€326.6 million (H1 2022: -€294.5 million).

Key balance sheet and financial indicators remain robust

The balance sheet total of Sartorius Group as of June 30, 2023, stood at €7,042.6 million and was thus €64.9 million higher than the figure of €6,977.7 million as of December 31, 2022. This increase is largely due to the rise in non-current assets by €106.2 million to €5,060.8 million, predominantly driven by the continuation of the extensive investment program. Current assets decreased by €41.3 million to €1,981.8 million compared to the prior-year, mainly driven by the reduction in trade receivables. Working capital amounted to €1,589.0 million as of June 30, 2023 (December 31, 2022: €1,663.5 million).

Equity remained stable over the reporting period at €2,706.7 million (December 31, 2022: €2,658.9 million). The equity ratio was at a robust level of 38.4% (December 31, 2022: 38.1%).

In the reporting period, gross debt, which comprises liabilities to banks, including promissory note loans ("Schuldscheindarlehen") as well as lease liabilities, rose from €2,541.2 million as of December 31, 2022, to €2,773.5 million as of June 30, 2023. Net debt, defined as gross debt less cash and cash equivalents, grew from €2,375.3 million as of December 31, 2022, to €2,611.3 million as of June 30, 2023.

The ratio of net debt to underlying EBITDA increased to 2.1 as of June 30, 2023, compared with 1.7 at year-end 2022, as a result of the decline in earnings. This ratio is calculated 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.

Number of employees reduced

As of June 30, 2023, the Sartorius Group employed a total of 15,048 employees worldwide. Compared with December 31, 2022, head count thus declined by 894 or around 5.6%. In previous years, the company had significantly expanded its workforce in connection with the strong growth in sales revenue, but adjusted it in the reporting period to the changed demand conditions and the reduced capacity requirements.

The number of employees in EMEA fell by 5.4% to 9,782 in the first half of 2023 compared with the end of December 2022. In the Americas, Sartorius employed 3,090 people as of June 30, 2023, equaling a decrease of 6.4%. The workforce in the Asia | Pacific region declined by 5.4% to 2,176 people.

Business Development of the Divisions

Bioprocess Solutions influenced by temporarily softer market environment

The Bioprocess Solutions Division offers a wide array of innovative technologies for the manufacture of biopharmaceuticals and vaccines. Following the exceptionally high growth rates in the previous years, which were driven by temporary positive extraordinary effects in connection with the pandemic, the division`s business development in the first half of 2023 was significantly influenced by the expected inventory reduction and generally low investment activities due to available production capacities on the customer side. Sales revenue in the first half of the year stood at €1,346.5 million, representing a decline of 17.4% in constant currencies (reported: -17.8%) compared with the high level of the prior-year period. This includes a growth contribution from acquisitions of around 1 percentage point. Excluding the Covid-19-related business, the decline in constant currencies was in the upper single-digit percentage range.

The aforementioned temporary effects were even more pronounced in the order intake, which decreased by 35.5% (reported: -35.8%) to €1,101.7 million in the first half of the year.

Regionally, sales in the Americas declined by 10.0%. In the EMEA region, the decline was 19.3% compared to the prior-year base, which was strongly influenced by business with vaccine manufacturers. Sales in the Asia | Pacific region were also significantly lower, down 25%, mainly driven by the performance in China. (All growth rates for regional development are in constant currencies unless otherwise stated.)

Sales Revenue and Order Intake, Bioprocess Solutions

in millions of €	6 mo. 2023	6-mo. 2022	Δ in %	Δ in % cc[1]
Sales revenue	1,346.5	1,637.1	-17.8	-17.4
▪ EMEA[2]	526.3	651.1	-19.2	-19.3
▪ Americas[2]	520.5	571.9	-9.0	-10.0
▪ Asia | Pacific[2]	299.7	414.1	-27.6	-25.0
Order intake	1,101.7	1,715.9	-35.8	-35.5

1 cc = in constant currencies

2 According to customers' location

Underlying EBITDA of the division declined by 29.2% in light of the volume development to €414.5 million in the first six months of the year, resulting in a margin of 30.8% (H1 2022: 35.8%) .

Underlying EBITDA and EBITDA Margin, Bioprocess Solutions

in millions of €	6 mo. 2023	6-mo. 2022	Δ in %
Underlying EBITDA	414.5	585.6	-29.2
Underlying EBITDA margin in %	30.8	35.8	

Lab Products & Services achieves profitability margin at high prior-year level despite moderate decline in sales revenue

The Lab Products & Services Division, which specializes in equipment and technologies for life science research and pharmaceutical laboratories, generated sales revenue of €388.7 million in the first half of 2023 (in constant currencies: -7.3%; reported: -8.2%). Excluding the marginal Covid-19-related business, the decline in constant currencies was in the mid-single-digit percentage range. The omission of business with components for coronavirus tests and weaker demand compared with the strong prior-year period had a dampening effect. In addition, business in the Americas was particularly affected by the increasingly difficult environment for small and medium-sized biotech companies, which had grown strongly in recent years.

The aforementioned temporary effects were even more pronounced in the order intake, which decreased by 22.4% (reported: -23.2%) to €347.9 million after six months for the year.

Sales Revenue and Order Intake, Lab Products & Services

in millions of €	6 mo. 2023	6-mo. 2022	Δ in %	Δ in % cc[1]
Sales revenue	388.7	423.2	-8.2	-7.3
▪ EMEA[2]	142.6	142.3	0.2	0.8
▪ Americas[2]	125.2	154.1	-18.7	-19.7
▪ Asia | Pacific[2]	120.8	126.8	-4.7	-0.8
Order intake	347.9	452.9	-23.2	-22.4

1 cc = in constant currencies

2 According to customers' location

Sales development was different across the regions. While sales in the Americas region declined by 19.7%, business in the EMEA region, which accounts for the largest share of the division`s sales, and in the Asia | Pacific region remained almost constant compared to the prior-year period. (All growth rates for regional development are in constant currencies unless otherwise stated.)

Underlying EBITDA of the Lab Products & Services Division declined by 8.7% to €102.2 million in the first half of 2023. The corresponding margin remained at the high level of the prior-year period of 26.3% (H1 2022: 26.4%).

Underlying EBITDA and EBITDA Margin, Lab Products & Services

in millions of €	6 mo. 2023	6-mo. 2022	Δ in %
Underlying EBITDA	102.2	111.9	-8.7
Underlying EBITDA margin in %	26.3	26.4	

Opportunity and Risk Report

With the exception of the aspects mentioned below, the opportunities and risk situation of the Sartorius Group has not materially changed since the publication of its 2022 Annual Report. For this reason, please refer to a detailed description of the opportunities and risks as well as the risk management system for the Sartorius Group on pages 70 et seq. of the 2022 Annual Report.

Sales risks have changed over the course of the first half of the year. Uncertainties and dynamics in the biopharma industry have increased significantly in all regions, as evidenced by the longer-than-expected weakness in demand. Therefore, the company has adjusted its planning for fiscal year 2023 accordingly.

Furthermore, the relevance of acquisition risks for the Group has increased as a result of the acquisition of Polyplus due to the significant transaction volume.

Forecast Report

Global economy to grow in 2023 despite several risk factors

The International Monetary Fund (IMF) expects global GDP growth of 2.8% in the current year, which is below average by historical standards (2022: +3.4%). The increase in the industrialized countries is expected to stand at 1.3% (2022: +2.7%) and in the emerging and developing countries at 3.9% (2022: +3.9%). Although this means that growth expectations are roughly on par with the levels forecast at the beginning of the year, several risk factors remain, including persistently high inflation, tensions in the banking sector, increased financing costs and deteriorating trade conditions due to the tense geopolitical situation.

The IMF expects economic output in the European Union to increase by 0.7% in 2023 (2022: +3.7%). The year-over-year slowdown will be influenced, among other factors, by an expected stagnation in Germany (2023: -0.1%; 2022: +1.8%), as well as sluggish growth in France (2023: +0.7%; 2022: +2.6%). For the United Kingdom, GDP is expected to decline by 0.3% (2022: +4.0%).

The world´s largest economy, the USA, is expected to grow by 1.6% this year (2022: +2.1%). The IMF expects the Asia-Pacific economic region to grow by 4.6% in 2023 (2022: +3.8%). The strongest increase is forecast for India, where economic activity is expected to rise by 5.9% (2022: +6.8%), while growth in China is expected to accelerate to 5.2% as a result of the loosening of coronavirus restrictions (2022: +3.0%). Other countries in Asia that are important for Sartorius are also expected to grow. South Korea's GDP is expected to increase by 1.5% (2022: +2.6%) and Japan's by 1.3% (2022: +1.1%).

Sources: International Monetary Fund, World Economic Outlook Update, April 2023.

Moderate development of biopharma and laboratory markets expected

In general, the trends affecting the development of the Sartorius Group that are described on pages 83 to 86 of its 2022 Annual Report remain in place.

Strong, long-term trends drive growth in the pharmaceutical industry, which is largely independent of economic cycles. EvaluatePharma estimates that the global pharmaceutical market will grow by around 6% annually for the period up to 2028. Within the pharmaceutical market, the biopharma segment has been developing particularly strongly for years and will continue to outperform the market according to various forecasts. Average annual growth is expected to range between 8% and 11% in the coming years. The market is expected to have a total value of around €575 billion in 2028, which means that the share of biological medications and vaccines as a percentage of total revenue in the global pharmaceutical market could rise to 41% up from 37% today.

For 2023, leading manufacturers of bioprocess technology have lowered their growth expectations communicated at the beginning of the year. Influencing factors include a decline in pandemic-related business and the reduction of increased inventories on the customer side. However, this should only temporarily overshadow the highly positive growth drivers of the life science and biopharma markets. Various market observers expect the market for laboratory instruments and consumables to grow by about 4% to 5% annually in the next few years and to reach a total value of around €85 billion in 2026.

Regarding end markets, the greatest dynamics will probably continue to be generated by the pharmaceutical and biopharma industries, particularly, as a result of continuous research into and approval of new medications, the high momentum of scientific and technological innovation, and strong growth in China. For instance, EvaluatePharma expects sector-specific research spending to climb annually by 3.0% during the period from 2022 to 2028. According to market studies, bioanalytical instruments should particularly benefit from this and further grow at an above-average rate within the laboratory market. In the current year, demand from the pharmaceutical and biopharmaceutical industry for laboratory products is expected to develop more moderately despite the good medium-term outlook. The reasons cited are a high prior-year base, a subdued funding environment for small and medium-sized biotech companies, and declining demand in connection with Covid-19 testing capacities.

Sources: BioPlan: 19th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2022; Evaluate Pharma: World Preview 2022, Outlook to 2028, October 2022; SDi: Global Assessment Report 2022, June 2022

2023 outlook confirmed as revised in June

In mid-June, Sartorius adjusted its guidance for both divisions as well as for the Group for fiscal 2023 due to the longer-than-expected lasting general weak demand dynamics. Above all, the ongoing destocking by biopharma customers following the coronavirus pandemic and low investment activity on the part of customers are having a dampening effect on business development. As a result of the acquisition of Polyplus, which was completed on July 18, 2023, the expectations for the non-organic growth contribution and the ratio of net debt to underlying EBITDA have been adjusted while all other forecasted figures were confirmed.

Group

Management expects Group sales revenue to decline in the low to mid-teens percentage range in fiscal 2023; excluding Covid-19-related business, revenue would decline in the mid to high single-digit percentage range. Acquisitions, including Polyplus, are expected to contribute around 2 percentage points to the sales revenue development (excluding Polyplus 1 percentage point).

Due to lower volume expectations, Sartorius expects an underlying EBITDA margin of around 30% (PY: 33.8%).

The ratio of capital expenditure (CAPEX) to sales revenue in 2023 is projected to be around 15% and the ratio of net debt to underlying EBITDA is expected to be slightly above 4. The Polyplus acquisition is included in this outlook, possible future acquisitions are not.

Divisions

For the Bioprocess Solutions Division sales revenue is anticipated to decrease in the low to mid-teens percentage range; excluding Covid-19-related business, the decrease is anticipated to be in the high single-digit to low teens percentage range. Acquisitions, including Polyplus, are expected to contribute around 2 percentage point to the sales revenue development (excluding Polyplus 1 percentage point). The underlying EBITDA margin is expected to be around 31% (PY: 35.7%), whereby the positive margin effect from the Polyplus acquisition is not expected to have any significant impact due to its inclusion during the year.

For the Lab Products & Services division Sartorius expects a low single-digit percentage negative to stable sales revenue development; excluding Covid-19-related business, a percentage range of low single-digit sales revenue decline to low single-digit sales revenue growth is anticipated. The underlying EBITDA margin is expected to be around 26% (PY: 26.2%).

Outlook 2023

	Actual 2022	Guidance January 2023	Guidance April 2023	Guidance July 2023
Sartorius Group				
Sales growth[1]	15.0%	Low single-digit percentage range	Low single-digit percentage range	Decline in the low to mid-teens percentage range
Underlying EBITDA margin	33.8%	Around the level of the prior year	Around the level of the prior year	~30%
Net debt to underlying EBITDA	1.7	~1.5[2]	~1.5[2]	Slightly above 4[2]
CAPEX ratio	12.5%	~12.5%	~12.5%	~15%
Sartorius Divisions				
Bioprocess Solutions				
Sales growth[1]	15.9%	Low single-digit percentage range	Low single-digit percentage range	Decline in the low to mid-teens percentage range
Underlying EBITDA margin	35.7%	Around the level of the prior year	Around the level of the prior year	~31%
Lab Products & Services				
Sales growth[1]	11.5%	Mid single-digit percentage range	Mid single-digit percentage range	Low single-digit negative to stable
Underlying EBITDA-Marge	26.2%	Around the level of the prior year	Around the level of the prior year	~26%

1 cc = in constant currencies

2 Possible acquisitions are not considered

Medium-term forecast

Sartorius views the current demand normalization after the pandemic as a phase that only temporary overshadows the highly positive growth drivers of the life science and biopharma markets. Accordingly, the company is not changing its medium-term targets for 2025. These assume that for 2025, consolidated sales revenue will increase to around €5.5 billion at an underlying EBITDA margin of around 34%.

Management also points out that the dynamics and volatilities in the industry have increased significantly in recent years. In addition, uncertainties due to the changed geopolitical situation, such as the emerging decoupling tendencies of various countries, are playing a greater role. This results in higher uncertainty when forecasting business figures.

All forecast figures are based on constant currencies.

Material events after the reporting date

Sartorius, through its French listed subgroup Sartorius Stedim Biotech, has successfully closed the acquisition of the French company Polyplus. The transaction was completed on July 18, 2023, after receiving the required approvals.

Polyplus is a provider of innovative upstream technologies for cell and gene therapies. Transfection reagents developed and produced by Polyplus are key components in the production of viral vectors. The company has been expanding its focus beyond this field through acquisitions in adjacent technologies such as plasmid design, and protein and plasmid manufacturing, broadening its portfolio for gene therapies as well as gene-modified cell therapies.

The purchase price amounting to approximately €2.4 billion was paid in cash. The transaction has not been recognized in the consolidated interim financial statements for the first half of 2023 as the entity will be consolidated as of the acquisition date. On a full-year basis, Polyplus is expected to generate sales revenue in the upper double-digit million-euro range in 2023 and an EBITDA margin above the margin of the Bioprocess Solutions Division. The transaction was financed with a bridge loan of €2.4 billion, which is available to the Group for a transitional period. In the long term, the Group plans to refinance the majority of the purchase price by issuing a bond.

No further material events occurred after June 30, 2023.

Condensed Interim Financial Statements

Statement of Profit or Loss

€ in millions	2nd quarter 2023[1]	2nd quarter 2022[1]	6 months 2023	6 months 2022
Sales revenue	832.0	1,035.6	1,735.2	2,060.3
Cost of sales	–425.1	–501.9	–859.0	–988.4
Gross profit on sales	406.9	533.7	876.2	1,071.9
Selling and distribution costs	–150.5	–153.7	–311.0	–302.7
Research and development expenses	–38.1	–41.1	–83.8	–83.8
General administrative expenses	–44.3	–48.5	–94.5	–98.4
Other operating income	13.9	25.1	26.7	46.6
Other operating expenses	–62.5	–39.5	–109.6	–78.8
Earnings before interest and taxes (EBIT)	125.4	276.0	303.9	554.7
Financial income	81.9	48.6	101.7	139.4
Financial expenses	–50.6	–27.4	–82.4	–46.2
Financial result	31.3	21.3	19.2	93.2
Profit before tax	156.7	297.2	323.1	647.9
Income taxes	–26.2	–74.9	–69.6	–148.3
Net profit for the period	130.5	222.4	253.5	499.6
Attributable to:				
Shareholders of Sartorius AG	95.0	165.8	188.1	371.5
Non-controlling interest	35.5	56.6	65.4	128.1
Earnings per ordinary share (€) (basic)	1.39	2.42	2.74	5.42
Earnings per preference share (€) (basic)	1.39	2.42	2.75	5.43
Earnings per ordinary share (€) (diluted)	1.39	2.42	2.74	5.42
Earnings per preference share (€) (diluted)	1.39	2.42	2.75	5.43

1 The 2nd quarter figures were not included in the auditors' review.

Other operating income and expenses are reported separately since fiscal 2022. The previous year's figures have been restated accordingly.

Statement of Comprehensive Income

€ in millions	2nd quarter 2023[1]	2nd quarter 2022[1]	6 months 2023	6 months 2022
Net profit for the period	130.5	222.4	253.5	499.6
Cash flow hedges	–0.2	–16.1	4.9	–20.0
- of which effective portion of the change in fair value	0.1	–25.1	–2.7	–35.3
- of which reclassified to profit or loss	–0.3	9.0	7.6	15.3
Income tax on cash flow hedges	0.1	5.0	–1.0	6.2
Net investment in a foreign operation	1.8	29.9	–7.8	39.0
Income tax on net investment in a foreign operation	0.0	–8.0	0.0	–10.4
Currency translation differences	3.9	57.6	–24.7	70.1
Items that may be reclassified in the profit or loss statement, net of tax	5.6	68.4	–28.6	84.8
Remeasurements of the net defined benefit liability	2.1	16.3	2.1	16.3
Income tax on remeasurements of the net defined benefits liabilities	–0.6	–4.9	–0.6	–4.9
Equity Instruments at FVOCI	–10.7	0.0	–44.4	0.0
Items that will not be reclassified in the profit or loss statement, net of tax	–9.2	11.4	–42.9	11.4
Other comprehensive income after tax	–3.6	79.8	–71.4	96.3
Total comprehensive income	126.9	302.2	182.1	595.9
Attributable to:				
Shareholders of Sartorius AG	88.9	239.0	118.6	460.2
Non-controlling interest	38.0	63.3	63.4	135.6

1 The 2nd quarter figures were not included in the auditors' review.

Statement of Financial Position

€ in millions	June 30, 2023	Dec. 31, 2022
Non-current assets		
Goodwill	1,724.7	1,718.9
Other intangible assets	1,260.9	1,283.1
Property, plant and equipment	1,885.7	1,714.8
Financial assets	105.7	150.9
Other assets	3.4	3.3
Deferred tax assets	80.3	83.6
	5,060.8	4,954.6
Current assets		
Inventories	1,193.4	1,179.1
Trade receivables	395.5	484.5
Other financial assets	48.0	47.4
Current tax assets	46.8	30.8
Other assets	135.9	115.6
Cash and cash equivalents	162.2	165.9
	1,981.8	2,023.2
Total assets	7,042.6	6,977.7

€ in millions	June 30, 2023	Dec. 31, 2022
Equity		
Equity attributable to Sartorius AG shareholders	2,036.8	1,989.8
Issued capital	68.4	68.4
Capital reserves	44.9	44.6
Other reserves and retained earnings	1,923.5	1,876.7
Non-controlling interest	669.9	669.1
	2,706.7	2,658.9
Non-current liabilities		
Pension provisions	56.4	57.5
Other provisions	20.3	20.2
Loans and borrowings	2,170.1	1,873.8
Lease liabilities	111.3	112.4
Other financial liabilities	123.1	216.3
Deferred tax liabilities	237.2	235.2
	2,718.4	2,515.5
Current liabilities		
Provisions	60.6	66.4
Trade payables	488.2	551.9
Loans and borrowings	460.3	523.8
Lease liabilities	31.8	31.2
Employee benefits	117.5	114.3
Other financial liabilities	98.2	144.2
Current tax liabilities	207.3	222.0
Other liabilities	153.5	149.5
	1,617.5	1,803.4
Total equity and liabilities	7,042.6	6,977.7

Statement of Cash Flows

€ in millions	6 months 2023	6 months 2022
Profit before tax	323.1	647.9
Financial result	–19.2	–93.2
Depreciation | amortization of intangible and tangible assets	152.1	130.6
Change in provisions	–5.3	16.1
Change in receivables and other assets	67.9	–127.9
Change in inventories	–30.9	–166.3
Change in liabilities (without loans and borrowings)	–30.3	–19.3
Interest received	3.0	3.0
Income taxes paid	–99.2	–102.0
Other non-cash transactions	1.4	1.2
Cash flow from operating activities	362.6	290.2
Capital expenditures	–300.0	–220.0
Other payments	–3.9	–9.0
Cash flow from investing activities before acquisitions	–303.9	–229.0
Acquisitions of subsidiaries and other business operations	–22.7	–65.5
Cash flow from investing activities	–326.6	–294.5
Interest paid and other financial charges	–39.5	–13.3
Dividends paid to:		
- Shareholders of Sartorius AG	–98.2	–85.9
- Non-controlling interest	–36.2	–31.8
Changes in non-controlling interest	–89.5	–6.7
Loans and borrowings repaid	–358.0	–263.1
Loans and borrowings raised	572.5	283.4
Cash flow from financing activities	–48.9	–117.2
Net increase | decrease in cash and cash equivalents	–12.9	–121.5
Cash and cash equivalents at the beginning of the period	165.9	342.8
Net effect of currency translation on cash and cash equivalents	9.2	11.7
Cash and cash equivalents at the end of the period	162.2	233.1

Interest received is reported under “Cash flow from operating activities” since fiscal 2022. The previous year’s figures have been restated accordingly.

Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves
Balance at January 1, 2022	68.4	43.3	–5.1
Net profit for the period	0.0	0.0	0.0
Cash flow hedges	0.0	0.0	–16.0
Remeasurements of the net defined benefit liability	0.0	0.0	0.0
Currency translation differences	0.0	0.0	0.0
Net investment in a foreign operation	0.0	0.0	0.0
Tax effects	0.0	0.0	4.8
Other comprehensive income after tax	0.0	0.0	–11.2
Total comprehensive income	0.0	0.0	–11.2
Share-based payment	0.0	0.7	
Dividends			
Issue of treasury shares for the purchase of BIA Separations			
Purchase price liabilities (BI Israel/CellGenix/ALS)			
Non-controlling interest ALS			
Other changes in equity			
Balance at June 30, 2022	68.4	44.0	–16.3
Balance at January 1, 2023	68.4	44.6	10.7
Net profit for the period	0.0	0.0	0.0
Cash flow hedges	0.0	0.0	2.7
Remeasurements of the net defined benefit liability	0.0	0.0	0.0
Currency translation differences	0.0	0.0	0.0
Net investment in a foreign operation	0.0	0.0	0.0
Equity instruments at FVOCI	0.0	0.0	0.0
Tax effects	0.0	0.0	–0.8
Other comprehensive income after tax	0.0	0.0	1.9
Total comprehensive income	0.0	0.0	1.9
Share-based payment	0.0	0.3	
Dividends			
Purchase price liabilities (CellGenix/ALS)			
Purchase of additional shares in subsidiaries			
Other changes in equity	0.0	0.0	0.0
Balance at June 30, 2023	68.4	44.9	12.6

Foreign currency effects from loans that are part of the Group’s net investment in a foreign operation are reported within foreign currency translation reserves since fiscal 2022. The previous year’s figures have been restated accordingly.

Pension reserves	Earnings reserves and retained profits	Difference resulting from currency translation	Equity attributable to Sartorius AG shareholders	Non-controlling interest	Total equity
–28.1	1,204.9	–23.1	1,260.3	459.9	1,720.2
0.0	371.5	0.0	371.5	128.1	499.6
0.0	0.0	0.0	–16.0	–4.1	–20.0
13.7	0.0	0.0	13.7	2.6	16.3
0.0	0.0	61.7	61.7	8.4	70.1
0.0	0.0	39.0	39.0	0.0	39.0
–4.0	0.0	–10.4	–9.6	0.5	–9.1
9.7	0.0	90.2	88.8	7.5	96.3
9.7	371.5	90.2	460.2	135.6	595.9
	0.0		0.7	0.0	0.7
	–85.9		–85.9	–31.8	–117.7
	64.5		64.5	3.6	68.1
	–28.8		–28.8	0.8	–28.0
	0.0		0.0	7.3	7.3
	–5.0		–5.0	–1.6	–6.6
–18.4	1,521.2	67.1	1,666.1	573.7	2,239.8
–14.8	1,856.2	24.7	1,989.8	669.1	2,658.9
0.0	188.1	0.0	188.1	65.4	253.5
0.0	0.0	0.0	2.7	2.2	4.9
1.8	0.0	0.0	1.8	0.3	2.1
0.0	0.0	–20.9	–20.9	–3.7	–24.7
0.0	0.0	–7.8	–7.8	0.0	–7.8
0.0	–44.4	0.0	–44.4	0.0	–44.4
–0.5	0.0	0.4	–0.9	–0.7	–1.6
1.3	–44.4	–28.3	–69.5	–1.9	–71.4
1.3	143.8	–28.3	118.6	63.4	182.1
	0.0		0.3	0.0	0.3
	–98.2		–98.2	–36.2	–134.4
	70.2		70.2	19.2	89.4
	–43.4		–43.4	–46.1	–89.5
0.0	–0.5	0.0	–0.5	0.4	0.0
–13.5	1,928.1	–3.7	2,036.8	669.9	2,706.7

Segment Report

According to IFRS 8, Operating Segments, the identification of reportable operating segments is based on the "management approach"; i.e., the segments are defined analogously to the internal control and reporting structure of an entity. Accordingly, the divisions called Bioprocess Solutions and Lab Products & Services are to be considered operating segments.

"Underlying EBITDA" is the key performance indicator of the operating segments of the Sartorius Group. EBITDA corresponds to earnings before interest (financial result), taxes, depreciation and amortization. "Underlying EBITDA" means EBITDA adjusted for extraordinary items. Extraordinary items are expenses and income in connection with acquisitions, structural measures (e.g., restructuring activities, large Group projects) and gains or losses that distort the sustainable profitability of a segment, such as those from the disposal of fixed assets and investments.

Apart from that, the recognition and measurement methods for the reportable segments conform to the general Group accounting principles.

	Sales revenue		Underlying EBITDA	
€ in millions	6 months 2023	6 months 2022	6 months 2023	6 months 2022
Bioprocess Solutions	1,346.5	1,637.1	414.5	585.6
Lab Products & Services	388.7	423.2	102.2	111.9
Total	1,735.2	2,060.3	516.7	697.5
Reconciliation to the profit before tax				
Depreciation and amortization			–152.1	–130.6
Extraordinary items			–60.8	–12.2
Earnings before interest and taxes (EBIT)			303.9	554.7
Financial result			19.2	93.2
Profit before tax			323.1	647.9

The extraordinary items are as follows:

€ in millions	6 months 2023	6 months 2022
M&A projects | integration costs	–16.6	–9.3
Structural measures	–37.6	–0.1
Other	–6.6	–2.8
Total	–60.8	–12.2

Disaggregation of Revenue

Geographical Information by Segment

Under IFRS 15, revenue recognized from contracts with customers are disaggregated into the categories of “nature of products” as well as “geographical regions” and presented in the following table. The categorization by “nature of products” corresponds to the reportable segments as the identification of the reportable segments is based, in particular, on the different products sold. Regional disaggregation of revenue is according to the customer’s location.

	6 months 2023			6 months 2022		
€ in millions	Group	Bioprocess Solutions	Lab Products & Services	Group	Bioprocess Solutions	Lab Products & Services
Sales revenue	1,735.2	1,346.5	388.7	2,060.3	1,637.1	423.2
▪ EMEA	668.9	526.3	142.6	793.4	651.1	142.3
▪ Americas	645.7	520.5	125.2	726.1	571.9	154.1
▪ Asia | Pacific	420.5	299.7	120.8	540.9	414.1	126.8

Notes to the Condensed Interim Financial Statements

1. General Information

Sartorius AG is a listed joint stock corporation established according to German law and is the highest level parent company of the Sartorius Group. The corporation is recorded in the German Commercial Register of the District Court of Göttingen (HRB 1970) and is headquartered at Otto-Brenner-Str. 20 in Göttingen, Federal Republic of Germany.

The Sartorius Group is a leading international partner of life science research and the biopharmaceutical industry. With innovative laboratory instruments and consumables, the Group's Lab Products & Services Division (LPS) concentrates on serving the needs of laboratories performing research and quality control at pharma and biopharma companies and those of academic research institutes. The Bioprocess Solutions Division (BPS) with its broad product portfolio focusing on single-use solutions helps customers to manufacture biotech medications and vaccines safely and efficiently.

2. Significant Accounting Policies

The consolidated annual financial statements of Sartorius AG for the period ended December 31, 2022, were prepared in accordance with the accounting standards of the International Accounting Standards Board (IASB) – the International Financial Reporting Standards (IFRS) – as they are to be applied in the EU. In the present interim financial statements that were prepared in conformance with the requirements of IAS 34 "Interim financial reporting," basically the same accounting and measurement principles were applied on which the past consolidated financial statements of fiscal 2022 were based with the exception of those principles that were effective in the current reporting period for the first time.

Furthermore, all interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) to be applied effective June 30, 2023, were observed. An explanation of the individual accounting and measurement principles applied is given in the Notes to the Financial Statements of the Group for the year ended December 31, 2022. The Standards applied for the first time and the amended significant accounting policies are explained in Section 3 below.

For calculation of income tax expenses, the provisions of IAS 34.30(c) were applied in the interim consolidated financial statements; i.e., the best estimate of the weighted average annual income tax rate expected for the full financial year was generally applied (27%; H1 2022: 27%). Consideration of the effects in connection with the valuation of the earn-out liabilities mainly in connection with the acquisition of BIA Separations that are not relevant for tax purposes leads to an effective rate of 21.5% (H1 2022: 22.9%).

3. Accounting Rules Applied for the First Time in the Current Fiscal Year

Standards to Be Applied for the First Time in 2023

The Group applied the following new accounting rules for the first time in the reporting period:

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments clarify that entities are required to disclose all material accounting policies (previously: "significant accounting policies"). Furthermore, the Standard now explicitly defines when information about accounting policies is material and provides examples of accounting policies that are generally considered material. The IFRS Practice Statement 2 was adjusted respectively to provide guidelines for the application of the concept of materiality on disclosures of accounting policies.

- Amendments to IAS 8 – Definition of Accounting Estimates

The amendments concern clarifications of definitions that are intended to help preparers to distinguish between accounting policies and accounting estimates. This distinction is relevant because changes in accounting estimates are required to be recognized prospectively, while those in accounting policies are generally required to be recognized retrospectively. IAS 8 defines the term "accounting estimate" now as "monetary amounts in financial statements that are subject to measurement uncertainty."

- Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The Initial Recognition Exemption in IAS 12 prohibited recognizing deferred taxes on initial recognition of an asset or a liability arising from a transaction that is neither a business combination nor affects accounting profit or tax results. With the amendment, the scope of this exemption is narrowed so that it does not apply to transactions that give rise to equal amounts of taxable and deductible temporary differences. The amendment is applied using a modified retrospective approach.

From the perspective of the Group, the amendment especially applies to right-of-use assets and lease liabilities arising from leases according to IFRS 16 and any resulting temporary differences for which deferred taxes have to be recognized mandatorily according to the amendments. However, the amendments do not lead to a material impact on the consolidated financial statements so that no retrospective adjustment is required, as the Group already recognized deferred taxes on differences resulting from on-balance leases subsequent to initial recognition of the lease.

- IFRS 17 and Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information

IFRS 17, Insurance Contracts, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

- Amendments to IAS 12 – International Tax Reform – Pillar Two

The aim of minimum taxation (Pillar Two) of large Groups is that the companies concerned pay an effective corporate tax rate of at least 15%. As soon as the changes in the tax laws in the countries in which the Group operates come into effect, the Group may be subject to the minimum tax. Based on current knowledge, an impact may especially result from the Group activities in the countries of Puerto Rico (low effective tax rate due to investment incentives) and Ireland (nominal tax rate: 12.5%). As of June 30, 2023, the Group did not have sufficient information to determine the potential quantitative impact of the global minimum taxation.

The amendments to IAS 12 introduce a temporary exemption from the recognition of deferred taxes that would result from the application of the Pillar Two regulations regarding minimum taxation. In addition, the amendments require targeted disclosures for the affected entities. In the present interim financial statements as of June 30, 2023, the exemption is applied voluntarily.

The application of the new rules did not have a material impact on the consolidated interim financial statements.

4. Use of Judgments and Estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions based on the conditions and expectations as of the reporting date. Actual results may differ from these estimates, however. The significant judgments and estimates have remained the same as those applied to the consolidated financial statements for the year ended December 31, 2022. Management has observed, however, that the general uncertainty inherent in accounting estimates and assumptions remains on a relatively high level, especially due to the ongoing conflict between Russia and Ukraine.

Following the exceptionally high growth rates in the recent past resulting from the Covid-19 pandemic, the Group is currently in a normalization phase. In the first half of 2023, this led to a decrease in sales revenue and net result in comparison to the prior year period. In the reporting period, the Bioprocess Solutions Division's sales revenue was especially affected by the almost complete decline in demand in connection with the Covid-19 pandemic as well as the ongoing reduction in inventories among biopharma customers. The Lab Product & Services Division also recorded a decrease in sales revenue in the first half of 2023. The Group views the current demand normalization after the pandemic as a phase that only temporarily overshadows the highly positive growth drivers of the life science and biopharma markets. Accordingly, the medium-term expectations remain unchanged at this point in time. No material impairments of non-current assets were recognized as of June 30, 2023 (see Note 9).

Conflict between Russia and Ukraine

Since the beginning of the war, Sartorius Group has suspended all business activities in Russia that are not related to humanitarian medical products. This has been done under consideration of the sanctions in force and in line with the practice of other companies in the pharmaceutical and health sector. The sales revenue in Russia was significantly lower than in the prior-year comparative period, while the Group's business in Russia was already not of a critical size in relation to the Group before the beginning of the conflict. The Group is primarily affected by the indirect consequences of the conflict, for example, increasing energy prices or the impact on the worldwide transportation and logistics sector. The Group is monitoring these indirect consequences and currently assumes that it will be able to maintain its profitability on the current level through appropriate countermeasures, such as price increases.

To date, the direct and indirect consequences of the conflict between Russia and Ukraine do not lead to changes in the material accounting estimates and assumptions compared with the consolidated financial statements for 2022. In particular, no indications of impairment of non-current assets were identified as of June 30, 2023, in this context.

5. Scope of consolidation

A list of the companies included in the scope of consolidation for the Group financial statements is provided in our 2022 Annual Report. In the current fiscal year, the following entities were included for the first time in the consolidated financial statements of the Group:

- Sartonet Seperasyon Teknolojileri Anonim Şirketi ("Sartonet"), Istanbul, Türkiye

The Group obtained control over Sartonet on June 1, 2023, in the course of a business combination (see Note 6).

In the current reporting period, the Group acquired an additional 10% of the share capital in Sartorius Korea Biotech LLC, Seoul, South Korea, for a purchase price of approximately €20.8 million. The Group now owns 79% of the share capital and voting rights of the entity.

The Group's share in Sartorius CellGenix GmbH, Fribourg i.B., Germany, was increased by 25% from 51% to 76% in the current reporting period. In exchange for the acquisition of this 25% of the entity, the owners of the non-controlling interest were paid an amount of approximately €66.7 million in cash. The liability for the put option of the holders of the non-controlling interest amounting to €66.1 million (December 31, 2022) was reclassified to equity.

In the current reporting period, the entity Biological Industries Hong Kong Ltd., Kowloon, Hong Kong, was liquidated.

6. Business Combinations

Acquisition of Sartonet

On June 1, 2023, the Group acquired 100% of the shares in Sartonet Seperasyon Teknolojileri Anonim Şirketi ("Sartonet") headquartered in Istanbul, Türkiye. The company imports and distributes the products of the Sartorius Group in Türkiye and employed around 40 employees as of the acquisition date. The consideration transferred amounts to approximately €29.1 million and was paid in cash. Expenses directly attributable to the acquisition of €0.2 million were recognized in other expenses. Goodwill is allocated to the Bioprocess Solutions Division and reflects, among others, securing the market presence and business opportunities in the region, the know-how of the workforce acquired, and other intangible assets not recognizable separately. Goodwill is not deductible for tax purposes.

The purchase price allocation is as follows:

€ in millions	Final purchase price allocation
Customer relationships	11.0
Trade receivables	2.5
Inventories	1.3
Other assets	0.4
Cash and cash equivalents	6.4
Deferred taxes - net	–2.2
Liabilities	–0.7
Net assets acquired	18.5
Purchase price	29.1
Goodwill	10.5

Sartonet's contribution to sales revenues and the net result of the Group since the acquisition date is immaterial. Since the entity is acting as a distributor, there would be no material effect on the Group sales revenues and net result for the first half of 2023 if the acquisition had been completed as of January 1, 2023.

7. Financial Instruments

The following table presents the carrying amounts and fair values of the Group's financial instruments as of June 30, 2023, and December 31, 2022, according to IFRS 9.

in millions of €	Category acc. to IFRS 9	Carrying amount June 30, 2023	Fair value June 30, 2023	Carrying amount Dec. 31, 2022	Fair value Dec. 31, 2022
Investments in non-consolidated subsidiaries	n/a	45.5	45.5	45.4	45.4
Financial assets	Equity instruments at fair value through profit or loss	4.4	4.4	4.4	4.4
Financial assets	Equity investments at FVOCI	23.5	23.5	67.7	67.7
Financial assets	Debt instruments at fair value through profit or loss	25.0	25.0	26.4	26.4
Financial assets	Measured at amortized cost	7.1	7.1	7.0	7.0
Derivative financial instruments in hedge relationships[1]	n/a	0.3	0.3	0.0	0.0
Financial assets (non-current)		105.7	105.7	150.9	150.9
Contract assets	n/a	13.7	13.7	13.8	13.8
Trade receivables	Debt instruments at FVOCI	145.8	145.8	213.9	213.9
Trade receivables	Measured at amortized cost	236.1	236.1	256.7	256.7
Trade receivables		395.5	395.5	484.5	484.5
Receivables and other assets	Measured at amortized cost	32.2	32.2	39.3	39.3
Derivative financial instruments in hedge relationships[1]	n/a	15.8	15.8	8.1	8.1
Other financial assets (current)		48.0	48.0	47.4	47.4
Cash and cash equivalents	Measured at amortized cost	162.2	162.2	165.9	165.9

in millions of €	Category acc. to IFRS 9	Carrying amount June 30, 2023	Fair value June 30, 2023	Carrying amount Dec. 31, 2022	Fair value Dec. 31, 2022
Loans and borrowings	Financial liabilities at cost	2,630.4	2,503.6	2,397.6	2,241.5
Trade payables	Financial liabilities at cost	241.5	241.5	304.9	304.9
Trade payables | payments received for orders (contract liabilities)	n/a	246.7	246.7	247.1	247.1
Trade payables		488.2	488.2	551.9	551.9
Derivative financial instruments in hedge relationships[1]	n/a	3.0	3.0	11.4	11.4
Derivative financial instruments designated as hedging instruments for interest rate risks	n/a	7.3	7.3	0.0	0.0
Other financial liabilities	Financial liabilities at fair value through profit or loss	8.6	8.6	76.2	76.2
Other financial liabilities	Financial liabilities at cost	202.4	191.4	273.0	258.6
Other financial liabilities		221.3	210.3	360.5	346.2

1 The amounts include the non-designated part of the contracts, which totals -€2.1 million (December 31, 2022: -€6.2 million).

The fair values of the financial instruments were determined on the basis of the market information available on the reporting date and are to be allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are measured on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are measured on the basis of input factors, which are derivable from observable market data or on the basis of market prices for similar instruments. Level 3 financial instruments are measured on the basis of input factors that cannot be derived from observable market data.

The financial instruments measured at fair value as of June 30, 2023, include especially trade receivables that are part of a portfolio that is "held-to-collect-and-sell" because of the factoring program. These trade receivables are valued in the same way as trade receivables measured at amortized cost due to their short contractual maturities and immaterial credit risks. In addition, on June 30, 2023, there are derivatives in the form of forward contracts as well as derivatives to hedge the risk of changes in interest rates in connection with the planned bond issuance (see Note 10). The derivatives were measured on the basis of their quoted exchange rates and market yield curves (Level 2).

The current share price as of the reporting date is used for measuring the fair value of the investment in the Swedish BICO Group AB that is measured at fair value through other comprehensive income. On the reporting date, the fair value of the investment amounted to €23.5 million. The value change since December 31, 2022, recognized in other comprehensive income amounts to about -€44.2 million. The remaining financial investments measured at fair value are measured on the basis of the most recent reliable indicators available as of the reporting date, e.g., on the basis of the most recent financing round, updated investor's information or the historical cost of acquisition. No material changes to the fair values were recognized on the reporting date.

Furthermore, the financial instruments recognized at fair value relate to contingent considerations in connection with the acquisitions of BIA Separations, WaterSep BioSeparations, and Xell, which are all classified as financial liabilities. Since the valuations depend, among other factors, on the predicted sales performance of the acquired businesses, the valuations are regarded as Level 3 inputs. The valuations are performed under consideration of updated valuation parameters as of the reporting date.

As of the reporting date on June 30, 2023, the fair value of the remaining contingent consideration liability in connection with the acquisition of BIA Separations was measured at €7.6 million. The change since December 31, 2022 (value: €72.1 million) amounting to €64.5 million mainly reflects adjusted expectations regarding future sales as well as the decline of the share price of Sartorius Stedim Biotech S.A. and was recognized within the financial result. The key input parameters for the valuation are the sales revenue expectations for the next few years and the share price of Sartorius Stedim Biotech S.A. at the respective valuation date. Assuming 20% higher (lower) sales revenues in each of the remaining relevant years of the plan period would result in an increase in the liability to be reported at the reporting date by approximately €4.7 million (decrease by approximately €3.6 million). If the share price of Sartorius Stedim Biotech S.A. had been 20% higher (lower) at the reporting date, the liability would have been €1.5 million higher (€1.5 million lower). The actual future outcomes may differ from these sensitivities, which are determined by changing only the respective key input parameter in isolation.

The earn-out component agreed in connection with the acquisition of WaterSep BioSeparations depends on sales revenue and is due in 2024. This contingent consideration was measured at a fair value of €0.8 million on the reporting date of June 30, 2023. The change since December 31, 2022, amounting to €2.2 million was recognized within the financial result. In connection with the acquisition of Xell, two earn-out components were agreed, which are due in 2024 and 2026 and depend on sales revenues with Xell products. On the reporting date of June 30, 2023, the fair value of the financial liability amounted to €0.2 million. The change since December 31, 2022, amounting to €0.9 million was recognized within the financial result. Assuming 10% higher (lower) sales revenues in each of the remaining years of the plan period would result in an increase in the liability to be reported at the reporting date of approximately €0.2 million (decrease of approximately €0.1 million).

The fair values to be disclosed for financial liabilities recognized at amortized cost, especially liabilities to banks and those related to note loans ("Schuldscheindarlehen"), were measured on the basis of the market interest rate curve, taking the current indicative credit spreads into account (Level 2). The liabilities for the acquisition of non-controlling interests in Automated Lab Solutions GmbH and Sartorius CellGenix GmbH, which are reported under "Other financial liabilities at cost", are measured using the effective interest rate method, with any changes recognized directly in equity. Subsequent to the acquisition of an additional 25% in the second entity mentioned in the interim reporting period (see Note 5), the liability for the acquisition of the remaining shares amounts to €96.2 million on the reporting date. Assuming 10% higher (lower) sales revenues in each of the remaining relevant years of the plan period would result in an increase in the liability to be reported at the reporting date of approximately €6.1 million (decrease of approximately €6.4 million). The liability for the acquisition of non-controlling interests in Automated Lab Solutions GmbH was measured at €14.8 million on the reporting date. Assuming 10% higher (lower) sales revenues in each of the remaining relevant years of the plan period would result in an increase in the liability to be reported at the reporting date of approximately €0.7 million (decrease of approximately €0.5 million).

The fair values of the remaining financial assets and liabilities to be disclosed approximate the carrying amounts on account of their predominantly short-term maturity or unchanged cost of acquisition. The maximum credit loss risk is reflected by the carrying amounts of the financial assets recognized in the statement of financial position.

The Group recognizes transfers between the levels of the fair value hierarchies at the end of the reporting period during which a change occurs. In the current reporting period, there were no transfers between the levels.

8. Related Companies and Persons

The Group companies included in the consolidated financial statements carry out business activities and transactions in related party relationships as defined by IAS 24. In particular, this concerns transactions with non-consolidated subsidiaries; these transactions are generally concluded according to the customary market terms.

As in the prior-year comparative period, no material sales revenues were generated by sales to these companies in the current reporting period; there were receivables from loans totaling €15.8 million (H1 2022: €11.8 million). A long-term service contract exists with an affiliate for which expenses of €7.7 million (H1 2022: €9.4 million) were incurred in the reporting period.

For further details, also on related companies and persons, see page 235 in our 2022 Annual Report.

9. Other Disclosures

Asset impairment tests need to be performed annually for goodwill and other assets with indefinite useful lives. In addition, impairment tests need to be conducted on the reporting date when indicators are observed that non-current assets may be impaired. Based on the analyses of the Group, no material impairments of assets were to be recognized as of June 30, 2023.

In the reporting period, the Annual Shareholders' Meeting of Sartorius AG approved dividends totaling €98.2 million, of which €48.9 million are for ordinary shares and €49.2 million for preference shares. The dividend was paid in the first half of 2023.

The condensed consolidated financial statements of the Group were authorized for issue by the Executive Board on July 20, 2023. Independent certified auditors performed an audit review of this consolidated six-month report. The figures from the individual second quarter in the statement of profit or loss were not part of this review, nor was the statement of comprehensive income.

10. Material Events After the Reporting Date

Acquisition of Polyplus

On July 18, 2023, the Group acquired 100% of the shares and voting rights of PolygenX A, the parent company of the Polyplus Group, via its French stock-listed sub-Group Sartorius Stedim Biotech. Headquartered in Strasbourg, France, Polyplus was founded in 2001 and has locations in France, Belgium, the USA and China. With around 270 employees, Polyplus develops and produces transfection as well as other DNA/RNA delivery reagents and plasmid DNA in high quality and GMP grade. These are key components in the production of viral vectors used in cell and gene therapies and other advanced medicinal therapeutic products.

The purchase price amounting to approximately €2.4 billion was paid in cash. In view of the short time period between the obtainment of control and the preparation of the consolidated interim financial statements, it was not yet possible to perform a revaluation of the acquired net assets according to IFRS 3. Therefore, the following estimations are only of an indicative nature and may change in the course of the purchase price allocation according to IFRS 3.

It is expected that the material intangible assets to be recognized separately will primarily reflect technologies (estimation: €650 million to €1,000 million) and customer relationships (estimation: €150 million to €350 million). Goodwill may arise from the expansion of the product portfolio of the Bioprocess Solutions Division and further synergies, especially those from the combination of the acquired business with the existing product portfolio in the field of cell and gene therapies, as well as intangible assets not recognizable separately, such as the know-how of the acquired workforce. The amount of goodwill is expected to range between €1.3-1.8 billion. Such goodwill is not expected to be deductible for tax purposes. Expenses directly attributable to the acquisition of €0.7 million up to now were recognized in other operating expenses.

The transaction has not been recognized in the consolidated interim financial statements for the first half of 2023, as the entity will be consolidated as of the acquisition date. On a full-year basis, Polyplus is expected to generate sales revenue in the upper double-digit million-euro range in 2023 and an EBITDA margin above the margin of the Bioprocess Solutions Division.

A bridge loan was used to finance the transaction and is available to the Group for a transitional period. In the long-term, the Group plans to refinance the major part of the purchase price via a bond issuance. To hedge against the risk of changes in interest rates during the time period until bond issuance, the Group executed interest rate swaps for a bond volume of €1.8 billion. The derivatives are designated as hedging instruments according to IFRS 9 for the interest rate risk in connection with the expected bond issuance. The value changes of the derivatives are therefore recognized initially in other comprehensive income and will be reclassified into profit or loss over the duration of the bond.

No other material events occurred after the reporting date.

Independent Auditors' Review Report

To Sartorius Aktiengesellschaft, Göttingen

We have reviewed the condensed interim consolidated financial statements of Sartorius Aktiengesellschaft AG – comprising the profit and loss statement and the statement of comprehensive income, the statement of financial positions (balance sheet), the consolidated statement of cash flows, the statement of changes in equity and notes to condensed interim consolidated financial statements – together with the interim group management report of Sartorius Aktiengesellschaft, Göttingen, for the period of January 1 to June 30, 2023, that are part of the half-year report according to Section 115 of WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting," as adopted by the EU, and of the interim group management report in accordance with the requirements of WpHG applicable to the interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany, the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting," as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting," as adopted by the EU , or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of WpHG applicable to interim group management reports.

Hanover, July 21, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Schmidt
Wirtschaftsprüfer
German Public Auditor

Hartke
Wirtschaftsprüferin
German Public Auditor

Responsibility Statement of the Legal Representatives

Declaration of the Executive Board

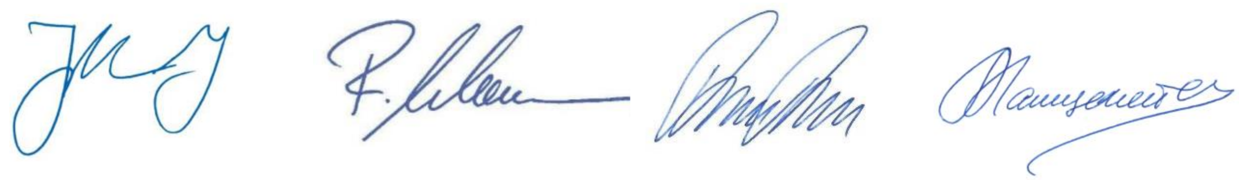
We declare to the best of our knowledge that the condensed interim consolidated financial statements for the first half ended June 30, 2023, present a true and fair view of the actual net worth, financial situation and profitability of the Group in accordance with the accounting standards to be applied in preparing these statements. We also certify that the progress of the Group's business, including its business performance and its situation, are represented accurately in the Group interim report in all material respects and describe the most important opportunities and risks of the Group's projected development for the remaining six months of the financial year.

Göttingen, July 20, 2023

Sartorius AG

The Executive Board

Dr. Joachim Kreuzburg Rainer Lehmann Dr. René Fáber Alexandra Gatzemeyer



Financial Schedule

Publication of nine-month figures for 2023	October 19, 2023
Publication of preliminary results for fiscal 2023	January 2024
Annual press conference	January 2024
Publication of Annual Report 2023	February 2024
Annual General Shareholders' Meeting	March 2024
Publication of first-quarter figures for 2024	April 2024

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Forward-looking Statements Contain Risks

This Sartorius Group Interim Report for the period from the beginning of January to the end of June 2023 contains various statements concerning the Sartorius Group's future performance. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we cannot guarantee that they will actually apply. This is because our assumptions harbor risks and uncertainties that could lead to actual results diverging substantially from the expected ones. It is not planned to update our forward-looking statements. Throughout the entire report, differences may be apparent as a result of rounding during addition.