Sartorius Group

First-Half Financial Report January to June 2021

Simplifying Progress

SARTORIUS

Key Figures for the First Half of 2021

	Group				Bioprocess Solutions				Lab Products & Services			
in millions of € unless otherwise specified	**6-mo. 2021**	6-mo. 2020[1]	Δ in %	Δ in % cc[2]	**6-mo. 2021**	6-mo. 2020[1]	Δ in %	Δ in % cc[2]	**6-mo. 2021**	6-mo. 2020[1]	Δ in %	Δ in % cc[2]
Sales Revenue and Order Intake												
Order intake	2,178.8	1,244.8	75.0	82.4	1,803.4	984.9	83.1	91.0	375.5	259.9	44.5	49.9
Sales revenue	1,629.2	1,056.8	54.2	60.1	1,266.5	809.3	56.5	62.6	362.7	247.5	46.6	52.0
▪ EMEA[3]	682.5	419.5	62.7	63.8	539.2	310.9	73.4	74.3	143.3	108.6	31.9	33.2
▪ Americas[3]	519.0	373.1	39.1	52.0	405.2	304.8	32.9	45.3	113.9	68.3	66.6	82.3
▪ Asia | Pacific[3]	427.6	264.2	61.9	65.5	322.1	193.7	66.3	70.2	105.5	70.5	49.7	52.7
Results												
EBITDA[4]	555.3	293.5	89.2		460.2	247.2	86.2		95.1	46.4	105.1	
EBITDA-Margin[4] in %	34.1	27.8			36.3	30.5			26.2	18.7		
Net result[5]	259.4	124.3	108.7									
Financial data per share												
Earnings per ordinary share[5] in €	3.79	1.81	108.9									
Earnings per preference share[5] in €	3.80	1.82	108.3									

	June 30, 2021	**Dec. 31, 2020[1]**
Balance Sheet | Financials		
Balance sheet total	5,213.5	4,693.5
Equity	1,630.8	1,402.2
Equity ratio in %	31.3	29.9
Net debt	1,698.4	1,883.9
Net debt to underlying EBITDA	1.8	2.6

1 The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2020

2 In constant currencies

3 Acc. to customers' loaction

4 Adjusted for extraordinary items

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

Key Figures for the Second Quarter of 2021

	Group				Bioprocess Solutions				Lab Products & Services			
in millions of € unless otherwise specified	**Q2 2021[1]**	Q2 2020[1,2]	Δ in %	Δ in % cc[3]	**Q2 2021[1]**	Q2 2020[1,2]	Δ in %	Δ in % cc[3]	**Q2 2021[1]**	Q2 2020[1,2]	Δ in %	Δ in % cc[3]
Sales Revenue and Order Intake												
Order intake	1,040.2	615.4	69.0	75.6	850.3	478.8	77.6	84.7	189.9	136.6	39.0	43.6
Sales revenue	838.1	546.9	53.2	58.7	655.7	415.0	58.0	63.7	182.3	131.9	38.3	43.1
▪ EMEA[4]	348.1	212.5	63.8		279.0	157.1	77.6		69.2	55.4	24.9	
▪ Americas[4]	265.9	192.5	38.1		208.1	155.0	34.2		57.8	37.4	54.4	
▪ Asia | Pacific[4]	224.1	141.9	57.9		168.7	102.9	64.0		55.4	39.0	41.8	
Results												
EBITDA[5]	291.8	155.7	87.4		243.1	127.3	90.9		48.7	28.4	71.6	
EBITDA-Margin[5] in %	34.8	28.5			37.1	30.7			26.7	21.5		
Net result[5]	137.9	66.9	106.1									
Financial Data per Share												
Earnings per ordinary share[6] in €	2.02	0.98	106.0									
Earnings per preference share[6] in €	2.02	0.98	106.0									

1 Figures are not audited nor reviewed

2 The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2020

3 In constant currencies

4 Acc. to customers' loaction

5 Adjusted for extraordinary items

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

Interim Management Report

Economic and Sector Report

The sectors in which the Sartorius Group is active differ in their dependence on the economy. The Bioprocess Solutions Division, for instance, operates in an environment that is largely independent of economic fluctuations. By contrast, the Lab Products & Services Division also conducts some of its business activities in sectors in which development is more strongly affected by economic factors.

Global Economy Continues to Be Impacted by the Coronavirus Pandemic

The world economy declined sharply in 2020 as a result of the coronavirus pandemic. According to the latest OECD data, the first quarter of 2021 was still weighed down significantly by the restrictions imposed to combat the pandemic, although there were increasing signs of an emerging recovery.

The economic performance of individual countries differed, depending on infection rates, vaccination progress, and the extent of government stimulus measures. Thus, the economy gathered momentum in China and the United States, which in turn has a positive knock-on effect on the global economy. Overall, the OECD expects that, after a muted start to the year, global economic activity will gain momentum. Risks continue to arise from the spread of contagious mutations of the virus or unexpected setbacks in vaccination programs, which could have the effect of slowing the lifting of containment measures or lead to their reimposition.

In the European Union, first-quarter gross domestic product (GDP) declined by an estimated 1.2% compared with the prior-year quarter (previous year: –2.7%). While Germany's GDP was down 3.1%, other member states saw a return to growth. France's economic output accelerated by 1.2% (previous year: –2.2%). In contrast, the United Kingdom, another European core market of Sartorius, recorded a significant 6.1% decrease in economic output (previous year: –2.2%). In the world's largest economy, the United States, GDP increased by 0.4% in the first quarter (previous year: +0.3%). In the Asia-Pacific economic region, China's growth rate accelerated further, to 18.3% (previous year: –6.8%), having bucked the global trend already in the previous quarters by achieving significant rates of increase. Sartorius also generates significant shares of sales revenue in South Korea, India, and Japan. While South Korea's economic output went up by 1.9% (previous year: +1.5%) and India recorded growth of 1.8% (previous year: +3.2%), economic activity in Japan contracted by 1.5% (previous year: –2.2%).

Sources: OECD: Quarterly National Accounts, June 2021.

Biopharmaceutical Market Grows Considerably – Pandemic Leads to Additional Demand for Manufacturers of Bioprocess Technology

Sartorius' key customer groups include the biopharmaceutical and pharmaceutical industries as well as public research institutions. In addition, the company's customers include quality control laboratories in the chemical and food industries. Accordingly, the progress of the Sartorius Group's business depends on developments in these industries.

In 2020, the period to which the most recent data available refers, estimates published by EvaluatePharma show that, despite the global recession, growth in the global pharmaceutical market was almost at prior-year levels, increasing approximately 3% to 4%. Sales of biotechnologically manufactured drugs and vaccines in particular continued to grow faster than the market as a whole, by around 7%, to approximately €247 billion.

Sales revenue growth of providers of technologies for the development and production of biopharmaceuticals was especially buoyant in 2020. This was attributable to the continuing good performance of the core business and strong additional demand fueled by the ramp-up of production capacity for coronavirus vaccines and Covid-19 therapeutics. Given the large investment of resources and considerable governmental and private sector cooperation, many drug candidates progressed through the various phases of development at record pace. This has since then resulted in the market approval of more than 30 vaccines and anti-coronavirus compounds. The demand associated with the research activities and expanding commercial production again resulted in very positive business performance for providers of bioprocess technology in the first half of 2021.

The growth of the biopharma market fundamentally depends more on medium- to long-term trends than on short-term economic developments. 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. A growing number of active substances manufactured using biotech production methods is being approved for the treatment of rare illnesses that have been incurable so far. In the process, the pharmaceutical industry is increasingly concentrating on advanced therapies, such as gene and cell therapies and biotechnologically processed tissue products. The approval process for new medications relies on the performance of clinical studies. In 2020, over 1,000 clinical studies had to be suspended or their scheduled start delayed as a result of the coronavirus pandemic. A similarly high number of studies was again suspended in the first half of 2021. This development could lead to the delayed approval of new drugs in the future.

Rebound of the Lab Market after the Previous Year Dampened by the Pandemic

The global laboratory market reached a volume of around €56 billion in 2020 and has been growing annually by 3% to 4.5% according to estimates from several market observers. Market growth is related, among other factors, to the levels of research and development spending in the individual end markets, some of which depend on cyclical trends. The coronavirus pandemic significantly dampened the rate of expansion in the lab market in 2020, with the various industries affected to varying degrees by the containment measures. Especially in the first half of the year, many labs in all sectors had to suspend or significantly reduce their activities due to the pandemic, with a correspondingly negative impact on demand for laboratory products. Exceptions are certain product categories that are used in connection with Covid-19 testing procedures as well as vaccine and therapeutics development and that experienced a surge in demand. Starting in the second half of 2020, laboratory activities increased again as restrictions were eased. Driven by this development, manufacturers of laboratory products recorded an uptick in business in the first quarter of 2021, benefiting from the effects of the rebound and catch-up demand.

Sources: BioPlan: 17th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2020; Daedal Research: Global Biologics Market: Size, Trends & Forecasts, December 2020; IQVIA Institute: Global Medicine Spending and Usage Trends, March 2020; Evaluate Pharma: World Preview 2020, Outlook to 2026, July 2020; SDi: Global Assessment Report 2018, February 2018

Group Business Development

- Sartorius with uptick in sales revenue and earnings and exceptionally high order intake
- Dynamic organic growth in the core businesses of both divisions, bolstered by added momentum from pandemic-related activity and gains contributed by acquisitions
- Forecast for 2021 raised yet again at the beginning of July

Sartorius has continued on its fast growth trajectory begun at the start of the year, closing the first half of 2021 with significant double-digit increases in both sales revenue and order intake. Based on constant currencies, Group sales revenue rose 60.1% to €1,629.2 million; the reported increase was 54.2%. The majority of this growth was generated through the organic expansion by both divisions in all regions and is based on unabated high demand for innovative technologies used in the development and production of biopharmaceuticals, both in the area of classic monoclonal antibodies and in the emerging fields of cell and gene therapies. In addition to solid performance by this core business, Sartorius benefited to a certain extent also from additional demand related to the manufacture of coronavirus vaccines and coronavirus test kits. The growth contributed by such businesses was about 22 percentage points, while acquisitions added a good 8 percentage points to the increase in sales revenue. Order intake grew even more dynamically, rising to €2,178.8 million (+82.4% in constant currencies of which around 27 percentage points were attributable to the coronavirus pandemic and around 10 percentage points to acquisitions; reported: +75.0%).

It should be noted that the growth rates reflect a prior-year period that was impacted by a pandemic-related slowdown in the Lab Products & Service Division. In the second half of 2020, this effect faded and even reversed when many laboratories were able to resume their activities or ramp up their capacity utilization. At the same time, the Bioprocess Solutions Division saw growing momentum in its business with products and technologies for developing and producing coronavirus vaccines and Covid-19 therapeutics. Moreover, the above-mentioned non-organic contributions to growth must be considered in a year-over-year comparison.

Against the backdrop of this dynamic business performance, the strong order intake, and expanded production capacities, Sartorius' management again raised its full-year growth forecast for 2021 at the beginning of July. The company now expects sales revenue growth for the Group of around 45% in constant currencies (previously around 35%) and an underlying EBITDA margin of about 34% (previously about 32%).

A detailed explanation of the forecasts for the Group and both divisions is presented on page 13.

Sales Revenue and Order Intake

in millions of €	**6-mo. 2021**	6-mo. 2020	Δ in %	Δ in % cc[1]
Sales revenue	1,629.2	1,056.8	54.2	60.1
Order intake	2,178.8	1,244.8	75.0	82.4

1 In constant currencies

Sartorius increased its sales revenue very significantly in all three business regions. In EMEA, the region that contributed the highest share of sales of around 42%, revenue stood at €682.5 million, up 63.8% in constant currencies (reported: +62.7%). Sales in the Asia | Pacific region likewise saw dynamic growth, up 65.5% in constant currencies to €427.6 million (reported: +61.9 percent). As a result, this region's share of total Group revenue was 26%. The Americas region accounted for about 32% of Group sales, recording growth of 52.0% in constant currencies to €519.0 million (reported: +39.1%).

Overproportionate Increase in Underlying Earnings

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

In the first six months, underlying EBITDA was up sharply by 89.2% to €555.3 million, while the corresponding margin rose to 34.1% (previous year: 27.8%). The increase was supported especially by economies of scale and, additionally, by partially deferred cost development caused by the low number of business trips and underproportionate new hires in non-production areas as a result of the pandemic. These effects are expected to decrease as the year progresses.

Underlying EBITDA and EBITDA Margin, Group

in millions of €	**6-mo. 2021**	6-mo. 2020	Δ in %
Underlying EBITDA	555.3	293.5	89.2
Underlying EBITDA margin	34.1	27.8	

Consolidated EBIT more than doubled by 133.9% to €435.2 million, up from €186.1 million in the prior-year period. In addition to depreciation and amortization, this figure includes extraordinary items of –€10.9 million compared to –€28.7 million in the previous year, which were primarily related to the integration of the company's most recent acquisitions, as well as to expenses incurred for various cross-divisional projects and to the rebranding. The consolidated EBIT margin amounted to 26.7% (H1 2020: 17.6%).

The financial result was –€48.7 million for the first half of 2021, relative to –€20.3 million for the prior-year period, and includes an expense item of –€35.3 million that resulted from the reporting date valuation of the share-based earn-out liability in connection with the acquisition of BIA Separations. This item was essentially incurred due to the increase in the corresponding share prices.

Net profit for the first six months of 2021 surged by 124.0% to €259.9 million (H1 2021: €116.0 million). The Group's net profit after non-controlling interest totaled €189.8 million compared to €79.8 million in the prior-year period, with non-controlling interest accounting for €70.1 million (H1 2021: €36.2 million). Regarding the calculation of tax expenses, the tax rate of 30% expected for the full year was applied (H1 2021: 30%). Considering the non-tax-deductible items in the above-mentioned valuation of the earn-out liability, this would yield a nominal tax rate of approximately 32.7%.

Relevant Net Profit More Than Doubled

The relevant net profit attributable to the shareholders of Sartorius AG grew at a significantly overproportionate rate with respect to sales revenue, by 108.7% from €124.3 million to €259.4 million. This profit figure is calculated by adjusting for extraordinary items and eliminating non-cash amortization and is based on the normalized financial result and on the normalized tax rate. Underlying earnings totaled €3.79 per ordinary share (H1 2020: €1.81) and €3.80 per preference share (H1 2020: €1.82).

in millions of €	**6-mo. 2021**	6-mo. 2020[1]
EBIT	435.2	186.1
Extraordinary items	10.9	28.7
Amortization	41.6	24.1
Normalized financial result[2]	-13.7	-9.6
Normalized income tax (27%)[3]	-128.0	-61.9
Underlying net result after tax	**346.1**	**167.3**
Non-controlling interest	-86.6	-43.0
Underlying earnings after taxes and non-controlling interest	**259.4**	**124.3**
Underlying earnings per share		
per ordinary share in €	3.79	1.81
per preference share in €	3.80	1.82

1 The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2020
2 Financial result excluding fair value adjustments of hedging instruments and effects related to accounting of share-based earn-outs and non-periodic expenses and income
3 Income tax considering the average group tax rate, based on the underlying profit before tax

Operating Cash Flow Significantly Increased

In the first six months of the current fiscal year, the Sartorius Group very significantly increased its cash flow from operating activities. This figure stood at €440.7 million, up from €215.4 million a year ago, which equates to a gain of 104.6%. The development essentially reflects the rise in earnings. On the whole, the changes in working capital and cash flow in connection with the factoring program did not have any material impact on this development.

Against the backdrop of exceptionally high demand, Sartorius is continuing to move ahead with the expansion of its production facilities. Its investment program covers, in particular, the accelerated expansion of production capacities at sites in Germany, Puerto Rico, China, and South Korea. Cash flow from investing activities rose in the reporting period by 71.3%, amounting to -€159.9 million of which payments for investments were €147.2 million (+64.4%). The ratio of capital expenditures (CAPEX) to sales in the first half of 2021 was thus 9.0% relative to 8.5% in the year-earlier period.

Key Balance Sheet and Financial Indicators Remain Robust

The balance sheet total of the Sartorius Group stood at €5,213.5 million and was thus €520.0 million higher than the figure of €4,693.5 million reported as of December 31, 2020. This rise is mainly attributable to higher cash and cash equivalents, the increase in property, plant and equipment as a result of the company's extensive investment program, and to the growth-driven buildup of working capital.

In the reporting period, gross debt rose slightly from €2,087.4 million as of December 31, 2020, to €2,122.0 million as of June 30, 2021. Due to the significant increase in cash and cash equivalents, net debt accordingly decreased from €1,883.9 million as of December 31, 2020, to €1,698.4 million as of the end of the reporting period. Driven by strong development of earnings, the ratio of net debt to underlying EBITDA decreased from 2.6 at year-end 2020 to 1.8 for the period ended June 30, 2021. 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.

Equity of the Sartorius Group rose in the reporting period from €1,402.2 million as of December 31, 2020, to €1,630.8 million. The equity ratio was at a robust level of 31.3% (December 31, 2020: 29.9%).

Substantial Increase in the Number of Employees

As of June 30, 2021, the Sartorius Group employed a total of 11,981 people worldwide. Compared with December 31, 2020, head count thus rose considerably by 1,344 or around 12.6%. The higher increase in the number of employees compared with previous years is especially attributable to the expansion of production capacities that was moved ahead of schedule and accelerated to some extent. However, due to the pandemic, buildup of the workforce was underproportionate on the whole compared with the company's business development. This trend particularly affected the non-production departments, such as sales and marketing functions, and is expected to subside as a result of additional hires during the further course of the year.

The number of employees in EMEA rose in the reporting period by around 11.4% to 7,920. In the Americas, Sartorius employed 2,288 people as of the end of the reporting period, equaling an increase of 19.7%. The workforce in the Asia | Pacific region grew by 9.8% to 1,773 people.

Business Development of the Divisions

Bioprocess Solutions with Sharp Uptick in Sales Revenue and Earnings

The Bioprocess Solutions Division, which offers a wide array of innovative technologies for manufacturing biopharmaceuticals, kept up the strong pace seen at the beginning of the year and grew very dynamically in the first half of 2021 by 62.6% in constant currencies to €1,266.5 million (reported: +56.5%). The company's non-pandemic-related core business with manufacturers of biopharmaceutical medications performed particularly well. Beyond this, the ramp-up in coronavirus vaccine production by many manufacturers also contributed around 26 percentage points to the increase in sales revenue. Non-organic growth contributed by the acquisitions closed in the prior year was a good 6 percentage points. Growth of the division benefited from expanded production capacities at several sites and from overall stable, yet strained supply chains.

The division's order intake rose even more strongly than its sales revenue, soaring 91.0% in constant currencies to €1,803.4 million (of which around 31 percentage points were attributable to the coronavirus pandemic and around 10 percentage points to acquisitions; reported: +83.1%). Part of this higher order intake is due to the ordering patterns of some customers who in the current situation have been placing their orders further in advance than usual.

Regionally, EMEA showed the highest momentum, with sales revenue up 74.3%. In this region, the division benefited particularly from the expansion in vaccine production. In the Americas region, sales revenue grew by 45.3%, while the Asia | Pacific region saw strong growth of 70.2%. (All rates of regional change in constant currencies).

Sales Revenue and Order Intake, Bioprocess Solutions

in millions of €	**6-mo. 2021**	6-mo. 2020	Δ in %	Δ in % cc[1]
Sales revenue	1,266.5	809.3	56.5	62.6
▪ EMEA[2]	539.2	310.9	73.4	74.3
▪ Americas[2]	405.2	304.8	32.9	45.3
▪ Asia | Pacific[2]	322.1	193.7	66.3	70.2
Order intake	1,803.4	984.9	83.1	91.0

1 In constant currencies
2 Acc. to customers' loaction

Underlying EBITDA of the division grew by 86.2% to €460.2 million and thus at a significantly overproportionate rate in relation to sales. The corresponding margin rose to 36.3% (previous year: 30.5%). Economies of scale as well as a cost base that increased only slowly in some areas due to the pandemic contributed to this steep rise in profitability.

Underlying EBITDA and EBITDA Margin, Bioprocess Solutions

in millions of €	**6-mo. 2021**	6-mo. 2020	Δ in %
Underlying EBITDA	460.2	247.2	86.2
Underlying EBITDA margin in %	36.3	30.5	

Lab Products & Services with Strong Growth Against Weaker Prior-Year Comparables

The Lab Products & Services Division, which specializes in equipment and technologies for life science research and pharmaceutical laboratories, saw sales revenue grow sharply in the first half of 2021 by 52.0% in constant currencies to €362.7 million (reported: +46.6%) compared to a prior-year period that was dampened by the pandemic. At 38 percentage points, the majority of the increase in sales revenue in the first six months of 2021 was organic of which around 9 percentage points were attributable to components used in coronavirus test kits. Development was especially dynamic in the strategic growth area of bioanalytical instruments, which Sartorius had built up over the past years by making three acquisitions in total. Non-organic growth was around 14 percentage points.

Order intake grew at a similar strong pace as sales, up 49.9% in constant currencies to €375.5 million (of which around 9 percentage points were attributable to the coronavirus pandemic and around 11 percentage points to acquisitions; reported: +44.5%).

Sales Revenue and Order Intake, Lab Products & Services

in millions of €	**6-mo. 2021**	6-mo. 2020	Δ in %	Δ in % cc[1]
Sales revenue	362.7	247.5	46.6	52.0
▪ EMEA[2]	143.3	108.6	31.9	33.2
▪ Americas[2]	113.9	68.3	66.6	82.3
▪ Asia | Pacific[2]	105.5	70.5	49.7	52.7
Order intake	375.5	259.9	44.5	49.9

1 In constant currencies
2 Acc. to customers' loaction

Growth in the EMEA region was 33.2%. Sales revenue showed particularly dynamic growth of 82.3% in the Americas region. In addition to strong organic business, the division benefited in this region substantially from sales contributed by the acquisition completed last year. In the Asia | Pacific region, sales revenue rose 52.7%, compared to a pandemic-related weaker prior-year base with partially closed customer laboratories. (All rates of regional change in constant currencies).

Underlying EBITDA of the Lab Products & Services Division rose very significantly in the first half of 2021 by 105.1% to €95.1 million, while the corresponding margin reached 26.2% (previous year: 18.7%). This margin expansion was based on economies of scale, positive development of the product mix, and cost development that was underproportionate in some areas due to the pandemic.

Underlying EBITDA and EBITDA Margin, Lab Products & Services

in millions of €	**6-mo. 2021**	6-mo. 2020	Δ in %
Underlying EBITDA	95.1	46.4	105.1
Underlying EBITDA margin in %	26.2	18.7	

Opportunity and Risk Report

The opportunities and risk situation of the Sartorius Group has not materially changed since the publication of its 2020 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 74 et seq. of the 2020 Annual Report.

Forecast Report

Global Economy on Road to Recovery

Following the sharp decline in 2020, the International Monetary Fund (IMF) expects the global economy to return to the growth track in the current year. This organization became increasingly optimistic in the course of the year, adjusting its economic forecast for 2021 on several occasions. Based on the latest estimates, the global economy is expected to expand by 6.0% (previous year: –3.3%). The heightened growth expectations are driven by additional economic stimulus measures in some industrialized countries, the U.S. economy's gathering momentum, and a significant increase in the speed of the vaccination rollout assumed for the second half of the year. The IMF expects the recovery to be uneven and to run at different speeds. While some countries could reach their pre-crisis level as early as this year, the process may take several years in other economies. Overall, the forecast is again subject to greater uncertainty than usual. Unexpected progress with vaccination programs or setbacks related to the occurrence of virus mutations could influence developments in the one or other direction.

For the European Monetary Union, the IMF anticipates that economic output will rise by 4.4% in 2021 (previous year: –6.6%). While Europe's largest economy, Germany, is expected to grow by 3.6% (previous year: –4.9%), the rate of expansion in France is projected at 5.8% (previous year: –8.2%). For the UK, the rate of increase is estimated at 5.3% (previous year: –9.9%).

In the world's largest economy, the United States, GDP is forecasted to increase by 6.4% year over year (previous year: -3.5%). The Asia-Pacific economic region is likely to grow by 8.6% this year. In addition to China, for which a rise of 8.4% is anticipated (previous year: +2.3%), India is another growth engine of the region, with economic activity expected to be up 12.5%. India's growth outlook is subject, however, to particular uncertainty as it is contingent on the further spread of the more infectious Delta variant of coronavirus. In South Korea, the IMF estimates a 3.6% expansion in the current year, while a 3.3% rise is likely in Japan (previous year: –4.8%).

Sources: International Monetary Fund, World Economic Outlook Update, June 2021.

Further Growth of the Biopharmaceutical Market Expected

In general, the trends affecting the development of the Sartorius Group that are described on pages 87 to 89 of its 2020 Annual Report remain in place.

EvaluatePharma estimates that the global pharmaceutical market will grow by around 7% annually during the period up to 2026. The biopharma segment of the pharmaceutical market, which has been enjoying particularly strong growth for years, will continue to outperform the market. For the period of 2020 to 2026, the compound annual growth rate is projected to average about 10%. This would equate to an increase in market volume from the current level of €247 billion to €440 billion. The share of biological medications and vaccines in the total revenue generated by the global pharmaceutical market is forecasted to continue rising.

Manufacturers of bioprocess technologies expect sales revenue to increase significantly again in 2021, driven by the development and production of vaccines against coronavirus and therapeutics against Covid-19. Based on current information, the effects on medium- to long-term sector growth cannot be estimated exactly as they depend on unpredictable factors, such as the need for booster shots and their effectiveness, and on the approval of further vaccine candidates. In addition to these potentially positive drivers, demand could be dampened in the coming years by delayed approval of new medications due to the interruption of many clinical studies or by the reduction in inventories that were built up in the past year by some biopharma companies due to uncertainties related to the pandemic.

According to several independent analysts, the market for laboratory instruments and consumables is expected to grow by about 3% to 4.5% annually in future years. In 2020, the coronavirus pandemic and the containment measures associated with it significantly dampened the development of this market. In 2021, growth is expected to pick up as a result of the effects of catch-up demand and weaker prior-year comparables. The greatest demand should continue to come particularly from the pharmaceutical and biopharma industry as a result of continuous research into and approval of new medications, the high momentum of scientific and technological innovations and of strong growth in China. For instance, Evaluate Pharma estimates that sector-specific research spending will climb annually by 3.2% during the period from 2020 to 2026.

Sources: BioPlan: 17th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2020; Daedal Research: Global Biologics Market: Size, Trends & Forecasts, December 2020; IQVIA Institute: Global Medicine Spending and Usage Trends, March 2020; Evaluate Pharma: World Preview 2020, Outlook to 2026, July 2020; SDi: Global Assessment Report 2018, February 2018

Forecast for the Full Year of 2021 Raised

Based on the dynamic performance of business in the first half, strong order intake, and on expanded production capacities, management raised its full-year growth forecast again at the beginning of July for fiscal 2021.

At the same time, management points out that this guidance continues to be subject to higher uncertainty than usual due to the pandemic and is particularly based on the assumptions that supply chains will remain stable and production lines will stay up and running.

Group

Management now projects consolidated sales growth of around 45% (previously around 35%), with businesses related to the coronavirus pandemic expected to contribute about 17 percentage points (previously about 16 percentage points). Overall, the acquisitions made in the previous year developed slightly better than expected though the corresponding sales revenues in the Bioprocess Solutions Division are now likely to be generated predominantly in the second half and, therefore, around 4.5 percentage points of non-organic growth are estimated to be reported (previously 5.5 percentage points). The Group's underlying EBITDA margin is forecasted at about 34% (previously about 32%).

The investment program for 2021 is to remain unchanged at around 400 million euros. Due to sales revenue that is now expected to be higher, the corresponding ratio of capital expenditures (CAPEX) to sales revenue for the Group is projected at about 12% (previously about 14%). The focus of the substantial investments is on the partly extended and accelerated expansion of production capacities, primarily at sites in Germany, Puerto Rico, China, and South Korea. Net debt to underlying EBITDA is expected to be slightly below 2.0 at year-end 2021 (previously about 2.0). Possible acquisitions are not considered in these projections.

Divisions

For the Bioprocess Solutions Division, sales are projected to grow by about 50% (previously about 40%) of which about 20 percentage points are expected to be contributed by business related to the coronavirus pandemic (previously about 18 percentage points). Overall, the acquisitions made in the previous year developed slightly better than expected. However, their contribution of non-organic revenue growth is estimated to be around 4 percentage points (previously 6 percentage points) due to overproportionate revenue expansion in the second half. The division's underlying EBITDA margin is estimated to increase to about 36% (previously about 34%).

For the Lab Products & Services Division, the previous sales growth projection of about 20% has now been raised to 30%. The acquisition of the Octet business closed in the previous year developed very well and is expected to account for around 6 percentage points of this increase (previously 5 percentage points). Sales related to the coronavirus pandemic is continued to be projected at about 5 percentage points. The division's underlying EBITDA margin is forecasted at about 26% (previously about 24%).

Medium-Term Forecast Unchanged

The mid-range targets updated in January 2021 remain unchanged and assume that for 2025, consolidated sales revenue will increase to around €5 billion at an underlying EBITDA margin of around 32%.

All forecasts are based on constant currencies as in the past years. Furthermore, the company assumes that the global economy will increasingly recover as the year progresses and that supply chains will remain stable.

Report on Material Events

On July 1, 2021, the Group acquired a majority stake in the reagent manufacturer CellGenix GmbH. The company that is based in Freiburg, Germany, and has a sales subsidiary near the biotechnology hub in Boston, Massachusetts, USA, produces and markets cell culture components, such as GMP-grade growth factors, cytokines and media for manufacturing cell and gene therapy products. Founded in 1994 at the University Medical Center of Freiburg, CellGenix currently employs some 70 people and generated sales of more than €20 million in 2020.

The purchase price for the acquired stake of 51% in CellGenix GmbH amounted to approx. €100 million (net) and was paid in cash. The parties further agreed on options according to which the acquisition of an additional 25% of the shares is planned in 2023 and that of the remaining 24% stake in 2026. In view of the short period between the acquisition and the preparation of the consolidated interim financial statements, no preliminary revaluation of the acquired net assets and goodwill is available. It is expected that the intangible assets to be recognized separately will primarily reflect technologies and customer relationships. The transaction has not been recognized in the interim consolidated financial statements as the entity will be consolidated as of the acquisition date.

No further material events occurred after June 30, 2021.

Condensed Interim Financial Statements

Statement of Profit or Loss

€ in millions	**Q2 2021[1]**	Q2 2020[1]	**6-mo. 2021**	6-mo. 2020
Sales revenue	838.1	546.9	1,629.2	1,056.8
Cost of sales	–382.7	–262.5	–756.9	–508.2
Gross profit on sales	**455.4**	**284.4**	**872.3**	**548.6**
Selling and distribution costs	–142.2	–107.6	–271.2	–210.3
Research and development expenses	–34.2	–24.3	–66.4	–49.9
General administrative expenses	–42.0	–30.7	–79.0	–60.6
Other operating income and expenses	–6.7	–24.5	–20.5	–41.7
Earnings before interest and taxes (EBIT)	**230.3**	**97.3**	**435.2**	**186.1**
Financial income	4.2	–0.3	14.5	12.3
Financial expenses	–22.1	–20.4	–63.2	–32.6
Financial result	**–17.9**	**–20.7**	**–48.7**	**–20.3**
Profit before tax	**212.4**	**76.6**	**386.4**	**165.7**
Income taxes	–66.4	–25.6	–126.5	–49.7
Net profit for the period	**145.9**	**50.9**	**259.9**	**116.0**
Attributable to:				
Shareholders of Sartorius AG	108.1	33.9	189.8	79.8
Non-controlling interest	37.9	17.1	70.1	36.2
Earnings per ordinary share (€) (basic)	**1.58**	**0.50**	**2.77**	**1.16**
Earnings per preference share (€) (basic)	**1.58**	**0.50**	**2.78**	**1.17**
Earnings per ordinary share (€) (diluted)	**1.58**	**0.50**	**2.77**	**1.16**
Earnings per preference share (€) (diluted)	**1.58**	**0.50**	**2.78**	**1.17**

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

The previous year's figures have been restated due to finalization of the purchase price allocation for the acquisition of the Life Science business from Danaher.

Statement of Comprehensive Income

€ in millions	Q2 2021[1]	Q2 2020[1]	6-mo. 2021	6-mo. 2020
Net profit for the period	**145.9**	**50.9**	**259.9**	**116.0**
Cash flow hedges	–4.2	7.8	–15.1	5.4
of which effective portion of the change in fair value	1.1	6.8	–3.6	4.7
of which reclassified to profit or loss	–5.4	1.0	–11.5	0.8
Income tax on cash flow hedges	1.3	–2.2	4.6	–1.5
Net investment in a foreign operation	–6.3	–25.2	15.3	–16.1
Income tax on net investment in a foreign operation	1.7	7.1	–4.1	4.7
Currency translation differences	–10.0	–5.9	31.6	–13.0
Items that may be reclassified in the profit or loss statement, net of tax	**–17.6**	**–18.3**	**32.3**	**–20.5**
Items that will not be reclassified in the profit or loss statement, net of tax	**2.9**	**0.4**	**2.9**	**0.4**
Other comprehensive income after tax	**–14.7**	**–17.9**	**35.2**	**–20.1**
Total comprehensive income	**131.3**	**33.0**	**295.1**	**95.9**
Attributable to:				
Shareholders of Sartorius AG	94.8	16.6	221.2	62.7
Non-controlling interest	36.5	16.4	73.9	33.2

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

The previous year's figures have been restated due to finalization of the purchase price allocation for the acquisition of the Life Science business from Danaher.

Statement of Financial Positions

Assets	June 30, 2021 € in mn	Dec. 31, 2020 € in mn
Non-current assets		
Goodwill	1,386.8	1,369.0
Other intangible assets	1,044.7	1,061.5
Property, plant and equipment	1,067.4	971.5
Financial assets	52.4	34.1
Other assets	1.5	1.5
Deferred tax assets	45.2	45.0
	3,597.9	**3,482.8**
Current assets		
Inventories	690.7	558.6
Trade receivables	374.8	314.3
Other financial assets	23.2	40.3
Current tax assets	22.4	15.2
Other assets	81.0	78.8
Cash and cash equivalents	423.6	203.4
	1,615.6	**1,210.7**
Total assets	**5,213.5**	**4,693.5**

Equity and liabilities	June 30, 2021 € in mn	Dec. 31, 2020[1] € in mn
Equity		
Equity attributable to Sartorius AG shareholders	**1,220.1**	**1,047.6**
Issued capital	68.4	68.4
Capital reserves	42.6	42.0
Other reserves and retained earnings	1,109.0	937.2
Non-controlling interest	410.7	354.6
	1,630.8	**1,402.2**
Non-current liabilities		
Pension provisions	76.4	80.4
Other provisions	11.9	11.9
Loans and borrowings	1,678.3	1,826.3
Lease liabilities	73.4	65.5
Other financial liabilities	323.2	302.2
Deferred tax liabilities	127.8	133.9
	2,290.9	**2,420.2**
Current liabilities		
Provisions	50.1	29.5
Trade payables	430.9	330.7
Loans and borrowings	347.3	175.4
Lease liabilities	23.0	20.0
Employee benefits	133.3	96.3
Other financial liabilities	67.8	48.7
Current tax liabilities	134.8	87.7
Other liabilities	104.6	82.7
	1,291.8	871.1
Total equity and liabilities	**5,213.5**	**4,693.5**

The previous year's figures have been restated due to finalization of the purchase price allocations for WaterSep BioSeparations.

Statement of Cash Flows

€ in millions	**6-mo. 2021**	6-mo. 2020
Profit before tax	386.4	165.7
Financial result	48.7	20.3
Depreciation | amortization of intangible and tangible assets	109.2	79.9
Change in provisions	17.9	7.3
Change in receivables and other assets	–60.1	–12.9
Change in inventories	–123.0	–55.4
Change in liabilities (without loans and borrowings)	154.9	52.9
Income taxes paid	–94.3	–44.2
Other non-cash items	1.0	1.9
Cash flows from operating activities	**440.7**	**215.4**
Capital expenditures	–147.2	–89.6
Other payments	–12.6	–3.8
Cash flow from investing activities	**–159.9**	**–93.3**
Payments for acquisitions of consolidated subsidiaries and other business operations, net of cash acquired	–0.1	–756.1
Cash flow from investing activities, acquisitions and disposals	**–160.0**	**–849.5**
Interest received	3.9	4.7
Interest paid and other financial charges	–12.1	–12.2
Dividends paid to:		
Shareholders of Sartorius AG	–48.2	0.0
Non-controlling interest	–17.5	–0.8
Changes in non-controlling interest	0.0	–1.0
Loans repaid	–197.0	–209.1
Loans raised	210.0	988.2
Cash flow from financing activities	**–61.0**	**769.8**
Net increase | decrease in cash and cash equivalents	**219.7**	**135.7**
Cash and cash equivalents at the beginning of the period	203.4	54.4
Change in scope of consolidation	0.3	0.0
Net effect of currency translation on cash and cash equivalents	0.1	0.5
Cash and cash equivalents at the end of the period	**423.6**	**190.7**

The previous year's figures have been restated due to finalization of the purchase price allocation for the acquisition of the Life Science business from Danaher.

Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves
Balance at January 1, 2020	**68.4**	**40.7**	**1.4**
Net profit for the period	0.0	0.0	0.0
Cash flow hedges	0.0	0.0	4.4
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	–1.3
Other comprehensive income after tax	**0.0**	**0.0**	**3.1**
Total comprehensive income	**0.0**	**0.0**	**3.1**
Share-based payment	0.0	0.7	0.0
Dividends	0.0	0.0	0.0
Purchase price liability Israel	0.0	0.0	0.0
Change in scope of consolidation	0.0	0.0	0.0
Other changes in non-controlling interest	0.0	0.0	0.0
Other changes in equity	0.0	0.0	0.0
Balance at June 30, 2020	**68.4**	**41.4**	**4.5**
Balance at January 1, 2021	**68.4**	**42.0**	**8.3**
Net profit for the period	0.0	0.0	0.0
Cash flow hedges	0.0	0.0	–12.2
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	3.6
Other comprehensive income after tax	**0.0**	**0.0**	**–8.5**
Total comprehensive income	**0.0**	**0.0**	**–8.5**
Share-based payment	0.0	0.7	0.0
Dividends	0.0	0.0	0.0
Other changes in non-controlling interest	0.0	0.0	0.0
Other changes in equity	0.0	0.0	0.0
Balance at June 30, 2021	**68.4**	**42.6**	**–0.2**

The previous year's figures have been restated due to finalization of the purchase price allocation for the acquisition of the Life Science business from Danaher.

Pension reserves	Earnings reserves and retained profits	Difference resulting from currency translation	**Equity attributable to Sartorius AG shareholders**	Non-controlling interest	**Total equity**
–26.0	**710.0**	**15.8**	**810.4**	**282.8**	**1,093.2**
0.0	79.8	0.0	79.8	36.2	116.0
0.0	0.0	0.0	4.4	1.0	5.4
0.4	0.0	0.0	0.4	0.1	0.5
0.0	0.0	–9.6	–9.6	–3.4	–13.0
0.0	–15.6	0.0	–15.6	–0.5	–16.1
–0.1	4.7	0.0	3.3	–0.2	3.1
0.3	**–10.9**	**–9.6**	**–17.1**	**–3.0**	**–20.1**
0.3	**68.9**	**–9.6**	**62.7**	**33.2**	**95.9**
0.0	0.0	0.0	0.7	0.0	0.7
0.0	–24.3	0.0	–24.3	–8.9	–33.1
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	–0.9	0.0	–0.9	–0.1	–1.0
0.0	0.3	0.0	0.3	0.0	0.3
–25.7	**754.0**	**6.2**	**848.8**	**307.1**	**1,155.9**
–30.2	**1,013.5**	**–54.3**	**1,047.6**	**354.6**	**1,402.2**
0.0	189.8	0.0	189.8	70.1	259.9
0.0	0.0	0.0	–12.2	–2.9	–15.1
3.5	0.0	0.0	3.5	0.6	4.2
0.0	0.0	26.3	26.3	5.4	31.6
0.0	15.3	0.0	15.3	0.0	15.3
–1.0	–4.1	0.0	–1.5	0.7	–0.8
2.5	**11.2**	**26.3**	**31.4**	**3.8**	**35.2**
2.5	**201.0**	**26.3**	**221.2**	**73.9**	**295.1**
0.0	0.0	0.0	0.7	0.0	0.7
0.0	–48.2	0.0	–48.2	–17.5	–65.8
0.0	0.3	0.0	0.3	–0.3	0.0
0.0	–1.4	0.0	–1.4	0.0	–1.4
–27.7	**1,165.0**	**–28.0**	**1,220.1**	**410.7**	**1,630.8**

The previous year's figures have been restated due to finalization of the purchase price allocation for the acquisition of the Life Science business from Danaher.

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. In this connection, extraordinary items are expenses and income that are of an exceptional or a one-time nature and accordingly distort the sustainable profitability of a segment and, from the Group’s perspective, have a material impact on the net worth, financial position and earnings of the Group.

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-mo. 2021**	6-mo. 2020	**6-mo. 2021**	6-mo. 2020
Bioprocess Solutions	1,266.5	809.3	460.2	247.2
Lab Products & Services	362.7	247.5	95.1	46.4
Total	**1,629.2**	**1,056.8**	**555.3**	**293.5**
Reconciliation to the profit before tax				
Depreciation and amortization			–109.2	–78.8
Extraordinary items			–10.9	–28.7
Earnings before interest and taxes (EBIT)			**435.2**	**186.1**
Financial result			–48.7	–20.3
Profit before tax			**386.4**	**165.7**

The previous year's figures have been restated due to finalization of the purchase price allocation for the acquisition of the Life Science business from Danaher.

Disaggregation of Revenue

Geographical Information by Segment

Under IFRS 15, revenue recognized from contracts with customers are disaggregated into the categories of the "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-mo. 2021			6-mo.2020		
€ in millions	**Group**	Bioprocess Solutions	Lab Products & Services	**Group**	Bioprocess Solutions	Lab Products & Services
Sales revenue	**1,629.2**	**1,266.5**	**362.7**	**1,056.8**	**809.3**	**247.5**
▪ EMEA	682.5	539.2	143.3	419.5	310.9	108.6
▪ Americas	519.0	405.2	113.9	373.1	304.8	68.3
▪ Asia | Pacific	427.6	322.1	105.5	264.2	193.7	70.5

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, 2020, 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 2020 were based with the exception of those principles that were effective in 2021 for the first time.

Furthermore, all interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) to be applied effective June 30, 2021, 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, 2020. The Standards applied for the first time and the amended significant accounting policies are explained in Section 4 below.

A list of the companies included in the scope of consolidation for the Group financial statements is provided in our 2020 Annual Report. In the current fiscal year, the following entity was included for the first time in the consolidated financial statements of the Group:

- Sartorius South Africa (Pty) Ltd., Midrand / Gauteng, South Africa

The Group obtained control over Sartorius South Africa (Pty) Ltd. on January 1, 2019. This entity, which had not been consolidated in the past due to materiality considerations, has been consolidated effective January 1, 2021.

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 (30%). The consideration of the non-deductible expense in connection with the valuation of the earn-out liability leads to a nominal rate of 32.7%.

3. 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, 2020. However, the general level of uncertainty that is inherent in accounting estimates and assumptions remains higher than usual as a result of the ongoing COVID-19 pandemic crisis.

In the first half of 2021, the Group achieved double-digit growth in sales revenue and order intake. The Group did not experience major difficulties on the supply side so that business continuity has been ensured. The biopharma industry that is of particular relevance for the Group is largely independent of the overall economic developments. This notion has been confirmed again in the interim period and is especially true for the BPS Division, a total solutions provider for the biopharma industry, which has continued to experience increased demand related to the manufacture of coronavirus vaccines and Covid-19 therapeutics. The LPS Division also recorded double-digit growth in sales revenue and order intake in the first half of 2021 to which higher demand for laboratory products and coronavirus tests contributed as well.

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

Standards to Be Applied for the First Time in 2021
The Group initially applied the following new accounting rules for the reporting period:

- Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts, and IFRS 16, Leases, Interest Rate Benchmark Reform (Phase 2)

- Amendments to IFRS 4, Insurance Contracts, Deferral of Effective Date of IFRS 9

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

5. Business Combinations

Acquisition of WaterSep BioSeparations LLC in 2020
On December 9, 2020, the Group acquired 100% of the shares in the U.S.-based entity WaterSep BioSeparations LLC. The company employs around 15 people in Marlborough, Massachusetts, USA. WaterSep BioSeparations develops, manufactures and markets hollow-fiber membrane devices and pre-sterilized assemblies for upstream and downstream biopharmaceutical applications. This acquisition is complementary to the Group's current offering for cell and gene therapy applications, cell harvesting and various solutions for intensified bioprocessing and is being integrated in the Bioprocess Solutions Division.

Determination of the acquisition-date fair values of the assets acquired and liabilities assumed as well as the consideration transferred was completed in 2021. The following table presents preliminary and final valuations:

€ in millions	Preliminary purchase price allocation	**Final purchase price allocation**
Other intangible assets	0.0	8.1
Property, plant and equipment	0.2	0.6
Inventories	0.4	0.5
Trade receivables	0.4	0.4
Other assets	0.1	0.1
Cash and cash equivalents	0.1	0.1
Lease liabilities	0.0	–0.3
Other liabilities	–0.1	–0.1
Net assets acquired	**1.1**	**9.2**
Purchase price (cash at acquisition date)	22.5	22.5
Contingent consideration	4.9	0.7
Goodwill	**26.3**	**14.0**

The purchase price amounts to €23.2 million of which €22.5 million was paid in cash. The parties further agreed on an earn-out component which depends on the future sales revenue in the years of 2021 to 2023 and is due in 2024. Until this contingent consideration is settled, the agreement is classified as a financial liability and measured at fair value through profit or loss on each reporting date. The contingent consideration was measured at a fair value of €0.7 million at the acquisition date. On the reporting date of June 30, 2021, the fair value amounted to €0.7 million. The lower end of the bandwidth of possible outcomes of the contingent consideration is zero; the upper limit is $9 million.

Expenses of €0.7 million directly attributable to the acquisition were recognized as other expenses in profit or loss. The other intangible assets comprise technologies (€6.6 million) and customer relationships (€1.4 million). The resulting goodwill represents synergies, such as those arising from WaterSep BioSeparations' access to the Group's worldwide sales and distribution network, the completion of the product portfolio of the Bioprocess Solutions Division and intangible assets that are not recognized separately, e.g., the know-how of the skilled workforce. Goodwill is tax deductible.

Acquisition of BIA Separations in 2020

On November 2, 2020, the Group acquired 100% of the shares in the Slovenian purification specialist BIA Separations Podjetje za separacijske tehnologije d.o.o. ("BIA Separations") headquartered in Ajdovščina, Slovenia. Purchase price allocation has not yet been completed. Therefore, the presentation of the acquisition and the subsequent accounting in the first half of 2021 is based on the preliminary purchase price allocation described in the notes to the 2020 consolidated financial statements of the Group. Please refer to the consolidated financial statements of 2020 for a detailed description of the transaction.

The parties to the transaction agreed on three tranches of earn-out payments based on the sales performance of the acquired business over the next five fiscal years. Depending on the sales performance, the sellers are entitled to receive additional shares in Sartorius Stedim Biotech S.A. Until settlement, this additional contingent consideration agreement is classified as a financial liability and measured at fair value through profit or loss at each reporting date.

On the reporting date of June 30, 2021, the fair value of the contingent consideration liability was measured at €289.2 million (December 31, 2020: €253.9 million). This change mainly reflects the increase of the share price of Sartorius Stedim Biotech S.A. as starting point for estimating the future share price at the expected settlement dates since December 31, 2020. Furthermore, the discount rates applied to calculate the present value of the future obligation were adjusted to reflect the market rates on June 30, 2021. The difference of about €35.3 million between the valuation as of December 31, 2020, and that on the reporting date was recognized in the financial result. The lower end of the bandwidth of possible outcomes of the contingent consideration is zero, while the upper limit cannot be quantified due to the settlement in shares. The key input parameters for the valuation of the financial liability are the sales revenue expectations for the next five years as well as the share price of Sartorius Stedim Biotech S.A. on the respective valuation date. The valuation results are less sensitive to realistic changes of other valuation parameters, e.g. the discount rates applied. Assuming 10% higher (lower) sales revenues in each of the five years of the plan period would result in an increase of the liability to be reported on the reporting date by approximately €38 million (decrease by approximately €33 million). If the share price of Sartorius Stedim Biotech S.A. had been 10% higher (lower) at the reporting date, the liability would have been €29 million higher (€29 million lower). The actual future outcomes may differ from these sensitivities that are determined by changing only the respective key input parameter in isolation.

6. Financial Instruments

The following table presents the carrying amounts and fair values of the Group's financial instruments as of June 30, 2021, and December 31, 2020, according to IFRS 9.

€ in millions	Category acc. to IFRS 9	**Carrying amount June 30, 2021**	**Fair value June 30, 2021**	Carrying amount Dec. 31, 2020[1]	Fair value Dec. 31, 2020[1]
Investments in non-consolidated subsidiaries	n/a	32.3	32.3	15.2	15.2
Financial assets	Equity instruments at fair value through profit or loss	4.5	4.5	4.5	4.5
Financial assets	Debt instruments at fair value through profit or loss	12.4	12.4	11.5	11.5
Financial assets	Measured at amortized cost	3.3	3.3	3.0	3.0
Financial assets (non-current)		**52.4**	**52.4**	**34.1**	**34.1**
Amounts due from customers for contract work (contract assets)	n/a	6.5	6.5	6.2	6.2
Trade receivables	Measured at fair value through other comprehensive income	158.9	158.9	119.4	119.4
Trade receivables	Measured at amortized cost	209.3	209.3	188.7	188.7
Trade receivables		**374.8**	**374.8**	**314.3**	**314.3**
Receivables and other assets	Measured at amortized cost	21.5	21.5	26.9	26.9
Derivative financial instruments	Held for trading	0.1	0.1	0.0	0.0
Derivative financial instruments in hedge relationships[2]	n/a	1.5	1.5	13.4	13.4
Other financial assets (current)		**23.2**	**23.2**	**40.3**	**40.3**
Cash and cash equivalents	**Measured at amortized cost**	**423.6**	**423.6**	**203.4**	**203.4**

€ in millions	Category acc. to IFRS 9	**Carrying amount June 30, 2021**	**Fair value June 30, 2021**	Carrying amount Dec. 31, 2020[1]	Fair value Dec. 31, 2020[1]
Loans and borrowings	**Financial liabilities at cost**	**2,025.6**	**2,042.9**	**2,001.8**	**2,009.8**
Trade payables	Financial liabilities at cost	226.2	226.2	189.8	189.8
Trade payables | payments received for orders (contract liabilities)	n/a	204.7	204.7	140.9	140.9
Trade payables		**430.9**	**430.9**	**330.7**	**330.7**
Derivative financial instruments in hedge relationships[2]	n/a	2.7	2.7	0.0	0.0
Other financial liabilities	Financial liabilities at fair value through profit or loss	289.9	289.9	254.6	254.6
Other financial liabilities	Financial liabilities at cost	98.4	98.4	96.3	96.4
Other financial liabilities		**391.0**	**390.9**	**350.9**	**351.0**

1 Figures adjusted for finalization of purchase price allocation WaterSep BioSeparations LLC

2 The amounts include the non-designated part of the contracts which totals -€0.4mn in total. (December 31, 2020: -€1.0mn)

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 derivatives in the form of forward contracts and options to be recognized at fair value on the reporting date were measured on the basis of their quoted exchange rates and market yield curves (Level 2).

The 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 or historical cost of acquisition. No material changes to the fair values were recognized on the reporting date.

The financial liabilities at fair value through profit or loss from the contingent consideration agreements in connection with the acquisitions of BIA Separations and WaterSep BioSeparations are determined using updated valuation parameters as of the reporting date and are to be allocated to Level 3. For further information and sensitivities, see Section 5.

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 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.

7. 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 and are generally concluded according to the customary market terms.

In the reporting period, sales revenue of €0.0 million (H1 2020: €0.9 million) was generated by sales to these companies; there were receivables from loans and borrowings as well as trade receivables, both totaling €0.9 million (H1 2020: €11.7 million). A long-term service contract exists with an affiliate for which expenses of €5.0 million (H1 2020: €5.4 million) were incurred in the reporting period.

For further details, also on related companies and persons, see page 216 in our 2020 Annual Report.

8. Other Disclosures

In the interim reporting period, no asset impairments were identified. Generally, asset impairment tests need to be performed annually for goodwill and other assets with indefinite useful lives.

In the reporting period, the Annual Shareholders' Meeting of Sartorius AG approved dividends totaling €48.2 million, of which €24.0 million are for ordinary shares and €24.3 million for preference shares. The dividend was paid in the first half of 2021.

The condensed consolidated financial statements of the Group were authorized for issue by the Executive Board on July 20, 2021. Independent, certified auditors performed an audit review of this consolidated six-month report. The figures of the individual second quarter in the statement of profit or loss, as well as the statement of comprehensive income, were not part of this review.

9. Material Events After the Reporting Date

On July 1, 2021, the Group acquired a majority stake in the reagent manufacturer CellGenix GmbH. The company that is based in Freiburg, Germany, and has a sales subsidiary near the biotechnology hub in Boston, Massachusetts, USA, produces and markets cell culture components, such as GMP-grade growth factors, cytokines and media for manufacturing cell and gene therapy products. Founded in 1994 at the University Medical Center of Freiburg, CellGenix currently employs some 70 people and generated sales of more than €20 million in 2020.

The purchase price for the acquired stake of 51% of CellGenix GmbH amounted to approx. €100 million (net) and was paid in cash. The parties further agreed on options according to which the acquisition of an additional 25% of the shares is planned in 2023 and that of the remaining 24% stake in 2026. In view of the short period between the acquisition and the preparation of the consolidated interim financial statements, no preliminary revaluation of the acquired net assets and goodwill is available. It is expected that the intangible assets to be recognized separately will primarily reflect technologies and customer relationships. The transaction has not been recognized in the interim consolidated financial statements as the entity will be consolidated as of the acquisition 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, 2021, 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, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Tonne
Wirtschaftsprüfer
German Public Auditor

Thiele
Wirtschaftsprüfer
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, 2021, 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 21, 2021

Sartorius AG

The Executive Board

Dr. Joachim Kreuzburg Rainer Lehmann Dr. René Fáber John Gerard Mackay

Financial Schedule

Publication of nine-month figures for 2021	October 20, 2021
Publication of preliminary results for fiscal 2021	January 2022
Annual press conference | Göttingen, Germany	February 2022
Annual General Shareholders' Meeting | Göttingen, Germany	March 2022
Publication of first-quarter figures for 2022	April 2022

Contacts

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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 2021 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.