

Sartorius Stedim Biotech

# Universal Registration Document 2020 Including the Annual Financial Report

# Key Figures

All figures are given in millions of € according to the IFRS, unless otherwise specified	2020	Δ in %	2019 <sup>7</sup>	2018	2017	2016
<b>Order intake, sales revenue and earnings</b>						
Order intake	2,381.0	54.3	1,543.5	1,307.3	1,162.3	1,080.8
Sales revenue	1,910.1	32.6	1,440.6	1,212.2	1,081.0	1,051.6
Underlying EBITDA <sup>1,2</sup>	604.7	43.5	421.5	342.4	294.9	288.7
Underlying EBITDA <sup>1,2</sup> as % of sales revenue	31.7	2.4 pp	29.3	28.2	27.3	27.5
Net profit after non-controlling interest	357.8	52.6	234.5	208.1	161.1	153.7
Underlying net profit <sup>1</sup> after non-controlling interest <sup>2</sup>	383.8	45.9	263.0	219.3	180.4	176.6
Research and development costs	84.5	6.6	79.2	60.6	53.2	47.5
<b>Financial data per share</b>						
Earnings per share (in €)	3.88	52.6	2.54	2.26	1.75	1.67
Earnings per share (in €) <sup>1,3</sup>	4.16	45.9	2.85	2.38	1.96	1.92
Dividend per share (in €)	0.68 <sup>4</sup>	100.0	0.34	0.57	0.46	0.42
<b>Balance sheet</b>						
Balance sheet total	3,069.3	66.3	1,845.4	1,571.5	1,403.9	1,195.8
Equity	1,482.9	24.7	1,188.9	1,044.9	879.5	763.6
Equity ratio (in %)	48.3	-16.1 pp	64.4	66.5	62.6	63.9
<b>Financials</b>						
Capital expenditures as % of sales revenue	8.3	-1.1 pp	9.4	14.6	12.6	7.6
Depreciation and amortization	100.9	38.5	72.8	60.9	50.6	44.7
Cash flow from operating activities	416.9	34.4	310.1	227.3	174.7	156.7
Net debt <sup>5</sup>	527.0	377.2	110.4	125.7	127.1	67.6
Ratio of net debt to underlying EBITDA <sup>1,2,6</sup>	0.8	0.5 pp	0.3	0.4	0.4	0.2
<b>Total number of employees as of December 31</b>	<b>7,566</b>	<b>21.6</b>	<b>6,223</b>	<b>5,637</b>	<b>5,092</b>	<b>4,725</b>

1 Adjusted for extraordinary items

2 For more information on EBITDA, net profit and the underlying presentation, please refer to the Group Business Development chapter and to the Glossary.

3 Adjusted for extraordinary items, non-cash amortization acc. to IFRS 3 and fair value adjustments of hedging instruments, as well as the corresponding tax effects for each of these items.

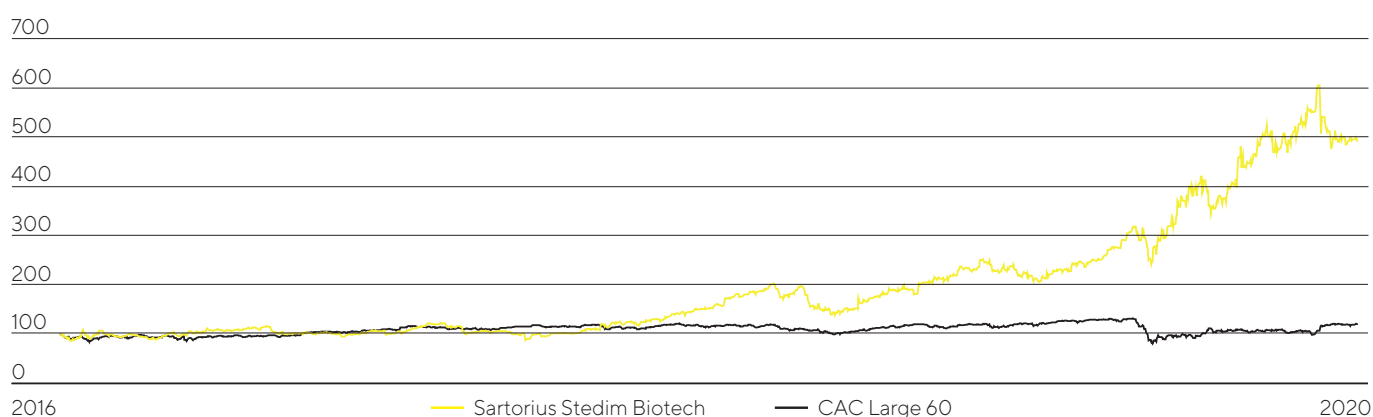
4 Amount suggested by the Board of Directors (Conseil d'administration) and subject to approval by the Annual General Shareholders' Meeting.

5 Net debt excludes the liability for the remaining purchase price for acquisitions; 2020: €305.3 million euros, 2019: €72.5 million euros, 2018: €8.7 million euros, 2017: €46.5 million euros, 2016: €49.6 million euros

6 EBITDA includes underlying pro forma EBITDA of acquisitions completed in 2020

7 The figures for the reporting period 2019 were restated due to the finalization of the purchase price allocation for the acquisition of Biological Industries.

## Sartorius Stedim Biotech Share in Comparison to the CAC Large 60 (indexed)



25+

Sites in more than 25 countries,  
headquartered in Aubagne France

>7,500

Employees

~16%

Sales CAGR 2011-2020

~90%

Sales share with life  
science customers

+10.8pp

Change in underlying  
EBITDA margin 2011-2020

~€26.8bn

Sartorius Stedim Biotech S.A.  
market capitalization; listed on  
the CAC Large 60

Sales growth in constant currencies; underlying = excluding extraordinary items

## Strong Presence in All Major Biopharma Markets



# Innovative Solutions for Better Medications

With its pioneering spirit and a profound understanding of customer requirements, Sartorius Stedim Biotech has evolved into a key partner for biopharmaceutical research and the industry. Our goal is to make complex and expensive development of biotech medicines and their production safer and more efficient. We cover the entire value-added chain of the biopharmaceutical industry and help with our products and services to ensure that novel therapies and vaccines reach the market faster and are accessible to more people worldwide.

*See page 18, Sartorius Stedim Biotech Group at a glance*

## Mission

At Sartorius Stedim Biotech, we empower engineers to simplify and accelerate progress in bioprocessing. In this way, we enable new and better pharmaceuticals to be manufactured and help keep medications affordable.



## Vision

We are a magnet and dynamic platform for pioneers and leading experts in our field. We bring creative minds together for a common goal: technological breakthroughs that lead to better health for more people.

# Universal Registration Document 2020



This Universal Registration Document has been filed on February 17, 2021, with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This Universal Registration Document incorporates by reference the preceding Reference Documents D. 20-0064 filed on February 17, 2020 and D.19-0060 filed on February 18, 2019.

The following information is included by reference in the present Universal Registration Document:

- The year 2019 consolidated financial statements of Sartorius Stedim Biotech prepared using international accounting standards and the report of the statutory auditors relating to these statements, and the Group 2019 management report appearing on pages 95 to 145 and 17 to 58 respectively, of the Reference Document filed with the Autorité des Marchés Financiers on 17 February 2020, under the number D.20-0064.
- The year 2018 consolidated financial statements of Sartorius Stedim Biotech prepared using international accounting standards and the report of the statutory auditors relating to these statements, and the Group 2018 management report appearing on pages 90 to 137 and 18 to 56 respectively, of the Reference Document filed with the Autorité des Marchés Financiers on 18 February 2019, under the number D.19-0060.

The sections of these documents not included are not of interest to an investor, and are covered in another part of this Universal Registration Document.

Copies of the present Universal Registration Document can be obtained from the following:

- Sartorius Stedim Biotech S.A. - Z.I. Les Paluds - Avenue de Jouques CS 91051-13781 Aubagne Cedex
- Group website: [www.sartorius.com](http://www.sartorius.com)
- Autorité des Marchés Financiers website: [www.amf-france.org](http://www.amf-france.org)

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# Chairman's Message

## Dear Shareholders, dear Business Partners,

We are currently going through extraordinary times. Our industry, the biopharma industry, is called upon to address the world's most pressing needs arising from the coronavirus pandemic. The level of effort, global collaboration and speed of progress on coronavirus vaccines and Covid-19 medications is unprecedented: Some of our customers went from mapping the coronavirus genome to delivering vaccines to patients in only nine months so biopharma has really demonstrated what it is able to achieve when it cooperates on a global scale and works at its best. It has also rewritten some implicit rules by which it used to operate. And I am convinced that many changes and lessons-learned are here to stay.

In this joint effort, Sartorius Stedim Biotech is part of the solution. Each and every day, we deliver essential products and technologies to manufacturers of coronavirus vaccine and medications for Covid-19 treatment all over the world – also beyond the current pandemic. With our technologies, platforms and partnerships, we help to ensure that new scientific discoveries can be translated more quickly into effective medications and that these become accessible to more people. In other words, our company's purpose directly addresses the United Nations' Sustainable Development Goal "Health and Wellbeing," placing it at the center of our efforts.

While we faced increasing pressure throughout the year to ramp up our production and serve customers with urgently required products, our first and foremost priority was to keep our employees safe at all our Group sites. We are thankful to report that we did not have any serious illnesses among our employees and that nobody acquired an infection at work. This was also due to the diligence of our Environmental Health & Safety teams who quickly provided protective materials and implemented coronavirus testing and hygiene measures at all sites. My thanks go out to these teams for their great efforts.

Businesswise, we have achieved strong results in 2020 once again, which underscore the strength and resilience of our strategy and business model. Our company grew in all its geographies, driven by strong organic development, several acquisitions and additional pandemic-related demand. Sales revenue surged by more than a third to €1,910 million, significantly surpassing our initial forecast of 11% to 14% that we issued at the beginning of the year. Underlying EBITDA, our Group's most important earnings indicator, also rose very strongly by 43.5% to €605 million. The respective margin climbed to 31.7%, and relevant net profit reached €384 million.

We are also pleased to report that we were again able to increase the number of employees significantly, to more than 7,500, a gain of more than 1,400 people. Around 240 joined us through acquisitions, and we also hired a substantial number of people particularly in manufacturing to cope with strong demand. Moreover, as a fast-growing company, we continue to recruit people who share our ambitions and values.

In addition, we were also able to complete some strategically very relevant acquisitions which, in particular, have strengthened our position in downstream processing and in the area of advanced therapies.

Efficient downstream processing has remained a challenge in our industry for years, and Sartorius Stedim Biotech is committed to helping accelerate and simplify this crucial step. Through the acquisitions of chromatography systems and the resins business from Danaher Corporation and the one of the Slovenian purification specialist BIA Separations, we significantly expanded our chromatography portfolio for essential steps in the purification of biopharmaceuticals. At the same time, we have reinforced our positioning in new



modalities, such as cell and gene therapies, which are likely to play a significant role in conquering a number of severe diseases and are currently the subject of hundreds of ongoing clinical trials. We are also pleased to welcome the WaterSep BioSeparations team to our company, experts in hollow-fiber membrane devices and pre-sterilized assemblies for biopharmaceutical applications, including novel platforms.

In early 2021, we announced that we agreed to acquire the chromatography process equipment division of Novasep. This division of approximately 100 people specializes in resin-based batch and intensified chromatography systems. The Novasep portfolio would perfectly complement our existing chromatography offering. The proposed transaction is still subject to antitrust approvals and is expected to close during the first half of 2021.

Let's take a look at how our shares performed this year, which showed high volatility on the capital markets. The positive business performance of our Group resulted in a further rise in the valuation of Sartorius Stedim Biotech shares, which reached an all-time high of €358 on June 6, 2020. Shares closed the year at €291 up 97% year over year, strongly outperforming key indices, such as the CAC 40, CAC Large 60 and MSCI Europe. With respect to dividends, the Board of Directors has decided to submit a proposal to the Annual Shareholders' Meeting on March 24, 2021, to pay out €0.68 per share.

What can we expect of 2021? The pandemic is not yet over so protecting the health of our employees continues to be our top priority. In such an environment, even short-term forecasts are subject to increased uncertainty. But we are very optimistic about our future and, from today's perspective, expect continuous strong growth for the current fiscal year and beyond. For 2021, sales revenue is forecasted to increase by about 20% to 26%. Regarding profitability, we project an underlying EBITDA margin of about 32.0%, up from 31.7% in 2020.

To support this growth, we have started to accelerate and extend the expansion of our production capacities very significantly in all geographies, the Americas, Europe, and Asia. We will also expand our presence with customers, particularly in China and the U.S., by setting up Customer Interaction Centers and investing in a very significant extension of our activities in South Korea. Therefore, our CAPEX ratio in 2021 is expected to be at a relatively high level of around 15%.

The integration of the above-mentioned acquisitions has progressed very well, and we continue to look for complementary, innovative companies that make our offering even more relevant to customers. In this context, we will also further invest in the rapidly evolving areas of tools for cell and gene therapies and next-generation biopharmaceuticals, which can significantly change the biopharma landscape in the long term. Helping customers digitize their processes and making the most of their data will also remain on our agenda, and we will continue to leverage our partnerships for sourcing further innovation.

Looking ahead to 2025, we considerably raised our mid-term targets, given the strong results we achieved in 2020 and the resulting higher relevant baseline values, as well as raised expectations regarding future organic growth potential. Accordingly, we are striving to again double sales revenue to about €4 billion in the five-year period up to 2025. We intend to achieve this increase primarily through organic growth and additional acquisitions. The Group's underlying EBITDA margin is forecasted to rise to around 33%.

We will achieve these ambitious targets only with an outstanding team. In 2020, a year that was a great challenge for all of us, both personally and professionally, the Sartorius Stedim Biotech team proved its team spirit and capabilities. We were able to successfully master the challenges thanks to the great commitment and flexibility of all our employees. In this special year, everyone went a countless number of extra miles to ensure the stability of supply chains, maintain and ramp up production, and intensively interact with customers. Therefore, a big thank you goes out to the entire international Sartorius Stedim Biotech team who did a fantastic job.

I would also like to thank you, our valued customers, business partners, and shareholders. Based on the trust you have placed in us, you have contributed significantly to the positive development of Sartorius Stedim Biotech. We would be pleased if you would continue to accompany us in 2021 and beyond and share in the future success of our company.

Sincerely,



Joachim Kreuzburg  
Chairman of the Board and CEO



Board of Directors

# Board of Directors

The Board of Sartorius Stedim Biotech is the central management and supervisory entity of the company, and is composed of eight members. The directors are appointed for a three-year term.



Joachim Kreuzburg  
Chairman | CEO



Pascale Boissel



Chrystel Baudere



Susan Dexter



René Fáber



Anne-Marie Graffin



Lothar Kappich



Henri Riey

# Sartorius Stedim Biotech Shares

## Facts about the Share <sup>1</sup>

ISIN	FR0013154002
Liquidity provider	Gilbert Dupont
Stock exchange	Euronext Paris
Market segment	Local Securities - Compartment A (Large Caps)
Indexes	SBF 120; CAC Next 20; CAC Large 60; CAC All-Tradable; CAC All Shares; CAC Healthcare; STOXX Europe 600; MSCI France
Number of shares	92,180,190
thereof Sartorius AG	73.8%
thereof free float	26.2%
Voting rights	160,531,960
thereof Sartorius AG	84.8%
thereof free float	15.2%

<sup>1</sup> As of December 31, 2020

## Stock Markets Impacted by Pandemic

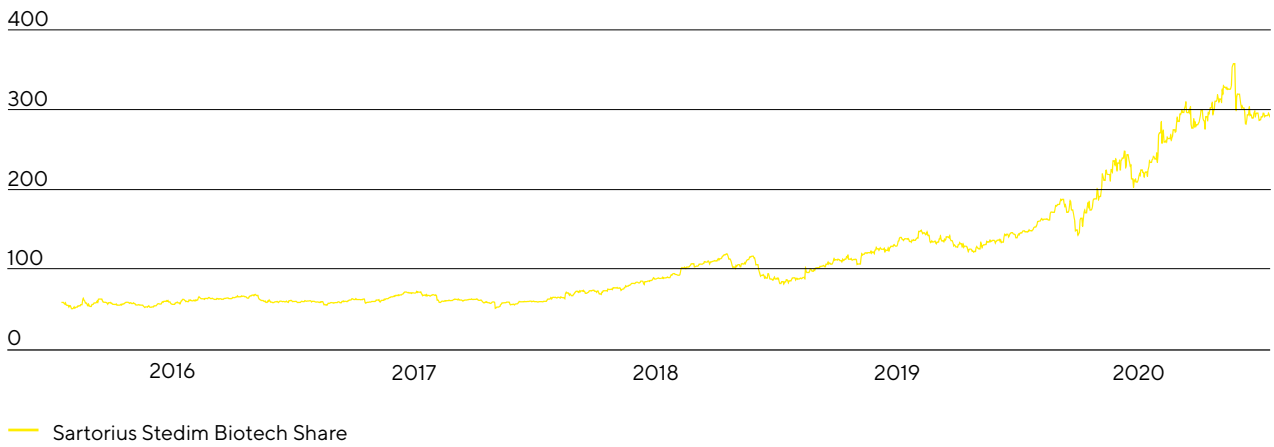
The coronavirus pandemic and the measures taken to stem it caused global economic activity to drop sharply and company profit expectations to fall in the first quarter of 2020. Global stock markets recorded significant losses, as a result of which leading indices fell to a multi-year low in mid-March. Supported by governments' extensive economic-stimulus packages and a further loosening of monetary policy, a countermovement set in at the beginning of the second quarter that held through the end of the year. Against this backdrop, the Dow Jones reached a new all-time high, closing the reporting period up 6.0% at 30,606 points. The leading French stock index CAC 40 could not fully recover the price losses from the beginning of the year and closed at 5,551 points, down 7.1%. The SBF 120 and CAC Large 60, home to Sartorius Stedim Biotech shares, also decreased by 6.6% and 6.9% respectively.

## Sartorius Stedim Biotech Shares Rise Substantially

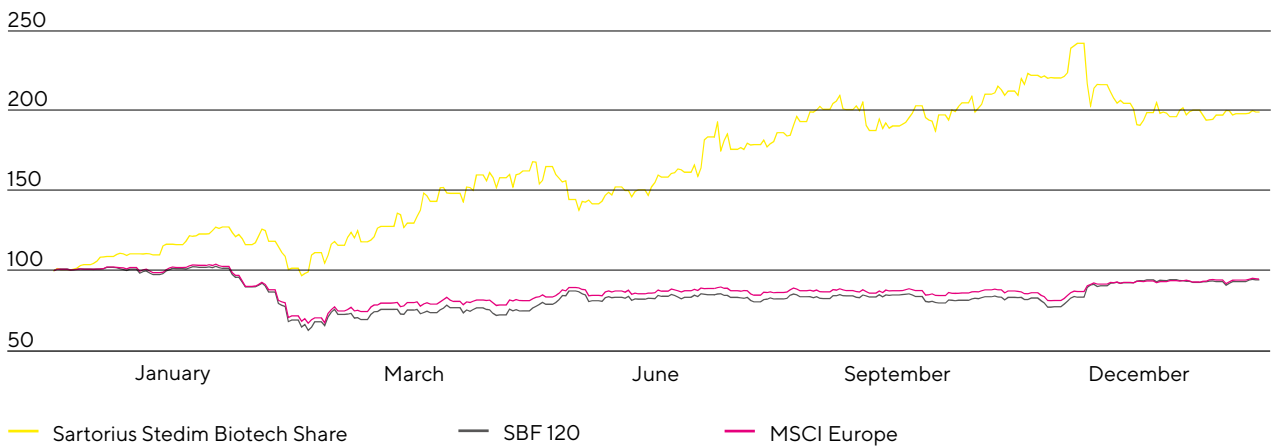
The Sartorius Stedim Biotech share price developed positively yet again. Contributing factors included better-than-expected business performance, several upward revisions to forecasts, and the completion of three acquisitions. The share reached an all-time high of €357.6 on June 6, 2020, and closed the stock-market year somewhat lower at €291.2 – up 97.2% year over year.

In September 2020, the Sartorius Stedim Biotech share was admitted to the CAC Next 20 index and therefore also to the CAC Large 60 index. The CAC Next 20 consists of the 20 highest ranking companies that, based on a combination of their rankings on free-float-adjusted market capitalization and stock exchange turnover, are not included in the French benchmark index CAC 40.

**Sartorius Stedim Biotech Share in €**  
January 1, 2016 to December 31, 2020



**Sartorius Stedim Biotech Share in Comparison to the SBF 120 and MSCI Europe Index (indexed)**  
January 1, 2020 to December 31, 2020



## Investor Relations Activities

Sartorius Stedim Biotech's investor relations activities follow the objective of making the current and future development of the company transparent for its stakeholders. To achieve this objective, the company maintains an ongoing, open dialog with shareholders, potential investors and financial analysts.

Besides providing quarterly, first-half and annual reports, we inform the capital market and the interested public at quarterly teleconferences and in regularly published press releases about the current development of our business and other material events at the company. Moreover, Group management and the IR team made themselves available to capital market participants at mostly virtual conferences and roadshows.

All information and publications relating to our company and its shares are provided on our website at [www.sartorius.com](http://www.sartorius.com).

## Analysts

The recommendations of financial analysts serve as a foundation for the decisions of private and institutional investors when investing in shares. Currently, nine institutions regularly prepare reports and updates on Sartorius Stedim Biotech shares.

### Research Coverage

Date	Institute	Price target in €	Recommendation
January 27, 2021	UBS	193.00	Sell
November 24, 2020	J.P. Morgan	351.00	Buy
October 22, 2020	Société Générale	388.00	Buy
October 20, 2020	Gilbert Dupont	275.00	Sell
October 5, 2020	Oddo BHF	293.00	Hold
September, 24, 2020	Berenberg	342.00	Buy
May 28, 2020	Morningstar	170.00	-
October 22, 2019	Intron Health	150.00	Buy
September 19, 2019	AlphaValue	121.00	Sell

## Dividends

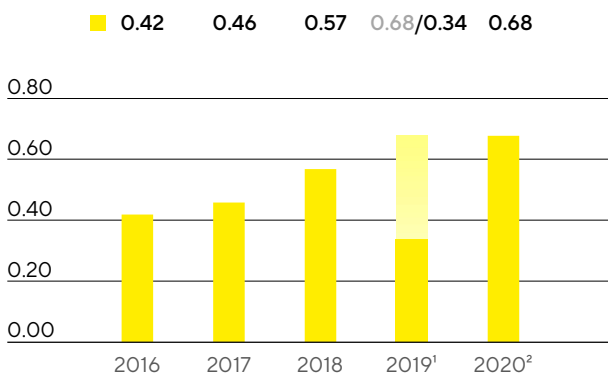
The total return generated by Sartorius Stedim Biotech shares has generally been based almost entirely on the positive development of the share price and only to a very small extent on dividend payments. In line with the rapid and highly innovation-driven development of our industry, the main focus of company's management is on successfully continuing on our dynamic profitable growth track and on making the extensive investments in capacity expansions, innovations and acquisitions that are constantly required for this purpose. Yet within this context, Sartorius Stedim Biotech strives to enable its shareholders to participate appropriately in the company's success through dividends.

The Board of Directors will submit a proposal to the Annual Shareholders' Meeting on March 24, 2021, to pay dividends of €0.68 per share from the underlying net profit of €383.8 million for fiscal 2020, up from the previous year's figure of €0.34. If this proposal is approved, the total profit distributed would be €62.7 million (2019: €31.3 million). The corresponding dividend payout ratio would be 16.3%, above the prior-year ratio of 11.9%, yet below the ratios of the years further back. The basic impacts of the coronavirus pandemic can



meanwhile be better estimated than a year ago when the original dividend proposal was reduced due to this situation, but company management is preparing for above-average macroeconomic uncertainties and risks in 2021 as well. Even more important reasons for this dividend proposal are, however, the significant rise in demand, the capacity expansion projects that are considerably more extensive in 2021 than those originally planned, and the higher investments entailed. Regarding the mid-range growth expectations also significantly raised and the investments required to achieve this expansion, the Board of Directors will use its discretion in also suggesting dividend payout ratios at about the level planned for 2020 to Annual Shareholders' Meetings to be held in the coming years.

#### Dividends in €



1 The original dividend proposal of €0.68 per share was adjusted in light of the pandemic crisis

2 Amount suggested by the Board of Directors and subject to approval by the Annual General Shareholders' Meeting

## Total Shareholder Return

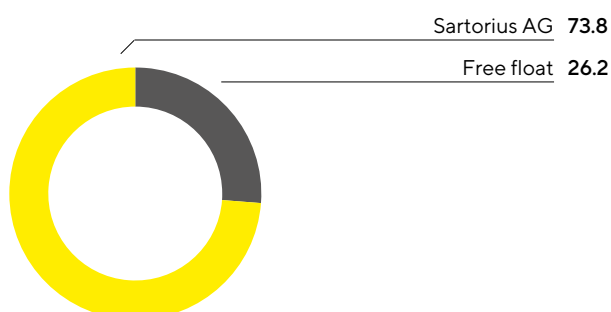
Total shareholder return considers both the dividends paid out and any share price increases over a certain period, and thus reflects the entire performance of an investment. In 2020, Sartorius Stedim Biotech shares delivered a TSR of 97.4%, up from 69.7% a year earlier.

## Shareholder Structure

Sartorius Stedim Biotech S.A.'s issued capital amounted to €18.4million as of December 31, 2020, and was divided into 92,180,190 shares, each with a calculated par value of €0.20. As some of the shares confer double voting rights, there were 160,531,960 voting rights in total as of the reporting date.

As of December 31, 2020, Sartorius AG has held 73.8% of the Stedim Biotech S.A.'s share capital and 84.8% of the voting rights outstanding. The remaining 26.2% of Stedim Biotech S.A. shares are in free float, corresponding to 15.2% of the voting rights outstanding.

### Shareholding Structure in % of share capital



### Key Figures for Sartorius Stedim Biotech Share

		2020	2019	2018	2017	2016
Share price <sup>1</sup> in €	Reporting date	291.20	147.70	87.35	60.29	59.97
	High	357.60	149.20	119.80	72.49	68.84
	Low	143.00	83.30	60.35	51.50	51.17
Dividends <sup>2</sup> in €		0.68	0.34	0.57	0.46	0.42
Total dividends paid <sup>2</sup> in millions of €		62.7	31.3	52.5	42.4	38.7
Dividend yield <sup>3</sup> in %		0.2	0.2	0.7	0.8	0.7
Market capitalization in millions of €		26,842.9	13,615.0	8,051.9	5,557.5	5,528.0
Average daily trading number of shares		70,414	63,935	80,140	52,753	46,752
Trading volume of shares in millions of €		4,234.6	2,037.8	1,874.9	818.2	714.2
CAC Large 60 (closing prices of the year)		6,144	6,598	5,246	5,871	5,356
SBF 120 (closing prices of the year)		4,432	4,704	3,756	4,251	3,836

1 Daily closing price

2 For 2020, amounts suggested by the Board of Directors and subject to approval by the Annual General Shareholders' Meeting

3 Dividends in relation to the corresponding closing prices of the year

Sources: Euronext; NASDAQ



# Structure and Management of the Group

## Group Legal Structure

Sartorius Stedim Biotech is a globally operating company with subsidiaries in more than 25 countries and more than 7,500 employees worldwide. The parent company of the Sartorius Stedim Biotech Group is Sartorius Stedim Biotech S.A., headquartered in Aubagne, France.

Sartorius Stedim Biotech S.A. is listed on the Euronext stock exchange in Paris. Approximately 74% of the share capital and around 85% of the voting rights of Sartorius Stedim Biotech S.A. are held by Sartorius AG.

Sartorius AG is an international leading partner of life science research and the biopharmaceutical industry and is headquartered in Göttingen, Germany. It is listed on the German Stock Exchange and operates two divisions: the bioprocess business as a subgroup under its parent corporation Sartorius Stedim Biotech S.A., and the laboratory business as a further subgroup.

The consolidated financial statements of the Sartorius Stedim Biotech Group include Sartorius Stedim Biotech S.A. and all affiliates in which Sartorius Stedim Biotech S.A. has a controlling interest pursuant to IFRS 10.

## Organization and Management of the Group

The Sartorius Stedim Biotech Group is largely organized by function on a worldwide basis. Accordingly, the respective management responsibilities are performed along the company's core functions across all sites and regions.

This global functional organization forms an effective platform for central strategic control and for fast, efficient collaboration and execution within the Group. It enables the company to realize its total solutions provider strategy and position itself effectively in respect of global customers.

The Board of Directors of Sartorius Stedim Biotech S.A. is composed of eight members, one executive director and seven non-executive directors.

Implementing the Group's various strategies and initiatives at the local level is the responsibility of the national affiliates.

The management bodies of the local companies run their organizations in accordance with applicable statutory provisions, articles of association, and rules of procedure, and in keeping with the principles of corporate governance that apply throughout the Sartorius Stedim Biotech Group worldwide. Please see details of the Board of Directors in the section "Corporate Governance."

## Changes in the Group Portfolio

Sartorius Stedim Biotech successfully closed the acquisition, announced in October 2019, of selected life science businesses of Danaher Corporation as part of a broader transaction between Danaher and Sartorius Group. The transaction was completed on April 30, 2020, after receiving the required regulatory approvals. The businesses acquired generated revenue of approximately U.S.\$ 100 million in 2019 and cover various bioprocessing technologies, which are complementary to the portfolio lineups. Sartorius Stedim Biotech is thus extending its market position in the purification and filtration of medications manufactured using biotechnological methods. The company's broader offering will support customers even more comprehensively in the safe and efficient production of such pharmaceuticals. As a result of the acquisition, some 100 new employees joined the Sartorius Stedim Biotech Group.

In addition, Sartorius Stedim Biotech acquired the Slovenian purification specialist BIA Separations. With sales revenue of around €25 million reported for 2020 and around 120 employees, BIA Separations develops and manufactures market-leading products for purification and analysis of large molecules, such as viruses, plasmids and mRNA, which are used in gene and cell therapies and other advanced therapies. BIA Separation's technology for manufacturing-scale purification is already used in the production of the first commercialized advanced therapeutics and has a strong presence with new drug candidates that are still in the clinical trial pipeline.

In December 2020, Sartorius Stedim Biotech acquired the U.S. filtration expert WaterSep BioSeparations LLC. WaterSep BioSeparations develops, manufactures and markets single-use and reusable hollow-fiber membrane devices and pre-sterilized assemblies for upstream and downstream biopharmaceutical applications. Headquartered in Marlborough, Massachusetts, USA, the company employs around 15 people and in 2020 earned sales revenue of around U.S.\$2.5 million.

## Financial Controlling and Key Performance Indicators

The Sartorius Stedim Biotech Group is managed using a number of key performance indicators, which are also decisive for determination of the variable remuneration component for the Executive Board and managers.

The key management parameter that Sartorius Stedim Biotech uses to measure the development of its size is currency-adjusted growth of sales revenue.

The key performance measure for profitability is EBITDA adjusted for extraordinary items, i.e. underlying EBITDA, and the corresponding margin. For a definition of this term and more information on its presentation, see the Glossary on page 246.

Regarding the debt financing capacity of the Sartorius Stedim Biotech Group, a further key indicator is the ratio of net debt to underlying EBITDA for the last twelve months.

Moreover, the capex ratio, i.e. investment payments relative to sales revenue, represents a key control parameter.

The following financial and non-financial indicators are also reported on a regular basis:

- Order intake
- Underlying net profit | Earnings per share
- Net profit | Earnings per share
- Equity ratio
- Net working capital
- Net cash flow from operating activities
- Number of employees

The annual financial forecast published at the beginning of a fiscal year for the Group generally refers to the development of sales revenue and of underlying EBITDA margin. The expected capex ratio, as well as a directional forecast for the ratio of net debt to underlying EBITDA, is also indicated for the Group.

# Business Model, Strategy and Goals

## Market and Strategic Positioning

As a leading partner of the biopharmaceutical industry, Sartorius Stedim Biotech helps its customers to develop their production processes and manufacture biotech medications and vaccines more efficiently.

Biopharmaceuticals are integral components of advanced medicine and are used to treat many illnesses, mostly of a serious nature. However, long development times and complex production make these medications very expensive. This leads to high healthcare costs in industrialized countries and to the situation that patients in less developed countries are often excluded from treatment with such drugs. The development of a biopharmaceutical medication is a long haul: It takes more than ten years on average to bring a new drug out on the market, costing more than two billion dollars. On top of this, biotechnological manufacturing processes for such high-tech medications are demanding and must be developed individually for each biologic compound. As a pioneer and technology leader in the biopharma sector, Sartorius Stedim Biotech with its products and services is enabling its customers to make their production processes easier and more efficient so that advanced therapeutics can reach the market faster and become accessible for more people worldwide.

The maturity and intensity of competition in this still comparably young industry are successively increasing. To support customers in meeting this challenge, we are constantly further developing our portfolio. A key competitive advantage is our broad understanding of applications based on our clear focus on the sector. We are thoroughly familiar with the value-added chains of our customers and understand the interaction of the employed systems particularly well. A further important success factor of the company is to offer highly differentiating technologies. Our innovative power rests on three pillars: our own specialized product development, alliances with partners, and the integration of innovations through acquisitions.

With the biopharma industry, Sartorius Stedim Biotech is focusing on an attractive market, which is characterized by strong growth momentum and long-term trends. Medical progress provides positive impetus, leading to the discovery and approval of new biopharmaceuticals. The biopharmaceutical industry is thus increasingly relying on advanced therapies, such as cell and gene therapeutics and biotech tissue products. Further primary growth drivers are a growing world population and an increase in age-related diseases in industrialized countries. In addition, rising incomes in emerging countries are leading to improved access to healthcare and rising demand for medications. Biosimilars, the generic versions of reference biologics that have lost their patent protection, account for a share of the biopharma market that is currently still small, but especially fast-growing. As a result of these factors, the volumes of biotech medications and the demand for the appropriate production technologies are steadily increasing, with market growth largely independent of business cycles.

## Products & Services

Sartorius Stedim Biotech offers a broad portfolio of products that focuses on all major steps in the manufacture of a biopharmaceutical, as well as in process development as prerequisite procedures. Our technologies cover, inter alia, cell line technologies, cell culture media, bioreactors, and a wide range of products for separation, purification and concentration of biological intermediates and finished products, as well as solutions for their storage and transportation. Sartorius Stedim Biotech also offers data analytics software for modeling and optimizing processes of biopharmaceutical development and production. In its core technologies, the company has leading market positions with high double-digit market shares.

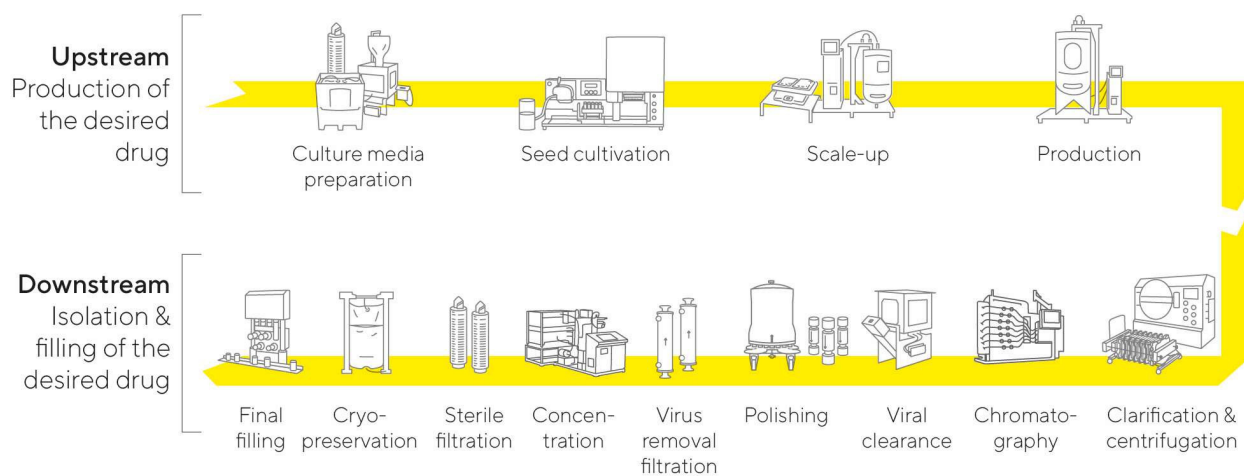
The breadth of our product portfolio, among other things, sets us apart from our competitors. We provide customers with complete process solutions from a single source, as well as assist with preceding project planning, process integration and subsequent validation. Our technologies are used in manufacturing all classes of medical drugs, from vaccines and monoclonal antibodies to advanced viral vector-based gene therapeutics.

Repeat business with sterile single-use products accounts for about three-quarters of the Group's sales revenue. These products and technologies offer our customers cost advantages and flexibility compared with conventional processes employing reusable stainless steel components.

The high share of recurring revenues is also bolstered by the strict approval requirements on the part of our customers. Because our customers' production processes must be validated by the health authorities responsible, the technological components initially used can be replaced only at considerable expense once they have been approved. The manufacturers of medications are therefore closely tied to the suppliers for the life cycle of a medication. Beyond this, our broad and stable customer base that we address through our specialized sales force directly for the most part also contributes to this favorable risk profile.

The strong strategic positioning and the above-average expansion of the sector are a good foundation for profitable growth in the future as well.

### Technologies For the Entire Added-Value Chain in Biopharmaceutical Production



Schematic illustration



## Sartorius Stedim Biotech 2020 and 2025 Strategies

In 2012, Sartorius Stedim Biotech had presented its strategy and targets for profitable growth up to 2020 according to which sales revenue was projected to increase to €1.5 to €1.6 billion at an underlying EBITDA margin of 29% to 30%. Sartorius Stedim Biotech considerably exceeded these targets with its sales revenue of €1,910 million and an underlying EBITDA margin of 31.7%.

As early as 2018, management extended the projected time horizon of its outlook and announced its strategy and long-term targets for the period of 2020 to 2025. These aimed at achieving sales revenue of around €2.8 billion at an operating EBITDA margin of around 30%. The targets for 2025 have now been raised given the strong results achieved in 2020 and the resulting increase in the baseline values, as well as expectations of further organic growth. Accordingly, Sartorius Stedim Biotech now plans to increase its consolidated sales revenue to about €4 billion in the five-year period up to 2025. The company intends to achieve this increase primarily through organic growth as well as additionally by acquisitions. The Group's underlying EBITDA margin is forecasted to rise to around 33%.

These projections are based on the assumption that on average the margins of future acquisitions will initially be somewhat below and, after integration, at a level comparable with those of the Group's existing businesses, and that there will be no relevant changes in the key currency exchange rates.

Management points out that the dynamics and volatilities in the life science and biopharma sectors have increased over the past years and the coronavirus pandemic has further amplified this trend, so that multi-year forecasts show even higher uncertainties than usually.

### Expansion of the Product Portfolio

Sartorius Stedim Biotech offers a broad product portfolio that is continuously expanded in line with the value-added chain of the biopharmaceutical industry. Aside from our own research and development activities and strategic partnerships, acquisitions that are complementary to or extend our strengths appropriately will remain part of our strategy. We see opportunities in digital networking of products, for example, in the integration of software solutions for bioprocess production control, among others. Expansion into adjacent applications, such as regenerative medicine, is also conceivable. The focus of our efforts will be products that offer solutions to the challenges our customers face and that make our offering even more attractive from the customers' perspective.

### Regional Growth Initiatives

North America and Asia are the key focal areas of our regional growth strategy.

North America is the world's largest market for bioprocess equipment. Yet because it is home to our main competitors, Sartorius Stedim Biotech has lower market share in this region than in Europe and Asia. Accordingly, the company is striving to gain additional market share, primarily by strengthening its sales and service capacities.

A further strategic focus is on China. This market offers sizable growth potential owing to rising private and public healthcare expenditures and the rapid development of regional biopharmaceutical plants. To benefit from the dynamic development of this market, Sartorius Stedim Biotech has already been investing heavily in its sales infrastructure and plans to expand production capacity levels there over the medium term.

## Optimization of Work Processes

Sufficient production capacity and a powerful supply chain are an essential foundation of future growth. For this reason, in recent years Sartorius Stedim Biotech has substantially expanded its capacities for membranes, filters and single-use bags at various Group sites.

Following these significant infrastructural expansions, our focus is increasingly shifting to optimization of our processes. Thus, we are driving forward digitalization and process automation in all parts of the company to further enhance the performance power of our supply chain and our customer contact interfaces. This also includes extending our activities in the areas of e-commerce, digital marketing and analytics.

# Sector Conditions

Sartorius Stedim Biotech serves customers mainly in the biopharmaceutical industry, which makes its business particularly sensitive to the development of this industry.

## Strong Growth in the Biopharmaceutical Market

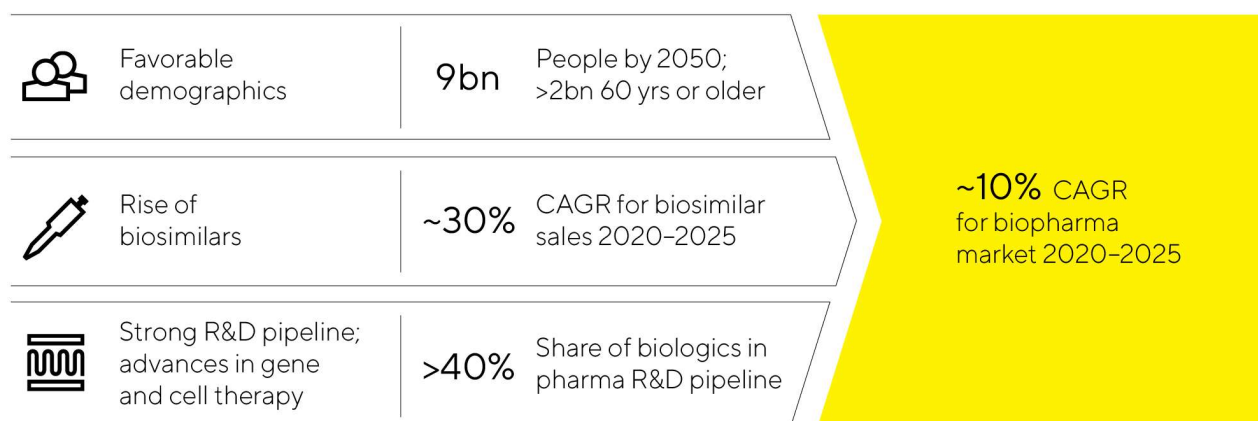
In the reporting year, the pharmaceutical and biotech industries became the focus of political and public attention in connection with the coronavirus pandemic. These industries played a key role in crisis management through their role in the development of vaccines and therapeutics. Given the large investment of resources and considerable governmental and private sector cooperation, numerous drug candidates progressed through the various phases of development at a record pace. The buildup of capacity to manufacture the clinical test material required for this as well as the need for several hundred million doses of vaccines along with their potential approval led to increasing demand for technologies for the development and production of biopharmaceuticals during the year under review. Suppliers of such technologies, who also benefited from strong development of demand independently of the pandemic, were able to increase their sales dynamically against this backdrop in 2020.

Due to its importance for healthcare, the pharmaceutical industry was exempted from many pandemic-related restrictions in the reporting year and proved robust overall despite the global recession. According to estimates by EvaluatePharma, growth was nearly at the previous year's level, around 3% to 4%. Sales of biotechnologically manufactured drugs and vaccines in particular continued to grow overproportionately by around 7% to approximately €247 billion. The increasing importance and acceptance of biopharmaceutical active ingredients is reflected not only in the growing share of sales in the global pharmaceutical market, but also in the R&D activities of the pharmaceutical industry. The share of biopharmaceutical compounds in the R&D pipeline is over 40%.

While market growth was only marginally impacted by coronavirus compared to other industries, the measures taken to fight the pandemic still substantially affected certain areas of the pharmaceutical and biotech industries. For example, over 1,000 clinical studies for non-coronavirus-related development projects had to be interrupted or could not start as planned because clinical study volunteers could only be treated in hospitals, or recruited in sufficiently large numbers, to a limited extent owing to contact restrictions and quarantine measures imposed. This development could lead to the delayed approval of new drugs. Yet in 2020, no such effect was apparent, and the number of new product approvals by the U.S. Food and Drug Administration (FDA) remained at a high level of 26.

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 medications 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. At the end of 2020, there were over 1,000 clinical studies based on such treatment approaches so this field offers significant growth potential on a mid- to long-term basis. The rising number of approved biopharmaceuticals as well as an increasing variety of therapy types and substance classes coupled with growing demand for medications are the main drivers for the worldwide increase in production capacities for biopharmaceuticals.

Biosimilars, which are generic versions of biologics that have lost their patent protection, are also playing an increasingly important role in the biotechnology market. At an estimated sales volume of €14.5 billion, the biosimilars market was still quite moderate in 2020, but it is expected to grow strongly during the years to come owing to the expiration of several patents for high-selling biopharmaceuticals and an increasing number of new approvals and new launches of biosimilars. In particular in the USA, where regulatory, patent law-related and marketing hurdles have traditionally resulted in comparatively slow market penetration of biosimilars, development is forecasted to accelerate significantly in the coming years. According to data provided by the IQVIA research institute, the market volume for biosimilars could quintuple. Globally, a compound annual growth rate of around 30% is projected for this segment for the period up to 2025.



## Lab Market Negatively Impacted in the First Half by the Pandemic

The global laboratory market reached a volume of around €56 billion in the reporting year 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.

Labs in the pharmaceutical and biopharma industry are the leading customers for laboratory instruments and consumables. Against the backdrop of globally rising demand for medications, the industry is continuously investing in research to find new active pharmaceutical ingredients, as well as in the laboratory equipment needed to perform this drug discovery. The focus is being placed on technologies related to process automation and innovative analytical instruments that are equipped with enhanced or novel functionalities. Over the past years, the sector's demand for lab products has developed overproportionately compared to that of other industries. The pharmaceutical and biotech industries were confronted in the reporting year with opposite effects related to the pandemic. For example, demand for laboratory products increased in connection with the buildup of COVID-19 testing capacities as well as with the development of vaccines and therapeutics. On the other hand, demand from many contract research organizations was severely impacted due to the interruption of non-coronavirus-related clinical trials.

Research and quality control labs in the chemical and food industry are another important customer group. This segment's demand for laboratory products depends in part on economic trends. Additional momentum can also be generated in this sector by regulatory changes, such as stricter requirements for quality control tests in the food industry. Demand from industrial end markets was overall weaker year over year due to the global recession triggered by the pandemic.

Academic and public-sector research institutions also use laboratory instruments and consumables manufactured by Sartorius. Growth in demand is related to such factors as government budgets and funding programs, all of which can vary from one country to another. In the United States, the National Institute of Health (NIH) is the leading government agency for biomedical research and the largest agency that provides research funding around the world. The NIH's budget has constantly grown over the last seven years. During the reporting year, it climbed again by about 4.1% to €36 billion. The European Union also continuously scaled up its funding programs for research and innovation in the past budget cycles, but decided in the reporting year to keep the volume of its funding program at the previous level. In recent years, China has sharply increased government R&D funding, a trend that has fueled dynamic growth in the laboratory market there. Many manufacturers of laboratory products experienced weaker year-over-year demand from academic and public research institutions, a significant proportion of which were completely closed for extended periods or could only operate at limited capacity in 2020.

## Competitive environment

The addressable market is characterized by relatively high entry barriers arising in part from the biopharmaceutical industry's strong degree of regulation and its technological complexity. In addition, the supply industry has consolidated strongly in recent years owing to numerous takeovers, so that the majority of the market is served by just a few suppliers. New players, in particular, seek to capitalize on the opportunities inherent in this environment to gain a foothold in the market with carefully targeted niche products. The more established companies, meanwhile, are expanding their product range continuously. In this competitive landscape, Sartorius Stedim Biotech operates as a total solutions provider, covering the core process steps in biopharmaceutical production and preceding process development. It has leading market positions in key technologies, especially in the areas of bioreactors, filtration and the transport and storage of liquids.

Most of our competitors are multinationals based in the USA. Certain business units of Merck KGaA, Danaher Corp., and Thermo Fisher Scientific Inc. are among our main rivals in the bioprocess area; Thermo Fisher and Merck are key players in the laboratory field. We also face competition from smaller companies in individual segments. In the reporting year, Danaher took over the biopharmaceutical businesses of General Electric Co.

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; IQVIA Institute: Fokus Biosimilars, May 2020; Evaluate Pharma: World Preview 2020, Outlook to 2026, July 2020; SDi: Global Assessment Report 2018, February 2018; [www.fda.gov](http://www.fda.gov)

# Group Business Development

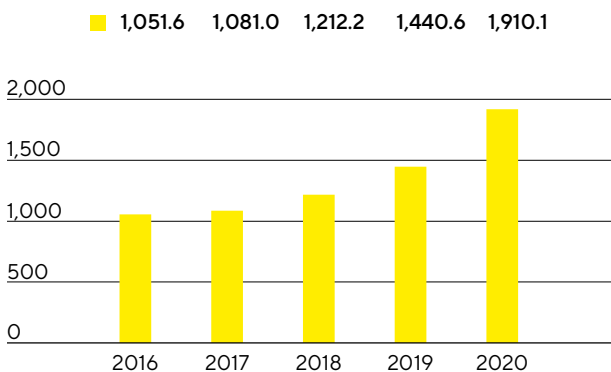
## Sales Revenue and Order Intake

In the reporting year, Sartorius Stedim Biotech grew at an exceptionally dynamic rate of 34.6% to €1,910.1million in constant currencies (reported: +32.6%). As a result, the Group exceeded the forecast given at the beginning of the year, which had projected an increase in consolidated sales revenue by 11% to 14% and had last been raised upon release of its nine-month figures, with this latter forecast projecting consolidated sales revenue to increase at the upper end of, or slightly above, the range of 26% to 30%. In addition to vigorous development of its core business, the Group’s strong organic growth was fueled by pandemic-related effects of a good 12 percentage points of which the majority was attributable to additional sales in connection with the increase in production capacities for coronavirus vaccines and Covid-19 therapeutics and the remaining part to inventory buildup on the side of some customers. Initial consolidation of the most recent acquisitions contributed close to 6 percentage points.

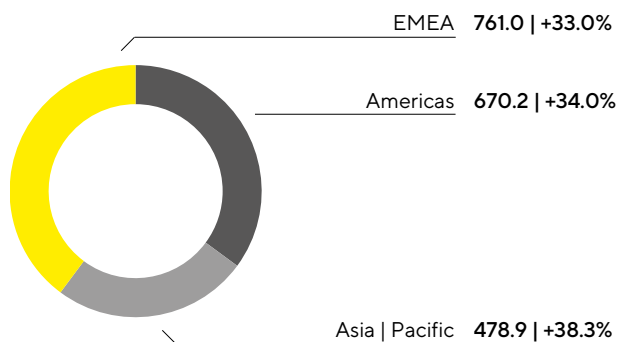
Order intake was influenced more strongly by the pandemic than consolidated sales revenue and rose significantly by 56.7% to €2,381.0million in constant currencies (reported: +54.3%), with pandemic effects accounting for close to 19 percentage points.

In 2020, Sartorius Stedim Biotech increased its sales revenue by double digits yet again in all business geographies. EMEA, the region generating the highest revenue for the Group, recorded a sharp increase of 33.0% to €761.0million. As this gain was especially strong in comparison to the very solid prior-year development, the region’s share of revenue slightly rose to 40% of total sales. Organic growth in this region benefited from additional demand in connection with the development and production of coronavirus vaccines and Covid-19 therapeutics. This also applied to the Americas region, which represented around 35% of Group’s revenue. Following a strong-prior year, sales in this region surged by 34.0% to €670.2million, partially driven by the latest acquisitions. Business in the Asia | Pacific region, which accounted for around 25% of the company’s total sales, also saw exceptionally strong growth with revenue up by 38.3% to €478.9million. This rise was fueled in part by dynamic project business, particularly in the first half. All growth rates are in constant currencies, unless otherwise stated.

**Sales Revenue 2016 to 2020**  
€ in millions



**Sales Revenue and Growth<sup>1</sup> by Region<sup>2</sup>**  
€ in millions unless otherwise specified



1 In constant currencies  
2 Acc. to customers' location

**Sales Revenue and Order Intake**

€ in millions	2020	2019	Δ in % reported	Δ in % const. fx
Sales Revenue	1,910.1	1,440.6	32.6	34.6
Order Intake	2,381.0	1,543.5	54.3	56.7

## Development of Costs and Earnings

In the reporting year, the cost of sales increased by 31.1% to €907.4 million. At 47.5%, the cost of sales ratio was slightly below the previous year's level of 48.1%.

The further cost items developed underproportionately with respect to sales revenue due to economies of scale and partly to the pandemic. Selling and distribution costs rose by 23.0% to €296.0 million so the ratio of these costs to sales revenue decreased by more than 1 percentage point to 15.5% in 2020 (previous year: 16.7%). Expenses for research and development increased year over year by 6.6% to €84.5 million. The ratio of R&D expenses to sales revenue was 4.4%, below the prior-year level of 5.5%. Concerning general administrative expenses, Sartorius Stedim Biotech reported an increase of 25.3% to €95.5 million. In relation to sales revenue, general administrative expenses decreased slightly from 5.3% in the previous year to 5.0% in 2020.

The balance of other operating income and expenses was -€54.9 million compared to the prior-year figure of -€20.3 million and essentially covered extraordinary items of -€32.0 million relative to €16.8 million in the year before. These extraordinary items consisted primarily of expenses in connection with the most recent acquisitions as well as of expenses incurred for various corporate projects and the rebranding.

EBIT rose clearly overproportionately in relation to sales by 42.2% to €471.8 million. The respective margin increased to 24.7% (previous year: 23.0%).

The financial result was €10.8 million in 2020 relative to -€14.4 million in 2019. This figure includes income of €31.6 million from the reporting date valuation of the share-based earn-out payments in connection with the acquisition of BIA Separations.

In the reporting year, tax expenses of €122.1 million were higher than the prior-year total of €81.4 million. The company's tax rate was 25.3% compared with 25.6% in the year before. It should be noted that the valuation effect mentioned above will not result in any subsequent tax impact for the reporting year. Adjustment would yield a tax rate of 27.1%.

Net profit attributable to shareholders of Sartorius Stedim Biotech S.A. increased at a significantly overproportionate rate in relation to sales revenue, by 52.6% to €357.8 million (previous year: €234.5 million).

**Statement of Profit or Loss**

€ in millions	2020	2019	Δ in %
Sales revenue	1,910.1	1,440.6	32.6
Cost of sales	-907.4	-692.3	-31.1
Gross profit on sales	1,002.7	748.3	34.0
Selling and distribution costs	-296.0	-240.7	-23.0
Research and development costs	-84.5	-79.2	-6.6
General administrative expenses	-95.5	-76.2	-25.3
Other operating income and expenses	-54.9	-20.3	-170.0
Earnings before interest and taxes (EBIT)	471.8	331.8	42.2
Financial income	48.9	6.9	611.5
Financial expenses	-38.0	-21.3	-78.6
Financial result	10.8	-14.4	175.0
Profit before tax	482.6	317.4	52.0
Income taxes	-122.1	-81.4	-50.0
Net result	360.5	236.0	52.7
Attributable to:			
Equity holders of SSB S.A.	357.8	234.5	52.6
Non-controlling interest	2.7	1.5	73.7

## Earnings

At the Sartorius Stedim Biotech Group, earnings before interest, taxes, depreciation and amortization (EBITDA) are used as the key profitability measure. To provide a complete and transparent picture of the Group's profitability, also in an international comparison, we report earnings adjusted for extraordinary items (underlying EBITDA). For more information about definitions, please refer to the Glossary on page 246. The underlying presentation is reconciled with the EBITDA key indicator (see Glossary) as follows:

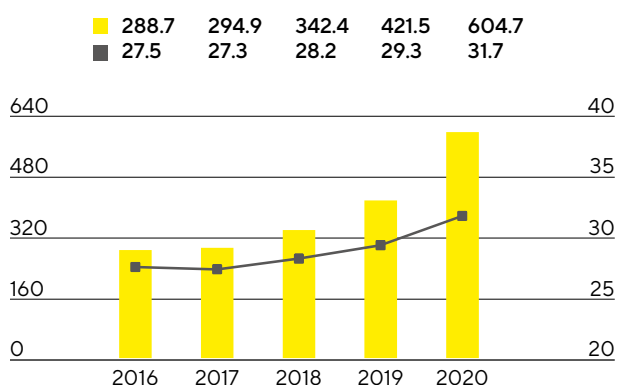
**Reconciliation between EBIT and Underlying EBITDA**

€ in millions	2020	2019
EBIT	471.8	331.8
Extraordinary items	32.0	16.8
Depreciation and amortization	100.9	72.8
Underlying EBITDA	604.7	421.5

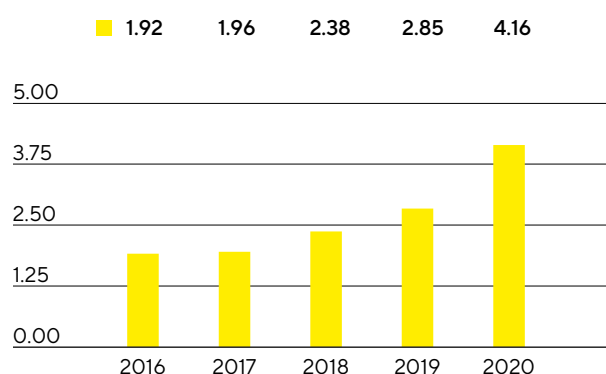
In fiscal 2020, Sartorius Stedim Biotech strongly increased its earnings. Underlying EBITDA thus showed a significantly overproportionate increase in relation to sales revenue, by 43.5% to €604.7 million. The respective underlying EBITDA margin climbed to 31.7% (2019: 29.3%) and was therefore in line the Group's forecast, which had been specified at 29.5% at the beginning of the reporting year and had been raised upon release of the nine month figures in the same year to around 32.0%. Considerable economies of scale played a primary role in this substantial increase in profitability, yet the underproportionate development of costs in some areas also added to this effect. The most recent acquisitions had a neutral effect on the earnings margin, while currency headwinds had a somewhat dilutive impact.

The underlying net result after non-controlling interest for the Group rose significantly from €263.0 million a year ago to €383.8 million in fiscal 2020. This figure is the basis for calculating the profit to be appropriated and is computed by adjusting for extraordinary items, eliminating non-cash amortization of €26.3 million (previous year: €13.9 million), and is based on the normalized financial result and a normalized tax rate (see Glossary). Underlying earnings per share surged by 45.9% from €2.85 a year earlier to €4.16.



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

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

Underlying Earnings per Share<sup>1</sup>  
in €

<sup>1</sup> Adjusted for extraordinary items

€ in millions	2020	2019
<b>EBIT (operating result)</b>	<b>471.8</b>	<b>331.8</b>
Extraordinary items	32.0	16.8
Amortization   IFRS 3	26.3	13.9
<b>Normalized financial result<sup>1</sup></b>	<b>-7.8</b>	<b>-5.1</b>
Normalized income tax (26%) <sup>2</sup>	-135.8	-92.9
<b>Underlying net result</b>	<b>386.4</b>	<b>264.5</b>
Non-controlling interest	-2.7	-1.5
<b>Underlying net result after non-controlling interest</b>	<b>383.8</b>	<b>263.0</b>
Underlying earnings per share (in €)	4.16	2.85

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

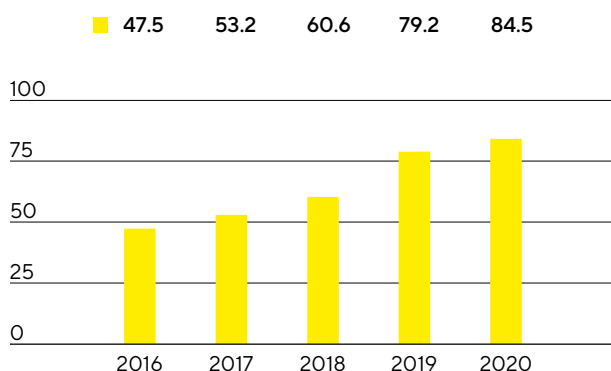
<sup>2</sup> Normalized income tax based on the underlying profit before taxes and non-cash amortization

See Glossary for the definitions of the totals listed above.

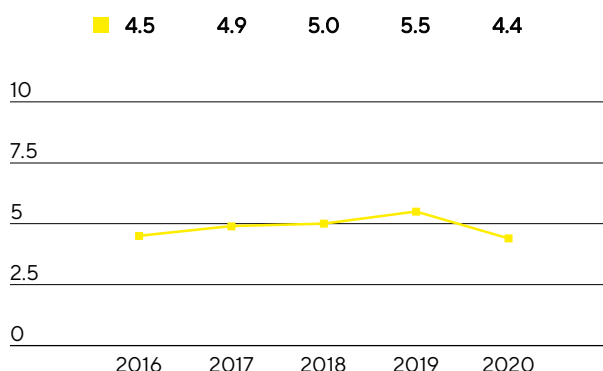
## Research and Development

Sartorius Stedim Biotech continuously expands its product portfolio by investing in both the new and further development of its products, as well as in the integration of new technologies through alliances. In 2020, the Group spent €84.5 million on R&D, corresponding to an increase of 6.6% over the previous year's investment of €79.2 million. The ratio of R&D costs to sales revenue decreased by almost one percentage point to 4.4% compared to 5.5% a year earlier. The gross capital expenditure ratio at 6.0% was also below the prior-year ratio of 7.3%; this ratio is even more meaningful for assessment of innovation-related expenses and includes capitalized development costs of €29.7 million (previous year: €25.9 million) that were disclosed in the statement of financial position.

**Research & Development Costs**  
€ in millions



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



To protect our know-how, we pursue a targeted intellectual and industrial property rights policy. We systematically monitor compliance with these rights and review from a cost|benefit viewpoint whether it is necessary to continue to maintain individual rights.

The number of applications for intellectual property rights filed in 2020 totaled 127 compared with 108 in the previous year. As a result of the applications submitted in the past years, we were issued 339 patents and trademarks (previous year: 222). As of the balance sheet date, we had a total of 3,044 patents and trademarks in our portfolio (previous year: 2,453).

	2020	2019
Number of patent and trademark applications	127	108
Registered patents and trademarks	339	222

## Capital Expenditures

Against the backdrop of strong organic growth, Sartorius Stedim Biotech made above-average investments in new capacity over the past years. Several large expansion projects were completed in 2019. In the reporting year, the company further ramped up its production capacities at many sites due to exceptionally high demand. For this reason, capital expenditures of €159.2 million in 2020 were higher than originally planned (2019: €136.0 million). However, due to strong sales revenue growth the ratio of capital expenditures to sales revenue was 8.3% and therefore within the range of our guidance (previous year: 9.4%).

In Göttingen, Germany, laboratory areas for product development are currently being extended following large-scale expansion of production capacity at this location in previous years. At the site in Yauco, Puerto Rico, Sartorius Stedim Biotech invested in production capacities for membranes. In 2019, manufacturing capacity for filters and aseptic bags had already been doubled when operations were started up at the expanded production facilities. Due to strong growth in demand and order intake, bioprocessing capacities were also expanded in the reporting year at some additional sites. For instance, expansion projects were conducted in France, Germany, Israel, the U.K. and Tunisia.

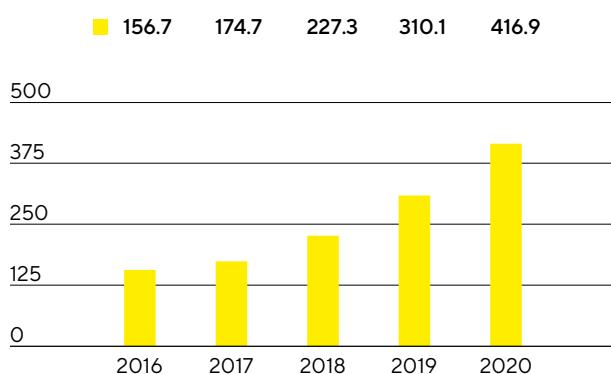
Beyond these expansion projects, investments were made in the digital infrastructure of the Group. Among other things, Sartorius Stedim Biotech invested in computerized systems used in manufacturing to optimize processes and improve production output.

# Net Worth and Financial Position

## Cash Flow

In the reporting year, Sartorius Stedim Biotech significantly increased its cash flow from operating activities again. This figure was €416.9 million relative to €310.1 million a year ago, which equates to a rise of 34.4%. The development is essentially due to growth in earnings; in addition, the sale of about €76.2 million in trade receivables within the scope of a factoring program (previous year: €27.5 million) had a positive effect. By contrast, growth-driven buildup of working capital had a dampening impact.

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



Cash outflows from investing activities increased by 10.7% to -€150.5 million. These investments were for expansion of production capacities at numerous locations, including Yauco and Göttingen.

Due to expenditures of -€470.6 million in connection with the most recent acquisitions, cash flow from investing activities and acquisitions|divestitures stood at -€621.1 million relative to -€184.4 million in the previous year.

Cash flow from financing activities of €234.1 million (previous year: -€122.2 million) was mostly attributed to financing of the acquisitions.

### Cash Flow Statement

#### Summary

€ in millions	2020	2019 <sup>1</sup>
Cash flow from operating activities	416.9	310.1
Cash flow from investing activities and acquisitions	-621.1	-184.4
Cash flow from financing activities	234.1	-122.2
Cash and cash equivalents	59.8	28.2
Gross debt	586.8	138.6
Net debt	527.0	110.4

<sup>1</sup> The figures for the reporting period 2019 were restated due to the finalization of the purchase price allocation for the acquisition of Biological Industries.

## Consolidated Statement of Financial Position

The balance sheet total of the Sartorius Stedim Biotech Group increased by €1,224.0million to €3,069.3million between year-end 2019 and the reporting date on December 31, 2020. This increase is predominantly attributable to the acquisitions. In addition to the extensive investment program continued in the reporting year, these acquisitions essentially had an impact on the increase in non-current assets as well, which grew by €985.0 million to €2,194.1million.

Current assets rose by €239.0million to €875.2million, mainly because of the growth-driven buildup in working capital and the higher cash and cash equivalents increased in light of the pandemic to allow for risk aspects.

### Key Working Capital Figures

in days		2020	2019
<b>Days inventories outstanding</b>			
Inventories   sales revenue <sup>1</sup>	x 360	87	81
<b>Days sales outstanding</b>			
Trade receivables   sales revenue <sup>1</sup>	x 360	47	55
<b>Days payables outstanding</b>			
Trade payables   sales revenue <sup>1</sup>	x 360	56	49
<b>Net working capital days</b>			
Net working capital <sup>2</sup>   sales revenue <sup>1</sup>	x 360	78	87

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

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

Equity of the Sartorius Stedim Biotech Group grew by €294.0 million to €1,482.9million as of the reporting date. At 48.3%, the equity ratio remained at a comfortable level, even after closing of the acquisitions (previous year: 64.4%).

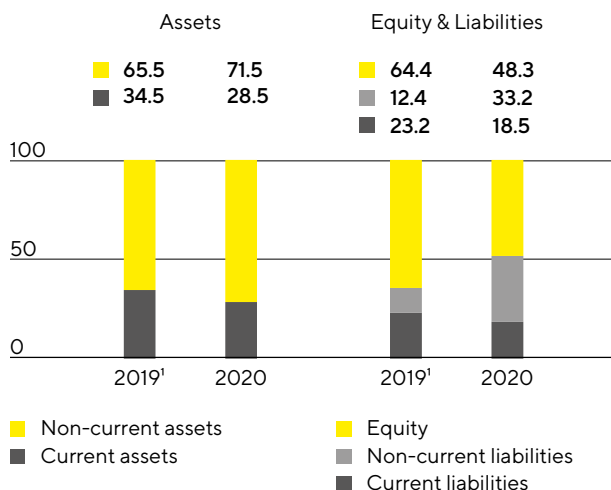
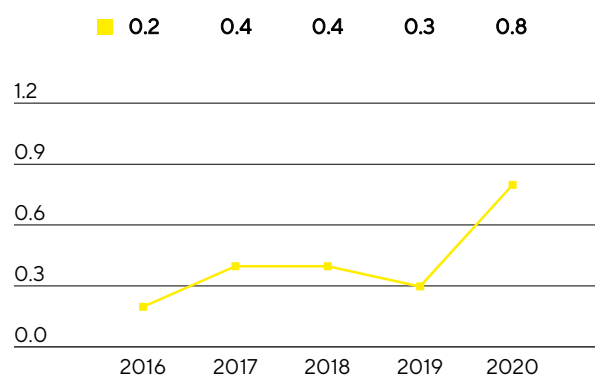
Current and non-current liabilities rose to €1,586.4million, up from €656.5million in the previous year, predominantly driven by the acquisitions previously mentioned as well as additionally to the buildup in working capital.

Overall, gross debt, which is comprised of liabilities to banks and loans from Sartorius AG as well as of lease liabilities, increased to €586.8million as of December 31, 2020, compared with €138.6million for the year ended December 31, 2019. The year-over-year increase is essentially attributable to the financing of the most recent acquisitions. Net debt, defined as gross debt less cash and cash equivalents, was €527.0million relative to €110.4million a year ago.

**Calculation of Net Debt**

€ in millions	2020	2019 <sup>1</sup>
Non-current		
Loans and borrowings	515.7	40.0
Lease liabilities	47.3	44.1
Current		
Loans and borrowings	13.1	43.5
Lease liabilities	10.7	11.0
Gross debt	586.8	138.6
Cash and cash equivalents	59.8	28.2
Net debt	527.0	110.4

<sup>1</sup> The figures for the reporting period 2019 were restated due to the finalization of the purchase price allocation for the acquisition of Biological Industries.

**Balance Sheet Structure**  
in %**Ratio of Net Debt<sup>2</sup> to Underlying EBITDA<sup>3</sup>**

<sup>1</sup> The figures for the reporting period 2019 were restated due to the finalization of the purchase price allocation for the acquisition of Biological Industries.

<sup>2</sup> The net debt excludes the liability for the remaining purchase price for acquisitions; 2020: €305.3 million, 2019: €72.5 million, 2018: €8.7 million, 2017: €46.5 million, 2016: €49.6 million.

<sup>3</sup> EBITDA includes underlying pro forma EBITDA of acquisitions completed in 2020.

Regarding the debt financing potential of the Sartorius Stedim Biotech Group, the ratio of net debt to underlying EBITDA represents a key management indicator. As of December 31, 2020, this ratio stood at 0.8, as expected, and was thus due to the financing of the recent acquisitions above previous year's level of 0.3.

## Financing | Treasury

Sartorius Stedim Biotech covers its operational and strategic financing needs through a combination of operating cash flows and the assumption of short-, medium- and long-term financial liabilities.

The major pillar of the financing mix is a credit line with a volume of up to €260 million and long-term loan agreements of €515 million provided by the parent company Sartorius AG. Furthermore, the Group has diverse bilateral credit lines of approximately €41 million in total.

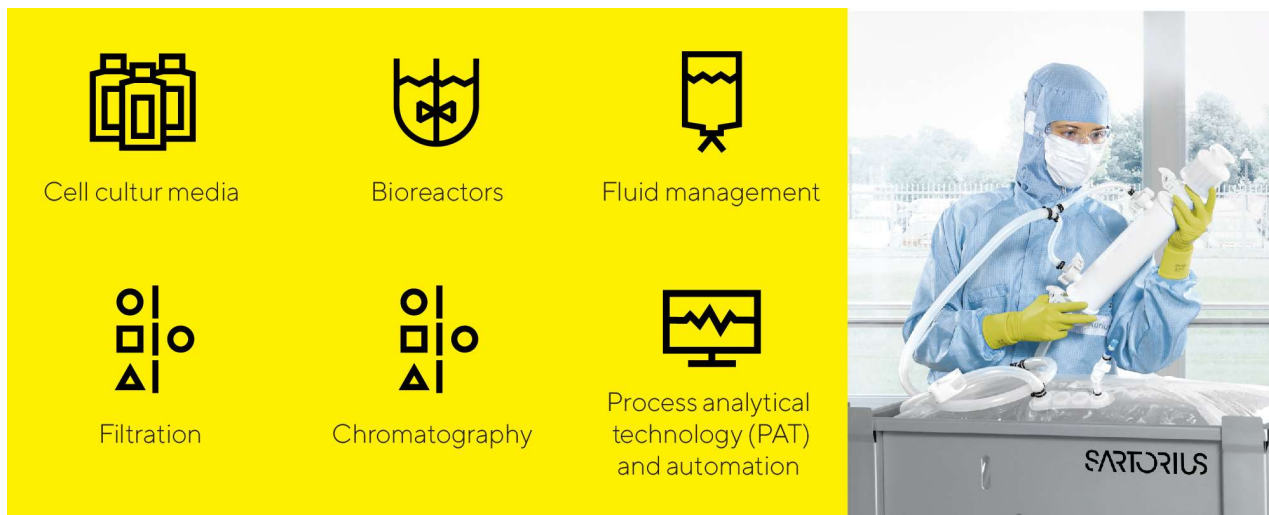
The above-mentioned financing comprises instruments with both fixed and variable interest.

As of December 31, 2020, the total volume of all available credit lines was €301million. Of this amount, Sartorius Stedim Biotech had utilized on €7million, leaving available credit of €294million at the end of 2020. This ensures that all Group entities have sufficient funds to successfully finance their business operations and new capital expenditures.

We use hedging transactions to counteract the fluctuations in foreign-exchange rates to which the Group is exposed on account of its worldwide business operations. At the end of 2020, foreign-exchange contracts amounted to €182million on a reported basis, with a market value of €10.1million.

# Products and Sales

Sartorius Stedim Biotech markets products and services for the entire added-value chain in biopharmaceutical production and preceding process development. The portfolio includes cell lines, cell culture media, bioreactors, a wide range of products for separation, purification and concentration, and products and systems for storage and transportation of intermediate and finished biological products.



The product portfolio of Sartorius Stedim Biotech was significantly broadened by the acquisition of selected life science businesses from Danaher Corporation. Among the new technologies and products added are chromatography systems and resins that are used in essential steps for the purification of biopharmaceuticals. Sartorius Stedim Biotech's offering for these process steps formerly centered on innovative membrane-based solutions until this acquisition and now has been expanded by complementary reusable and single-use technologies for the field of established column chromatography. Beyond this, the portfolio lineup in downstream processing has been strengthened by further acquired product groups in the areas of tangential flow filtration systems and flow kits. Overall, the expanded portfolio covers all purification strategies from small-volume lab-scale to commercial-scale production, which makes the offering more relevant from the customer's point of view and significantly strengthens the positioning of Sartorius Stedim Biotech.

Also resulting from the acquisition of selected Danaher life science businesses was the integration of the SoloHill business covering microcarrier technology and particle validation standards used in cell cultures and other bioprocesses.

The Sartorius Stedim Biotech portfolio for customers in the fast-growing field of advanced cell and gene therapies was expanded by the acquisition of BIA Separations in November 2020. The company develops and manufactures products for purification and analysis of large biomolecules, such as viruses, plasmids and mRNA, which are already used in production of the first commercialized advanced gene therapeutics. BIA Separations' innovative technology has been specially optimized for purification of advanced therapeutics, providing higher product yields and quality compared to alternative solutions and reduces the time customers need for installation and use.

Through the acquisition of the U.S.-based purification expert WaterSep in December 2020, Sartorius Stedim Biotech added single-use and reusable hollow-fiber membrane devices as well as presterilized assemblies for upstream and downstream applications to its current offering for cell and gene therapy applications, cell harvesting and various solutions for intensified bioprocessing.

During the reporting year, the portfolio was also strengthened by the further development of established product lines. For instance, our third-generation bioreactor system enables fast product development and seamless scale-up to commercial production, significantly accelerating timelines up to the clinical phase. The bioreactor, along with its data-controlled software and comprehensive array of analytical tools, is operated by a new automation platform offering higher productivity, enhanced usability, more flexibility and lower costs.

Sartorius Stedim Biotech also updated its software for multivariate data analysis of biopharmaceutical production processes. This software collects, evaluates and controls quality-critical parameters, enabling customers to optimize, stabilize and lower costs while increasing productivity and product quality.

Likewise in the area of process analytics, Sartorius Stedim Biotech introduced a sensor that can be used in automated micro- and mini-bioreactor systems as well as in scalable bioreactors. In combination with an analytical instrument, the sensor simultaneously monitors a number of parameters that can be used for computer modeling to simulate production processes. The knowledge gained by these simulated production runs help the customer to scale up processes faster and more efficiently all the way to commercial-scale manufacturing.

## Sales Activities

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

The way the company interacts with customers changed significantly during the reporting year due to the pandemic-related travel and contact restrictions. In addition, Sartorius Stedim Biotech had to meet substantially higher demand and short timelines in development projects in connection with coronavirus vaccines and Covid-19 therapeutics. The company overcame these challenges by increased usage of videoconferencing and other digital communication tools, among other measures. For instance, Sartorius Stedim Biotech uses a special augmented reality device, a headset equipped with cameras and a microphone, which enables customers to view objects through “the eyes of the wearer” and to project holograms into the environment as needed. This permits real-time interaction over long distances and can be employed for giving product demonstrations, advising customers and providing repair instructions to name a few examples.

In the reporting year, Sartorius Stedim Biotech additionally entered into a partnership with a leading provider of consulting services in life science manufacturing. As a certified service and training partner, this company performs installation services, configures data connectors, develops multivariate models, provides customer-specific training courses and delivers online configurations, among other services. Through this alliance, Sartorius Stedim Biotech can keep pace with growing demand for software solutions and extend its reach.

## Product Development

Development activities at Sartorius Stedim Biotech essentially focus on technology areas such as membranes, which are the core component of our filter products; various technology platforms such as single-use containers for fluid management in biopharmaceutical processes and sensors; and control technologies for processes such as fermentation and cell cultivation. Additional focal areas entail developments in materials and components that include plastics, elastomers and intelligent polymers; expanded data analysis; and cell line development.

Our largest site for product development is Göttingen, Germany. Further key sites are in France, Germany, India, the USA, U.K., and Sweden. Through acquisitions, sites in Israel and Slovenia have been added since 2019.



## Production and Supply Chain Management

Sartorius Stedim Biotech has a very well developed global production network that was expanded at many sites in the reporting year. The largest production facilities are located in France, Germany and Puerto Rico. Beyond these locations, the company also manufactures in the United Kingdom, Switzerland, Tunisia, India, the United States, China, and, since the acquisition of BIA Separations at the end of 2020, in Slovenia as well. The latter site in Ajdovščina will serve as Sartorius Stedim Biotech's center of competence for purification of cell and gene therapeutics in the future.

Moreover, by acquiring selected life science businesses from Danaher, Sartorius Stedim Biotech gained new sites in the U.K., France and the USA.

During the lockdown due to the coronavirus pandemic in the spring and fall, Sartorius Stedim Biotech was able to keep its production operations up and running. Despite the restrictions in worldwide logistics, the company's supply chains proved to be mostly stable.

Sartorius Stedim Biotech expanded its production due to additional demand related to coronavirus vaccines and Covid-19 therapeutics as well as the buildup in inventories by some customers. On top of this, the company hired additional production staff since the beginning of the pandemic and introduced an expanded shift system at a few sites to manufacture around the clock seven days a week.

At the end of 2020, Sartorius Stedim Biotech started up operations at a new Customer Interaction Center (CIC) in Marlborough, Massachusetts, USA, for biopharmaceutical customers. The CIC enables customers to test complex systems at our site first before these are delivered to and set up at their plant facilities.

# Sustainability

Sustainability information for the Sartorius Stedim Biotech Group is not reported. In accordance with the provisions of Article L.225-102-1 IV of the French commercial code, Sartorius Stedim Biotech is exempted from presenting this information, because it is included in the non-financial statement established and published by the controlling company, Sartorius AG, as per applicable German regulations.

# Opportunity and Risk Report

## Principles

Every business activity entails opportunities and risks, which have to be managed. The skill with which this is done goes a long way in determining the future development of a company's shareholder value.

It is not the task of risk management to eliminate all risks: rather, our approach is to intentionally take a certain measure of risk in our business activities in order to be successful in unlocking opportunities. However, in this endeavor, it is important to keep risks contained within acceptable limits and to control them carefully. Through appropriate guidelines, we ensure that risk assessments are taken into account in the decision-making processes from the very beginning.

Sartorius Stedim Biotech has decided to make the identification and the management of risks and opportunities a cross-functional component of Group management. In this context, Sartorius Stedim Biotech's risk management is integrated into the Sartorius Group organization. Our risk management organization reflects a global functional matrix organization in which individuals heading a functional area are each responsible for their own management of opportunities and risks. The Finance & Controlling department is responsible for the organization of the respective reporting process, including the further development of the Group's risk management system.

## Managing Opportunities

Our opportunity management centers on the analysis of target markets and sector environments, as well as the assessment of trends, both of which give strong indications as to future business opportunities. The identification of the potential for development in this context is one of the key roles of the relevant managers and initially takes place at the local rather than the central level. The market-facing functions, such as marketing and product management in the individual divisions, play a leading role in this respect. The central Business Development unit supports these areas with market monitoring, data analysis and the implementation of strategic projects.

As part of strategy reviews, the members of the Board of Directors regularly meet with the managers that have operational responsibility to discuss short-, medium- and long-term opportunity potential for the various business areas. If the opportunities are short-term in nature, they are considered in annual budget planning. Medium- and longer-term opportunities are tracked systematically as part of strategic planning.

As a supplier for the pharmaceutical industry, Sartorius Stedim Biotech operates in a future-oriented and high-growth sector. The significant opportunities generated by the various market and technology trends are described in detail in the sections entitled "Sector Conditions" and "Outlook for the Sector" on pages 26 et seq. and pages 59 et seq., respectively.

Our assessments rank the company as one of the global market leaders in many subsegments and product areas. We believe the high quality of our products, our strong brand recognition and our established customer relationships give Sartorius Stedim Biotech strong opportunities to continue extending our market leadership. The corresponding strategies and the growth opportunities and initiatives based on them are discussed in the section on the strategy of the Group, which begins on page 22.

# Risk Management

## Organization

The overall responsibility for the maintenance of an effective risk management system ensuring comprehensive and consistent management of all material risks rests with the Audit Committee. The Finance & Controlling Department is responsible for coordinating and developing this system and for consolidated risk reporting, while the particular functional areas are responsible for identifying, analyzing and reporting individual risks. This includes the assessment of their potential impact and the decision-making on taking the appropriate countermeasures.

The Audit Committee monitors the effectiveness of the risk management system. Furthermore, while carrying out their statutory audit mandate for the annual financial statements and consolidated financial statements, the independent auditors examine whether the early warning system in place is capable of prompt identification of risks that could jeopardize the future of the company. Finally, the Internal Audit Department regularly reviews the risk management process and system.

## Insurance

We have taken out insurance policies to cover a wide range of risks where possible and economically advisable. These insurance policies include coverage against product liability, property damage, business interruption, transport, material and pecuniary damages and other risks, and provide comprehensive coverage for legal costs. An independent department working in conjunction with an external insurance broker regularly reviews the nature and extent of our insurance protection and makes any adjustments as necessary.

When choosing our insurers, we particularly consider the credit rating of these entities as potential contractual partners, as well as aim to achieve a high degree of diversity in order to mitigate the related risks.

## Risk Management System and Risk Reporting

Sartorius has implemented a global guideline (Risk Management Handbook), which includes definitions of the framework, structural organization, processes, risk reporting, and monitoring and controls of the effectiveness of the risk management system. The handbook is based on ISO 31000 "Risk Management - Guidelines" and the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard. There are also a number of other sources that contain stipulations for handling risks, including the articles of association and rules of procedure of the Group companies, and other internal guidelines.

The prescribed reporting process in the risk categories subsequently described establishes the rules for the ongoing review of and information on risk situations. If any specific risks are discernible, these are documented within a specific risk management software with respect to their assessment, probability of occurrence and measures to be taken to eliminate such risks or to mitigate their impact.

We have an urgent reporting procedure in place to ensure that when a new or emerging significant risk to our net worth, financial position and profitability is identified, the audit committee receives all of the necessary details without undue delay.

To classify risks appropriately, we have defined four main categories: external risks, operating risks, financial risks and compliance risks. Each main category is divided into several subcategories that are described in the following sections.

Furthermore we have defined a so-called risk matrix, that allocates the probability of occurrence and the potential impact to certain classes as follows:

#### Probability of Occurrence

Remote	< 10%
Possible	10% - 50%
Probable	50% - 75%
Very likely	> 75%

#### Significance

in millions of €	Impact on Earnings
Insignificant	< 10
Moderate	10 - 50
Significant	50 - 100
Critical	> 100

The combination of both elements leads to the following matrix that describes the overall significance of the respective risks for the Group:

> 75%	low	medium	high	high
50 - 75%	low	medium	medium	high
10 - 50%	low	medium	medium	medium
< 10%	low	low	medium	medium
Probability   Impact	< €10 million	€10 - 50 million	€50 - 100 million	> €100 million

# External Risks

## General Risks

The main risks in this area are those arising from natural catastrophes, especially the hurricane risk in Puerto Rico, pandemic crises like the coronavirus and political developments in the United Kingdom or in the USA. In principle, our ability to foresee and mitigate the direct and indirect effects of risks entailed by life in general is limited, but we proactively take measures, whenever feasible, to ensure that we can respond appropriately and at short notice or are insured against any damage entailed by such risks that include, for instance, natural catastrophes and their associated damage to commercially significant and critical infrastructure.

Many countries reacted to the pandemic with extensive lockdowns and, accordingly, severe restrictions to economic activity. The result was a global recession that is still ongoing, albeit with very different characteristics in the various industries. For Sartorius Stedim Biotech there was in some cases significant increases in demand in connection with the development of coronavirus vaccines, therapeutics and test procedures as well as an increase in inventories on the part of some customers. The corresponding production capacities were expanded at numerous SSB locations. The changed requirements for interaction with customers were met, among other things, through the increased use of video conferences and other digital communication tools, e.g. in the area of augmented reality. Various task forces in the different functional areas and regions also ensured that the constantly changing framework conditions could be responded to immediately and appropriately. In particular, the supply chains have proven to be largely stable despite the restrictions in global logistics.

In all measures taken, the health of the employees was and still is in the foreground; in addition, maintaining the ability to deliver is of essential importance, as our products are used in the development and manufacture of vaccines and drugs to combat the pandemic. Since the coronavirus pandemic is ongoing, negative consequences for the future cannot be ruled out. Since many of the vaccine and therapeutic producers are among our customers, we are currently not assuming any negative effects for the year 2021 as a whole. However, it should be noted that these developments are at the expense of other customer projects and that the pandemic-related postponement of studies for other indications also entails risks for our business development.

On the basis of our best knowledge our largest sites in Germany and France do not face major risks from natural catastrophes, while e.g. our production plants in Puerto Rico and Fremont are exposed to the risk of severe hurricanes or earthquakes. We control this risk by applying high security standards to the buildings and explicitly consider this risk in our warehousing and production network strategy.

Political developments, such as the referendum on the United Kingdom's leaving the European Union ("Brexit") or changes in foreign policy of certain countries (e.g. China or the United States), can have an impact on the Group's business. Such developments may involve changes to the tax system or customs duties, delays in deliveries caused by trade restrictions, as well as impacts on the exchange rate of the euro to the British pound or the U.S. dollar (for more on the subject of exchange rates, see the section below on Exchange Rate Risks).

In the U.K., we run various manufacturing and sales entities with a significant business volume. Any development that has a negative impact on the trading between the U.K. and other countries could therefore lead to a corresponding decrease in the Group's earnings. Further developments are being closely observed and numerous measures like safety stocks have already been implemented.

Our group companies operate globally and have international ties, which is why punitive tariffs and trade disputes can have negative effects on our business activities. Various measures, such as the extension of our supplier network, are currently being examined to reduce possible effects.

## Business Cycle Risks

The nature of our various business areas means that Sartorius Stedim Biotech as a whole is insulated to a certain extent from the full force of wider cyclical effects. If economic developments prove more positive than expected, this, in turn, can additionally stimulate stronger growth.

## Operational Risks and Opportunities

Our supply chain extends from procurement to production to sales and distribution. Problems within this workflow can have consequential effects, including delays in deliveries. The global supply chain management system we have instituted throughout our process chains largely minimizes the associated risks by analyzing and controlling all of the operations involved. The strongly international alignment of our organization opens up a whole series of opportunities too. The various risks and opportunities encountered within our supply chain are explained in detail below.

## Procurement Risks and Opportunities

We purchase a wide range of raw materials, components, parts and services from suppliers and are consequently exposed to the risks of unexpected delivery bottlenecks and | or price increases.

Over the past years, we have implemented powerful tools and robust processes in our Materials Management and Procurement units to manage risks and critical materials. These means enable us to meet the needs of our customers with respect to delivery reliability and transparency. Important measures to reduce potential supply bottlenecks are to maintain security stock and to define alternative suppliers when feasible. We moreover conduct regular supplier reviews and carefully monitor the delivery status and inventory range of critical raw materials.

Risks from raw material prices play a rather subordinate role in our business. On the one hand, the proportion of raw materials in our production costs is comparatively low. On the other hand, we purchase a wide range of materials from a large network with alternative sources of supply.

Opportunities can arise in the area of procurement when our growth enables us to increase order quantities and thereby strengthen our position with our suppliers, such as by receiving price discounts or preferential treatment as a "preferred customer." In addition, we maintain a list of preferred suppliers in order to enter into long-term business relationships with key suppliers to our mutual benefit.

## Production Risks and Opportunities

Manufacturing a large proportion of our products ourselves, we bear the associated risks of capacity bottlenecks or overcapacity, production downtimes, excessive reject rates and high levels of tied-up working capital, as well as dependency on individual manufacturing sites.

Based on our core technology expertise, we manufacture products that involve a high level of vertical integration. Other products, such as reusable fermenters and bioreactors, are manufactured in collaboration with suppliers so that some of the production risks are transferred to external third parties.

We contain and reduce the risks relating to capacities by careful production planning, using versatile machines, semi-automated individual workstations and flextime work schedules, and by continuously monitoring production processes. Moreover, our global manufacturing network enables us to partially compensate for any capacity bottlenecks by shifting production to other regional plants and consequently reducing our dependency on individual local production plants. Furthermore, we have taken out policies for business interruption insurance to compensate for any possible losses due to production downtimes.

In certain production areas we are using easily flammable or explosive materials. Improper handling of those materials can lead to significant damage to property and business interruptions. We have implemented all necessary organizational and constructional measures in order to reduce these risks to the extent possible.

We consider it an opportunity that our investments in infrastructure and production resources have given us high flexibility in our manufacturing operations and that we are capable of meeting our customers' requirements and regulatory standards with respect to business continuity concepts. In addition, this approach ensures that our individual production sites can concentrate on specific manufacturing technologies and makes it possible to capitalize on the cost advantages offered by individual sites. Furthermore, continuous improvements in production, such as simplifying processes and increasing levels of automation, help drive manufacturing efficiency even higher.

## Sales and Distribution Risks and Opportunities

The potential risks entailed to the variety of channels to sell and distribute our products around the world are unexpected changes in the demand structure, growing price pressure and non-compliance with supply agreements concluded with customers. We employ targeted market analyses to identify emerging demand trends in individual segments early on so that we have time to respond appropriately. Our technical innovations and the fact that a wide range of our products are used in validated production processes in the biopharmaceutical industry reduce our exposure to the risk of growing price pressure. We have reduced our risk exposure in the area of logistics in recent years by setting up and using central warehouses to optimize distribution logistics.

Opportunities arise in the area of sales and distribution when the increasing breadth of our product range puts us in a position to sell new products to existing customers. Our business relationships, most of which are established for the long term, and our global presence provide further opportunities. After all, we are continuously expanding our product range through acquisitions. After the acquisitions in the year under review, we are offering our customers new technologies in the field of downstream processing.

Sartorius Stedim Biotech sources its key customers from the pharmaceutical and chemical industries. These customers are usually relatively large organizations that have been in existence for some time and have strong credit ratings. Accordingly, the Group has had low to zero credit losses over the past years, and its overall credit risk continues to be at a very low level. Most of our business areas have a highly diversified customer base, so the Group as a whole is not dependent on individual key accounts to any significant degree.

## Competitive Risks and Opportunities

Sartorius Stedim Biotech has a leading competitive position in most of its markets. Some of our competitors are larger than us, and most share our status as a globally operating company. As we serve a large number of



customers from highly regulated sectors like the pharmaceutical and food industries, and, the technology barriers to market entry are substantially high, we regard the probability of new competitors emerging within the short term as low.

The fact that many of our products are used in validated bioprocesses reduces the risk of losing significant market share within a short timeframe. At the same time, it is also more difficult for us to quickly force out the competition that serves customers in this area.

Changes in the competitive environment, for example, a further consolidation in the markets, can pose opportunities. We have been continuously making acquisitions in recent years to reinforce our market position and open up new potential synergies.

## Quality Risks and Opportunities

The main risk encountered in this area is non-compliance with agreed quality criteria, which can lead to losses for our customers, or their customers, for which we may be made liable through compensation claims. Our customers use Sartorius Stedim Biotech products in a wide range of critical production processes, including the manufacture of pharmaceuticals, foods and chemicals, and in research and development laboratories.

We employ rigorous quality checks and advanced production methods and processes, such as classified cleanroom technology, to ensure that our products satisfy the most stringent quality standards and high regulatory requirements. These manufacturing methods and processes are subject to constant review under our continuous improvement processes, moreover, and are optimized as requirements evolve. We have implemented process controls with regard to critical or essential product properties in order to ensure compliance with the relevant specifications. Our successful completion of a host of annual audits by customers and implementation of quality systems compliant with ISO 9001 and, where applicable, with ISO 13485 document the high level of quality achieved in Sartorius products and processes. Irrespective of these measures, we also maintain significant insurance coverage against product liability risks. Sartorius Stedim Biotech has established a traceability system that enables us to locate and – if necessary - recall an entire production batch immediately and minimize any adverse consequences in the event of defects being discovered in a product. Furthermore, we have installed a complaints management system that ensures an efficient analysis of customer reports and the initiation of appropriate measures.

In the sectors we address, quality requirements are growing more and more stringent all the time, not least as a result of increasing requirements on protection of medical patients and on product safety by regulatory authorities. Increasing and changing requirements typically entail the risk that a new requirement might be overlooked or be difficult to achieve, but we regard this first and foremost as an opportunity that opens up new market prospects. The reason is that challenging quality demands represent a considerable barrier to entry for potential new competitors and provide stimulus for further technical innovation to which we actively respond. Moreover, we actively seek to draw up new requirements through our work on professional committees, membership in industry associations and standards committees, and are able to identify emerging requirements at an early stage and prepare ourselves accordingly.

## R&D Risks and Opportunities

Main risks in this area may arise from development results that diverge from market needs and application requirements, and from exceeding planned development deadlines, since we devote a considerable share of our resources to research and development.

Our advanced project management, intensive R&D controlling and early involvement of our customers in the development process substantially limit these R&D risks. We ensure that product developments are always reviewed very promptly with regard to how well they meet the customers' needs so products can be adapted accordingly as needed. Patents and continuous tracking of the technologies and competitors relevant to us secure our technology and marketing position.

On the other hand, the R&D sphere also offers a number of potential opportunities. Our close collaboration with partners that rank among the global market leaders in their own fields opens up the opportunity for us to jointly develop products with an especially high level of innovation. In areas such as membrane technology and plastics technology, as well as sensorics and bioprocess engineering, the expertise of our own specialists puts us at the very forefront of global research and development, presenting us with an opportunity to turn this technical knowledge into potential sales and an even stronger position on the market. The combination of different innovative activities in a separate Corporate Research Department further enables us to identify and benefit from promising developments and emerging trends at universities, startups and at our customers' plants.

## Acquisition Risks and Opportunities

The purchase and sale of companies or parts of companies entail a number of typical risks, such as incorrect valuation assumptions or insufficient usage of anticipated synergy effects. On the other hand, acquisitions also provide many opportunities, such as sales growth, extension of our product portfolio and development of new markets.

To prevent the risks, we take various measures, such as performing a standard due diligence review of important areas and carrying out comprehensive analysis of the market concerned. In addition, we involve external consultants and experts in the purchase or sales process as required. We especially focus on drafting transaction contracts so that they adequately counter such risks, especially by clauses assuring specific characteristics or by contractual warranty or guarantee provisions, as well as agreements on mechanisms for adjustment of the purchase price and on liability clauses.

Immediately after an acquisition has taken place, an integration phase is initiated in which any potential risks can likewise be detected as early as possible and prevented or minimized by taking the appropriate counteractions. In order to ensure an efficient integration process in the Group and to mitigate the related risks we have established a post-merger integration (PMI) office within the department of Business Process Management.

## Personnel Risks and Opportunities

The main risk in this area is that we are not able to hire skilled staff needed for the planned growth of the company. As an innovative technology group, Sartorius Stedim Biotech employs a large percentage of highly qualified people. We counter the risks of a possible scarcity of required specialists, especially those in key positions, and of demographic change by offering performance-related remuneration models, targeted continuing professional development options, further attractive social benefits, continuous education and training for junior staff members within our organization, and interesting people development opportunities. The success of these measures is apparent in the low attrition rates of recent years. Moreover, employment contracts in certain cases contain a clause prohibiting any move to a direct competitor.

Opportunities for Sartorius Stedim Biotech primarily arise in that it can further qualify its staff by offering its own training courses and retain such staff over the long term, thus covering company needs for qualified personnel particularly well.

## IT Risks and Opportunities

Since nearly all business processes of the Sartorius Stedim Biotech Group are supported by IT applications, systems failure or other impairment of the relevant IT systems or (cyber)attacks can considerably disrupt the smooth functioning of the companies' business processes and lead to manipulation or to uncontrolled loss or leakage of knowledge or data.

We minimize this risk by continuously investing in the setup and operation of secure IT systems and applications, and by continuously further developing and implementing our concepts and security measures based on the International Standard ISO 27001, Information Security Management System. In addition, we incorporate the results of regular audits and vulnerability assessments carried out by external companies specialized in IT security.

Protection of our data against misuse is ensured by specific authorization and authentication policies based on the assignment of rights, limited to a "need-to-know" basis for performing certain tasks, as well as a strict functional segregation. The application of such policies is reviewed at regular intervals.

We protect our systems against failure and data loss by regular data backups, recovery testing based on rolling disaster scenarios and risk-based use of redundant IT infrastructures. Multi-factor authentication solutions enable us to prevent malware threats.

We are convinced that the threat of cyberattacks is growing worldwide, both in number and intensity. This is why we are continuously extending and strengthening our activities: we are improving our efforts by further automating management of authorizations and reducing the potential for data misuse, among other measures. We inform our staff in a targeted way about possible threats and risks, involving our employees by providing them with simple but effective options for decentralized defense and reporting suspicious emails to IT for checking.

By extending our means for competent and fast response to cyberattacks including other IT security incidents, we supplement our organizational basis for running the Sartorius system and applications at the lowest possible risk across the entire landscape.

## Financial Risks and Opportunities

The global nature of the Sartorius Stedim Biotech Group's operations means that its business activities are inevitably exposed to financial risks. The most significant of these are exchange rate risks, interest rate risks, liquidity risks and tax risks, all of which are described below and addressed in detail in the Notes to the Consolidated Financial Statements. Vice versa, certain financial risks, most notably exchange rate risks and interest rate risks, are balanced by opportunities of approximately equal magnitude.

### Exchange Rate Risks

As a consequence of its global business activities, the Group is exposed to risks arising from foreign currency fluctuations. Since we generate around two-thirds of consolidated sales revenue in foreign currencies and, of this figure, approximately two-thirds of this total revenue in U.S. dollars or in currencies pegged to the U.S. dollar, we are positively or negatively impacted by currency effects, especially when converting the currencies of balance sheet items and profit or loss items, respectively. Besides the U.S. dollar, other key currencies are, the British pound, the Singapore dollar, the South Korean won, the Japanese yen, the Chinese renminbi and the Swiss franc.

Our global production network thus enables us to offset the lion's share of sales revenues received in foreign currency within the Group against costs likewise incurred in foreign currency. For example, we manufacture many of our products for the North American market locally, and are not disadvantaged in competition with our U.S. rivals, insofar as this general currency risk is concerned. We continuously monitor the portion of our foreign currency sales revenue that remains after we have settled our costs, so-called net exposure.

In order to evaluate and steer the remaining risk based on the expected net exposure for the next 12 months and take into consideration hedging transactions already executed, we are continuously calculating our risk exposure with a cash flow at-risk model. We use this basis to decide on whether to use additional derivative financial instruments, especially spot, forward and swap transactions, to adjust for maximum loss. Hedging transactions are set up by one group of staff and monitored by another, separate group.

## Interest Rate Risks and Opportunities

The main risk in this area is posed by changes in interest rates that can lead to higher payments. The major part of the financial instruments outstanding on the reporting date is subject to variable interest based on the market rate. However, the overall debt level of the Group and the resulting interest risk is very low. We monitor interest rate trends and our interest rate exposure constantly and have the facility to arrange for hedging transactions where we consider it necessary and economically advisable to do so for individual loans. As of December 31, 2020, we did not have any interest rate derivatives in our portfolio of financial instruments.

## Liquidity Risks and Opportunities

The general risk is that Sartorius Stedim Biotech will not be able to pay its creditors. In order to minimize those liquidity risks and optimize liquidity allocation within the organization the Group's liquidity is managed centrally on the Sartorius Group level by using various long- and short-term debt instruments.

Sartorius Stedim Biotech is mainly using a €300million credit line provided by Sartorius AG that can be accessed and repaid at short notice. Additionally, we have a number of bilateral working capital credit lines for individual Group companies in place and we have concluded cash pooling agreements between selected Group companies as the primary tool to manage liquidity within the Group.

## Tax Risks

Sartorius Stedim Biotech is acting globally with its affiliates and consequently falls under numerous local tax laws and regulations. Changes in tax laws, jurisdiction or the interpretation of laws by the authorities in these countries can lead to additional tax expenses and payments and have an impact on tax positions in the statement of financial position and profit or loss.

We are controlling this risk by permanently monitoring and analyzing the fiscal framework with our central tax department which is supported by external experts in the concerned countries.

# Compliance Risks

## Regulatory Risks

Our role as a supplier to the biopharmaceutical industry and health care providers means that Sartorius Stedim Biotech can also be affected by regulatory changes in these areas. The main risk in this context is a potentially more restrictive approach by the supervisory authorities, such as the Food & Drug Administration (FDA) USA, the European Medicines Agency (EMA) and the Chinese National Medical Products Administration (NMPA) in the approval of new drugs or medical devices. Furthermore, compliance with the regulations of other relevant authorities (e.g. Environmental Protection Agency or Department of Agriculture in the USA) is important in order to control local or global regulatory risks.

## Environmental Risks

The main risk in this area is to cause environmental damage, e.g. by polluting the air or the ground with hazardous substances. Sartorius Stedim Biotech has established an environmental management system to minimize these risks. This management system has been certified for compliance with ISO 14001 at a number of the company's relatively large manufacturing sites. The respective company organizational units ensure at the particular sites that the laws and regulations relating to environmental protection are observed and that further technical possibilities for limiting environmental risks are identified on an ongoing basis.

The increasing importance of sustainability considerations in many industries represents an opportunity. That is why this aspect is becoming a key element in our supplier selection process for assessing the suitability of a particular company as a business partner.

## Litigation Risks

Litigation risks for Sartorius Stedim Biotech can arise from pending or forthcoming legal disputes or from administrative proceedings. All judicial or extrajudicial disputes are attended to by the company's own attorneys and legal experts, who engage external lawyers as needed.

At present, there are no pending or discernible legal disputes or proceedings that lack any cost coverage allowances in the statement of financial position or that could have a substantial negative impact on Group.

## Assessment of the Overall Risk Situation and Risk Outlook

Where feasible, we adopted countermeasures and/or arranged for balance sheet measures during the reporting year to cover all discernible risks within the Sartorius Stedim Biotech Group, and those of a defined probability of occurrence, that had the potential to damage our net worth, financial situation and profitability.

In order to determine the significance of each of these risks, they have been assessed in relation to their probability of occurrence and the anticipated magnitude of their negative impact, taking into account the effects of risk management measures. The most material risks in each category are marked with an asterisk.

Risk Category	Probability of Occurrence	Significance
<b>External risks</b>		
General risks*	Possible	Moderate
Business cycle risks	Possible	Moderate
<b>Operating risks</b>		
Procurement risks*	Possible	Significant
Production risks	Possible	Significant
Sales and distribution risks	Possible	Moderate
Competitive risks	Remote	Moderate
Quality risks	Remote	Significant
Research and development risks	Possible	Significant
Acquisition risks	Possible	Significant
Personnel risks	Possible	Significant
IT risks	Possible	Significant
<b>Financial risks</b>		
Exchange rate risks*	Probable	Moderate
Interest rate risks	Probable	Insignificant
Liquidity risks	Remote	Moderate
Tax risks	Possible	Moderate
<b>Compliance risks</b>		
Regulatory risks*	Possible	Significant
Environmental risks	Remote	Moderate
Litigation risks	Possible	Moderate

After thorough analysis of the entire risk situation and according to our current review, there are no discernible risks at present that could jeopardize the continued existence of the Group.

Similarly, based on our current review, there are no discernible risks that could jeopardize the future existence of the Group. No material events of any nature occurred after the reporting date.

# Internal Control Procedures

## Introduction

The objectives defined by the Chairman for the internal control system of Sartorius Stedim Biotech are as follows:

- Prevent risks that would endanger the quality of the assets of Sartorius Stedim Biotech or even its existence;
- Ensure that the executive management activities, the transactions completed and the conduct of employees comply with the guidelines defined by executive management, applicable laws and regulations, the fundamental values, standards and internal rules of the business and the ethical codes and conventions of the healthcare industry;
- Ensure that accounting and financial information and management data provided to the executive management of the company accurately reflect the operations of Sartorius Stedim Biotech;
- Prevent risks arising from operations, errors or fraud, especially in the accounting and financial area.

## Scope of Internal Control

The internal control system described covers the parent company and its affiliates.

## Components of Internal Control

### Environment for Internal Control

The core of any business is its people (their individual attributes, including integrity, ethical values and expertise) and the environment in which they operate. They are the engine that drives the organization and the foundation that supports the company.

#### **Risk Assessment Process – Risk Mapping**

The company must be aware of, and deal with, the risks it faces. It must set itself objectives and integrate them into its sales, production, marketing, financial and other activities so that the organization operates in concert. It must also establish mechanisms to identify, analyse and manage the related risks.

#### **Control Activities**

These control activities are undertaken at every level of the Group to ensure that internal control is efficient: checking the accuracy, completeness, authorization, validation and recording of transactions and ensuring that different people discharge different duties so as to reduce the risk of errors or fraud.

#### **Information and Communication**

The availability of accurate, reliable and complete information is essential both to achieve business objectives and to enable proper reporting to all parties concerned in compliance with the applicable laws and regulations.

### **Monitoring, Control and Management**

Responsibilities and authorities must be defined and understood at all levels of a company for internal control to function effectively. Duties must be assigned in such a way that a person's work is always checked and approved by a different person. Where the size of the local unit concerned permits, responsibility for initiating, authorizing, recording and processing transactions must always be assigned to different individuals.

Unit management is responsible for maintaining internal checks and internal control at all times.

## Internal Controlling Roles

### **Executive Management**

The Chairman and Chief Executive Officer is responsible for the internal control system and management at all levels. He is also responsible for the development, operation, monitoring and management of the internal controlling systems and for providing the necessary assurances that these steps have been implemented.

### **Audit Committee**

The Audit Committee is responsible for carrying out any necessary reviews and evaluations of the internal controlling procedures, including those relating to financial information, and also assists with the preparation of the Group's consolidated financial statements. For further information about the Audit Committee, see page 92.

### **Risk Management**

The Sartorius Stedim Biotech Group is inevitably exposed to a wide variety of risks by the nature of its operations around the world. Accordingly, an internal risk management system has been set up to help identify, assess and manage these risks efficiently. Within this risk management system, ad hoc reports comprised of representatives of different departments regularly studies current issues of risk management. This enables the Audit Committee to provide executive management with an overview of the risk to which the company is exposed, enabling it to take appropriate action when required.

### **Internal Auditing Department**

Based on the annual audit plan approved by the Audit Committee, the Internal Auditing Department (IA) evaluates and improves the effectiveness and suitability of risk management and the internal control system in all Sartorius Group companies. As part of the internal control system IA contributes to the compliance with internal and external rules and standards. Based on the internal audits performed during the year IA compiles major findings and respective recommendations which are presented to the Audit Committee by the Compliance Officer of Sartorius Group at least once a year or ad-hoc, if necessary.

### **Finance and Controlling Departments**

The Finance and Controlling Departments track and monitor operations and projects to optimize the Group's profitability and cash flow, providing both internal and external stakeholders with reliable information.

These two departments define the Group's accounting rules and methods and its principle financial processes (multi-year business plan, budget, etc.) as well as reporting tools, in order to monitor the day-to-day business.

## Procedures for Preparing the Group Financial Statements and Other Accounting and Financial Information

The accounts of affiliates are prepared in accordance with the Group's accounting policies. The data is then adjusted, where necessary, to produce company accounts that comply with the applicable local legal and tax



provisions. Integrated consolidation software is used both for management reporting purposes and to produce the Group financial statements.

Since 2013, the Group has decided to implement a hard-close process as of November 30 in order to anticipate and improve the annual audit.

### **Accounting Standards**

The consolidated financial statements are prepared in accordance with IFRS accounting standards as currently adopted by the European Union. The consolidated financial statements comply with accounting rules and methods as detailed in the Notes to the Consolidated Financial Statements.

### **Roles of the Group's Finance and Controlling Departments**

The Finance and Controlling Departments check the quality of the reporting packages submitted by affiliates, focusing primarily on the following elements: checking corporate data and consolidated adjustments entered locally, inter-company eliminations, the accounting treatment of non-recurring transactions for the reporting period, and verifying principal movements between the opening and closing balance sheets to prepare the cash flow statement.

The Finance Department also verifies the results of procedures, including currency translation, intercompany eliminations, etc.

Key points of review include the preparation and validation of the statement of changes in shareholders' equity and the cash flow statement.

### **Financial Information and Reporting**

The Group's rules and procedures in relation to financial reporting and accounting are set out in the Accounting and Reporting Manual. Application of and compliance with these principles, rules and procedures are the direct responsibility of the finance director of each affiliate. They must ensure that information provided via the Management Information System complies fully with all applicable disclosure requirements.

Executive Management reviews the effectiveness of the internal controlling of financial reporting regularly. In particular, it verifies that transactions have been recorded consistently, in accordance with IFRS international accounting standards as applied by the Group and as set out in the Accounting and Reporting Manual, in order to ensure the pertinence of transactions and assets recognized within the times set.

## Internal Control in 2020

We continue to review all of our policies, internal procedures and organizational measures and up-date them with the view of continuous improvement.

## Code of Conduct and Anti-Corruption Code

Sartorius Code of Conduct defines the requirements we place on our employees with respect to responsible conduct. The code helps employees act ethically and in accordance with the law in their daily work.

Sartorius Code of Conduct covers compliance with international social and environmental standards, general rules of conduct and dealing with conflicts of interest.

Sartorius Anti-Corruption Code forms the basis for raising employee awareness about corruption risks.

We ensure that our employees are familiar with the Anti-Corruption Code and the Code of Conduct by asking them to take part in an online training course. The course teaches employees how to deal with ethically or legally problematic situations.

A complaint system ensures that employees and external third parties can report cases of damaging conduct, such as corruption, discrimination or sexual harassment. The compliance team can be contacted face-to-face, via a telephone hotline, the department's electronic mailbox or – in the case of anonymous reports – the whistleblower system. The relevant contact options are listed on the intranet and are thus available company-wide. They are also available on the company's website and can thus be accessed by external persons concerned.

## Corporate Transactions

The Company complies with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the "Market Abuse Regulation") and the AFEP-MEDEF code, as amended in January 2020. Thus, transactions involving the purchase or sale of the company's securities or financial instruments are prohibited during the periods between the date on which managers, persons considered managers under the law, and any person having regular or occasional access to privileged information are aware of precise information on the course of business or prospects that, if made public, could have a significant influence on the price and the date on which the information is made public.

In addition, pursuant to Article 19 of the Market Abuse Regulation, they are also prohibited for a period of thirty calendar days prior to the date of publication of the company's annual and half-yearly financial statements.

In accordance with the Market Abuse Regulation and the recommendations of the AFEP-MEDEF code, hedging transactions of any kind on the company's shares in connection with stock options are prohibited.

In addition, transactions in the Company's shares by the persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code must be reported to the Autorité des Marchés Financiers (the "AMF") in accordance with the procedures and time limits set out in Article 223-22-A et seq. of the AMF's General Regulations and Article 19 of the Market Abuse Regulation. These statements are available on the AMF website ([www.amf-france.org](http://www.amf-france.org)).

During the year ended December 31, 2020, the Members of the Board and persons mentioned in Article L.621 - 18 - 2 of the French Monetary and Financial Code carried out the following transactions on the company's shares:

Date of the transaction	Details of the person discharging managerial responsibilities / person closely associated	Description of the financial instrument	Nature of the transaction	Aggregated information of price and volume
02.11.2020	Sartorius AG	Share	Sale	Price: €327.00 Volume: 405,887

The transaction was not related to the exercise of a stock option program or to a bonus or performance share grant but part of the purchase price of the acquisition of BIA Separations by Sartorius Stedim Biotech. The overall purchase price comprised of a payment of €234.2million in cash and 405,887 shares of Sartorius Stedim Biotech. The shares were transferred by the parent company Sartorius AG to the owners of the acquired company. As a consequence, Sartorius Stedim Biotech incurred a corresponding liability against Sartorius AG.

## Mid-Term Prospects

The Group will continue to work on Internal Control issues, by strengthening its approach to risk mapping and risk management. This process is based on elements of the AMF Internal Control Reference Framework.

# Forecast Report

## Biopharmaceutical Industry Maintains Dynamic Growth

Strong, long-term trends drive growth in the pharmaceutical industry, which is almost entirely independent of business cycles. EvaluatePharma estimates that the global pharmaceutical market will grow by approximately 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. Based on current information, the coronavirus pandemic is not expected to have any impact on long-term sector growth or thus on demand for products and technologies needed for the development and manufacture of biopharmaceuticals. However, suppliers of such technologies again anticipate additional sales in 2021 in connection with the development of a coronavirus vaccine and COVID-19 therapeutics. By contrast, demand in the coming years could be dampened 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 reporting year by some biopharma companies due to uncertainties related to the pandemic.

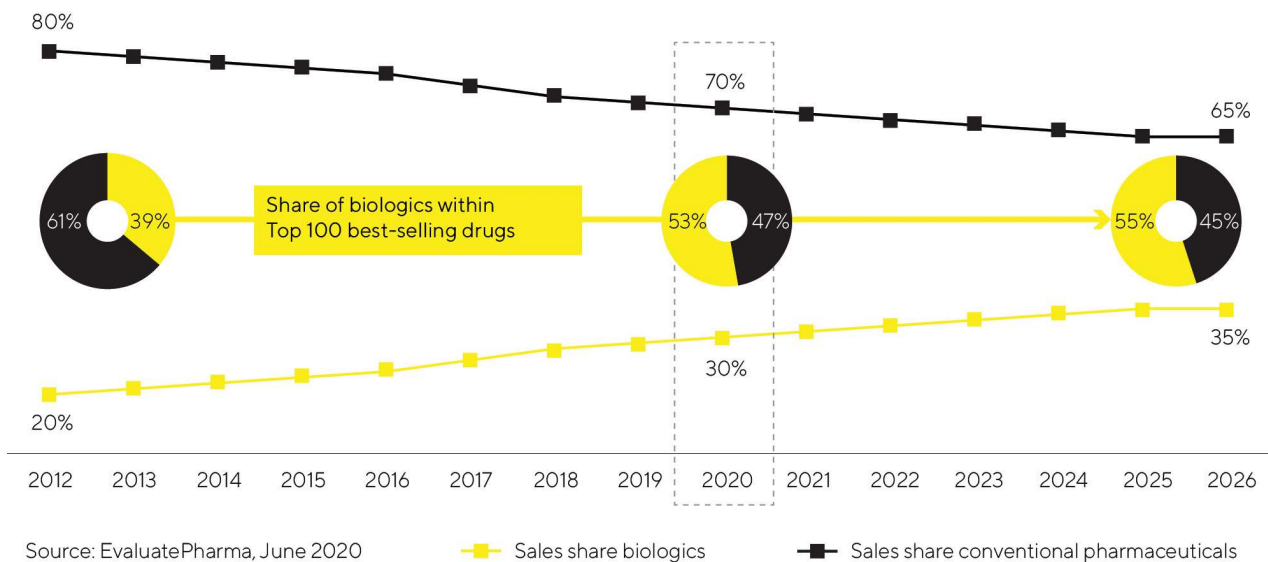
In the coming years, the most dynamic market will likely be China. Positive regulatory and political conditions, a constantly rising number of local biotech companies and increasing demand for advanced biopharmaceuticals have been fueling above-average growth for several years now. This trend could continue as a result of the huge amount of catch-up potential in the market and the improved availability of biotech medications. Considerable growth in the United States and Europe is also anticipated, driven in particular by a growing need for medications for aging societies and by the rising number of chronically ill and multi-morbid patients. In addition, more and more medications are being approved. For example, biologics are increasingly being used in yet-to-be fully explored therapeutic areas and in the treatment of rare diseases that have so far been incurable. The biopharmaceutical industry is increasingly relying on advanced therapies such as gene and cell therapeutics and biotechnologically processed tissue products. At the end of 2020, there were over 1,000 clinical studies based on such treatment approaches so this field offers significant growth potential over the mid to long term. Innovative types of therapy for regenerative medicine and new substance classes, such as antibody-drug conjugates (ADCs), are increasing the number and range of approved biopharmaceuticals as well as necessitating investments in innovative production technologies. As a result, they are key growth drivers.

This relatively young biopharma segment is fueling sector growth with its high innovative power, as reflected in the strong research and development pipelines. Of the estimated 10,000+ medications in R&D pipelines, more than 40% are based on biological manufacturing processes. These include more than 1,600 biosimilars and biobetters, which are generic versions of reference biologics with comparable or better efficacy or fewer side effects than the original compounds.

Biosimilars are contributing increasingly to the growth of the biotechnology market. Current estimates indicate that by 2025, the market could grow by an annual average of 30% and reach a volume of around €41 billion. The significantly lower prices of biosimilars, particularly in emerging and developing countries, are creating new, affordable therapy options and are projected to result in increased demand and rising production volume. The development of national production capacities to meet the growing demand for medications is receiving political support in these countries and is driving the establishment of local biotech companies. The biosimilars market in industrialized countries is also likely to expand considerably in the coming years due to the expiration of patents for high-selling biopharmaceuticals and an increasing number of approved biosimilars. While generic medications have been widely used in Europe for many years and have

been able to gain significant market share in some areas, their development in the United States until now has been rather sluggish due to regulatory, patent and marketing challenges. However, according to the data provided by the IQVIA research institute, development of biosimilars is likely to accelerate in the coming years. Further market penetration of biosimilars could accordingly quintuple their sales volume by 2024.

### Biopharmaceuticals Are Gaining Importance - Growing Share of Sales in the Global Pharmaceutical Market



The biopharmaceutical industry must meet growing demand for medications while producing an increasing number of approved drugs and ensuring new types of therapy. For these reasons, industry observers expect that worldwide bioreactor capacities will continue to expand in the years to come. At the same time, the industry faces rising cost pressure. This increases the significance of innovations for boosting flexibility and efficiency in biopharmaceutical research and production. In the future, the biopharmaceutical market will shift away from a low number of especially high-selling medications that account for a majority of total production volume towards an expanding range of products for smaller groups of patients. Technological progress leads to ongoing improvements in the productivity of biopharmaceutical production processes. Therefore, according to the research and consulting institute BioPlan, manufacturers will likely rely increasingly on flexibly deployable single-use technologies for the commercial production of many new medications. Particularly in the case of relatively small batches, single-use technologies already ensure more cost-effective production than conventional stainless steel units. In addition, more and more pharmaceutical companies are relying on digitalization and automation as well as on innovative software solutions for controlling and optimizing their processes. A further trend is process intensification in which several process steps, called unit operations, are interconnected and a smooth transition is created, among other things, in order to manufacture larger product quantities faster while simultaneously achieving higher quality.

### Recovery of the Laboratory Market Expected

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. During the reporting year, 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 pent-up demand and weaker prior-year comparables. The greatest demand should continue to come in particular 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 of 2020 to 2026.

Budget increases for academic and public-sector research institutions in some countries are also expected to stimulate growth. On the other hand, the pandemic and potential lockdowns or production suspensions as well as an unexpected further weakening of global economic growth could put demand at risk in industrial end markets. Market observers continue to expect Asian countries like China and India to generate the highest growth rates. Stricter regulatory requirements in a range of industries are also stimulating increased demand for instruments used in sample analysis and quality control. Investments in laboratory infrastructure are becoming more attractive, particularly in China as a result of improved protection of intellectual property rights and government-supported efforts to promote innovativeness in several key industries.

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; IQVIA Institute: German-language publication "Fokus Biosimilars," May 2020; Evaluate Pharma: World Preview 2020, Outlook to 2026, July 2020; SDi: Global Assessment Report 2018, February 2018

## Future Business Development

Sartorius Stedim Biotech plans to grow profitably in 2021 as well. Consolidated sales revenue is thus projected to increase by about 20% to 26%. Initial consolidation of the acquisitions is expected to contribute about 5.5 percentage points to this growth, and the impact of the pandemic-related businesses on Group revenue, which is difficult to precisely estimate at present, could amount to up to 7 percentage points.

Regarding profitability, the company forecasts that its underlying EBITDA margin will be about 32.0%, up from 31.7% a year earlier, with a negligible impact of the acquisitions on profitability.

Due to very high organic growth, Sartorius Stedim Biotech is moving the expansion of production capacities and its digital infrastructure ahead of schedule. As a result, the CAPEX ratio is expected to be around 15% (previous year: 8.3%).

In view of the Group's financial situation, management projects a slight decrease in the ratio of net debt to underlying EBITDA to around 0.75 as of the end of fiscal 2021 (previous year: 0.8). This projection does not include any potential acquisitions.

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

# Financial Statements of the Parent Company Sartorius Stedim Biotech S.A. as of December 31, 2020

## Financial Statements of the Parent Company

Sartorius Stedim Biotech S.A. is the parent company of the Group. The company is a mixed holding Company. The company from now on is managing investments of the Group and real estates for the French Companies.

In 2020, sales revenue generated at Sartorius Stedim Biotech S.A. was €K 1 877 compared to €K 2,116 in 2019. The operating profit is €K -4,623 versus €K -2,606 K in 2019. The net financing income totalled €K 85,043 versus €K 58,925 in 2019.

The net profit for 2020 is €K 81,227 compared to €K 56,834 in 2019.

## Appropriation of the Net Profit

The ASM will suggest to appropriate the net profit of €81,227.072 for the reporting year of 2020 as follows:

- The following amount is to be added to this balance: Year-earlier profit carried forward:  
€56,817,353
- This would yield a distributable profit of €138,044,425
- Total amount of dividends to be disbursed to shareholders: €62,681,786 excluding treasury shares
- Balance resulting from disbursement: €75,362,639

The remaining amount of €75,362,639 is to be carried out to the next year.

## Dividends of the last three financial years (information updated as of 1st January 2020)

The table below lists the amount of the dividend per share distributed, since 2017, as well as the applicable tax provisions.

Exercise	Dividend <sup>1</sup>	Amount eligible for the 40% abatement	Amount not eligible for the 40% abatement	Dividend per shares <sup>1</sup>
Dec. 31, 2019	31,341,265	31,341,265	0	0.34 €
Dec. 31, 2018	52,540,761	52,540,761	0	0.57 €
Dec. 31, 2017	42,402,887	42,402,887	0	0.46 €

<sup>1</sup> Prior deduction of social contribution on the dividend paid to physical person.

## Proposition of dividend for the 2020 financial year

The Board of Directors has decided to propose on the 24th of March 2020 Annual Shareholders' Meeting a net dividend of €0.68 per share for the 2020 financial year in comparison with €0.34 for 2019.

The dividends are distributed to the shareholders based on the proportion of the capital they hold.

The dividend will be paid on 31 March 2021.

## Dividend distribution policy

The company has a policy of dividend distribution linked to the Group's profit over the financial year concerned on the one hand and to the Group's predictable evolution and profitability on the other hand.

On the 24th of June 2020 the Shareholders' Meeting voted a net dividend of €0.34 per share. The payment of the dividend was done on July 1, 2020.

Dividends and interim dividends paid and unclaimed are prescribed in favor of the State five years after their date of payment (article 2277 of the Civil Code).

## Elements likely to have an impact in the event of a public offer

According to article L. 225-100-3 of the French Commercial Code, an element is likely to have an impact in the event of a public offer: the first shareholder of Sartorius Stedim Biotech S.A. holds a significant percentage of its capital and voting rights.

## Sartorius Stedim Biotech S.A. Share Capital

### Share Capital as of December 31, 2020

As of 31 December 2020, the share capital amounts to eighteen million four hundred and thirty-six thousand thirty-eight euros (€18,436,038). It is divided into twenty two million one hundred and eighty thousand one hundred and ninety (92,180,190) shares worth twenty cents euros (€0.20) each, all fully subscribed and paid



up (Heading I, Article 6 of the bylaws), all of which are entitled to the dividend for the financial year 2019, with the exception of shares held by the Company.

Date	Nature of the transaction	Share par value	Share capital increase	Share premium	Number of new shares	Number of shares after the transaction	Share capital after the transaction
Year 2014	Exercise of share subscription options	0.61	9,541.6	134,834.0	15,642.0	17,057,948	10,405,348.2
Year 2014	Reduction of Capital: Cancellation of Treasury Shares	0.61	-1,036,213.1		-1,698,710.0	15,359,238	9,369,135.1
Year 2014	Increase of Capital: nominal value change	1.00	5,990,102.8			15,359,238	15,359,238.0
Year 2015	Exercise of share subscription options	1.00	8,000.0	174,880.0	8,000.0	15,367,238	15,367,238.0
Year 2016	Reduction of Capital: Cancellation of Treasury Shares	1.00	-1,642,095.0		-1,642,095.0	13,725,143	13,725,143.0
Year 2016	Increase of Capital: new actions created	1.00	1,638,222.0		1,638,222.0	15,363,365	15,363,365.0
Year 2016	Increase of Capital: nominal value change	0.20	3,072,673.0		3,072,673.0	92,180,190	18,436,038.0
Year 2017						92,180,190	18,436,038.0
Year 2018						92,180,190	18,436,038.0
Year 2019						92,180,190	18,436,038.0
Year 2020						92,180,190	18,436,038.0

## Sartorius Stedim Biotech S.A. Shareholdings as of December 31, 2020

### Situation of Sartorius Stedim Biotech S.A. Shareholdings

Shareholders	Shares	Voting rights
More than 50%	Sartorius AG	Sartorius AG
More than 10% but less than 50%	None	None
More than 5% but less than 10%	None	None

Over the past three years, the ownership of Sartorius Stedim Biotech S.A. share capital has been distributed as follows:

Shareholders	December 31, 2018			December 31, 2019			December 31, 2020		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Sartorius AG	68,450,400	74.3%	84.5%	68,450,400	74.3%	84.5%	68,044,513	73.8%	84.3%
Single voting rights									
Double voting rights	68,450,400	74.3%	84.5%	68,450,400	74.3%	84.5%	68,044,513	73.8%	84.3%
Single voting rights									
Double voting rights	0	0.0%	0.0%						
<b>Total Sartorius Group</b>	<b>68,450,400</b>	<b>74.3%</b>	<b>84.5%</b>	<b>68,450,400</b>	<b>74.3%</b>	<b>84.5%</b>	<b>68,044,513</b>	<b>73.8%</b>	<b>84.3%</b>
Treasury shares									
Personnel and other shareholders									
General public	23,729,790	25.7%	15.5%	23,729,790	25.7%	15.5%	24,135,677	26.2%	15.7%
Single voting rights	22,439,112	24.3%	13.9%	22,439,112	24.3%	13.9%	22,844,999	24.8%	14.1%
Double voting rights	1,290,678	1.4%	1.6%	1,290,678	1.4%	1.6%	1,290,678	1.4%	1.6%
<b>Total shares</b>	<b>92,180,190</b>	<b>100.0%</b>	<b>100.0%</b>	<b>92,180,190</b>	<b>100.0%</b>	<b>100.0%</b>	<b>92,180,190</b>	<b>100.0%</b>	<b>100.0%</b>

## Legal Disclosure of Thresholds Crossed

No legal disclosure of thresholds crossed has been registered during the fiscal year under study.

	Shares	% Issued Capital	Voting rights	% Voting rights
Sartorius AG	68,044,513	73.8	136,089,026	84.3
<b>Total Sartorius AG</b>	<b>68,044,513</b>	<b>73.8</b>	<b>136,089,026</b>	<b>84.3</b>

## Control of the Company as of December 31, 2020

Sartorius AG holds, directly or indirectly, 73.8% of the share capital and 84.8% of the outstanding voting rights. Treasury shares are without voting rights.

## Staff Shareholdings

None

## Treasury Shares Held by Sartorius Stedim Biotech S.A.

None

## Unpaid Capital

None

## Authorized but Unissued Capital

None

## Securities Not Representative of the Share Capital

None

## Authority granted by the Annual Shareholders' Meeting to the Board of Directors still valid.

### Delegation granted for increase in Capital by the Shareholder's Meeting to the Board of Directors

Object - Duration	Limit	Use in 2020
Ability to issue shares and/or securities giving access to the share capital of the company and/or securities giving the right to the allotment of the debt instruments, with preferential subscription rights of the shareholders. (EGM 06/24/2020 - Resolution n°11)	The limit is €4,000,000 corresponding to the maximum nominal amount of the increase of the share capital and to the maximal nominal amount of the debt instruments and €500,000,000 on the maximum overall limit of the maximum nominal amount of the debt instruments.	None
Granted for a period of 26 months as from 24/06/2020	It being specified that the limits of the nominal amount of the capital increases and debt instrument, with or without preferential subscription rights of the shareholders, set from the twelfth (12 <sup>th</sup> ) to the seventeenth (17 <sup>th</sup> ) resolutions submitted to this Shareholders' Meeting shall be deducted from this overall limit	
Ability to issue shares and/or securities giving access to the share capital of the company and/or securities giving the right of the allotment of debt instruments, without preferential subscription rights of the shareholders - through public offerings, other than those referred to in the Article L. 411-2 of the French Monetary and Financial Code. (EGM 06/24/2020 - Resolution n° 12)	The limit is deducted on the overall limit of €4,000,000 (increase of the share capital) and on the overall limit of €500,000,000 (debt instruments).	None
Granted for a period of 26 months as from 24/06/2020		
Ability to issue shares and/or securities giving access to the share capital of the Company and/or securities giving the right to the allotment of debt instruments, without preferential subscription rights of the shareholders - through public offers addressed exclusively to qualified investors or to a restricted circle of investors as defined in the article L. 411-2 of the French Monetary and Financial Code. (EGM 06/24/2020 - Resolution n° 13)	The limit is deducted on the overall limit of €4,000,000 (increase of the share capital) and on the overall limit of €500,000,000 (debt instruments).	None
Granted for a period of 26 months as from 24/06/2020		
Ability to increase the number of shares and/or securities giving access to the share capital of the Company to be issued in the event of a share capital increase with or without preferential subscription rights of the shareholders. (EGM 06/24/2020 - Resolution n° 14)	The limit amount 15% of initial issue of shares, pursuant to the resolution n°11 to 13 described above.	None
Granted for a period of 26 months as from 24/06/2020		
Ability to issue shares and/or securities giving access to the share capital of the Company, as consideration for securities tendered through public exchange offers initiated by the Company, without preferential subscription right of the shareholders. (EGM 06/24/2020 - Resolution n° 15)	The limit is deducted on the overall limit of 10% of the share capital of the Company at the moment of the capital increase (increase of the share capital) and on the overall limit of €500,000,000 (debt instruments).	None
Granted for a period of 26 months as from 24/06/2020		
Ability to increase the share capital through the capitalization of reserves, earnings or premiums or any other sum upon which capitalization would be permitted. (EGM 06/24/2020 - Resolution n° 16)	The limit is €4,000,000 (corresponding to the maximum nominal amount of the increase of the share capital); it is a independent limit.	None
Granted for a period of 26 months as from 24/06/2020		
Ability to issue shares and/or securities giving access to the share capital giving the right to the allotment of debt	The limit is €4,000,000 corresponding to the maximum nominal amount of the increase of the share capital; it is an independent limit.	None

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instruments, without preferential subscription rights of the shareholders and reserved for members of saving plans.  
(EGM 06/24/2020 - Resolution n° 17)

Granted for a period of 26 months as from 24/06/2020

Ability to reduce the capital by cancelling shares acquired under buyback program (EGM 06/24/2020 - Resolution n°18)	The limit is of 10% of the capital of the Company and by period of 24 months.	None
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Granted for a period of 18 months as from 24/06/2020

Ability to grant free new or existing shares to the benefit of employees or corporate officers (EGM 06/24/2020 - Resolution N°19)	The limit amount of 10% of the Company's share capital calculated on the attribution date	None
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Granted for a period of 38 months as from 24/06/2020.

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## Other Securities Giving Access to the Share Capital

None

## Stock Options

None

## Share Capital Dilution

None

## Share Subscription Options Granted to Each Senior Executive of the Company and Options Exercised by Them in Fiscal 2020

None

## Share Subscription Options Granted to the Ten Top Non-senior Executive Beneficiaries and Options Exercised by Them in the 2020 Fiscal Year

None

## Options Exercised During the Fiscal Year

All options have been exercised in 2015. The stock option plans are now expired.

in €	2019	2018	2017	2016	2015
Dividend per share for the fiscal year	0.34	0.57	0.46	0.42	0.33
Number of shares	92,180,190	92,180,190	92,180,190	92,180,190	15,367,238
<b>Dividend corrected per share<sup>1</sup></b>	<b>0.34</b>	<b>0.57</b>	<b>0.46</b>	<b>0.42</b>	<b>0.33</b>

<sup>1</sup> Compared to the number of shares as of December 31, 2016

## Share Subscription Plan

The stock option plans are detailed in the tables above. The authority delegated to the Board of Directors for setting up a new plan has recently expired. The Board of Directors no longer has any such delegated authority to set up any new plan.

## Share Subscription Warrants

Sartorius Stedim Biotech S.A. has not issued any share subscription warrants.

## Pledging of Shares

No Sartorius Stedim Biotech S.A. shares were pledged.

## Pledging of Assets

None

## Senior Executives

Information on Sartorius Stedim Biotech S.A. senior executives and a list of the positions they hold or have held over the past five years are included in the Corporate Governance report.

## Directors' Fees

Directors' fees are calculated on an annual basis. The method of calculating these fees remains the same. It is as follows.

The directors receive directors' meeting attendance fees whose amount and allocation are established by the Board of Directors in consideration of the limits set by the ASM:

- Each Director receives a fixed remuneration of €35,000 per year, to be paid after the annual financial statements have been adopted by the Annual Shareholders' Meeting and which is due for payment after the Annual Shareholders' Meeting. The chairman of the Board receives twice this amount. Furthermore, members of the Board receive an attendance fee of €1,200 per meeting and reimbursement of their expenses in addition to the annual remuneration.
- For their membership to the Audit Committee, each Director receives a lump-sum amount of €6,000 per full year of membership in addition to the attendance fee of €1,200. If they chair the

committee of the Audit Committee, instead of this, they receive a lump-sum amount of €12,000 per full year that they hold the chairperson in addition to the attendance fee.

- For their membership to the Remunerations & Nominations Committee, each Director receives a lump-sum amount of €4,000 per full year of membership in addition to the attendance fee of €1,200. Insofar as they hold the chair of the Remunerations & Nominations Committee, instead of this, they receive a lump-sum amount of €8,000 per full year that they hold the chairperson in addition to the attendance fee.

The remuneration for the activities on any committee is due together with the remuneration under the terms of previous Subsection hereof.

- Any value-added tax is reimbursed by the corporation, insofar as the members of the Board are entitled to invoice the corporation separately for the value-added tax and they exercise this right.
- All these resolutions will not be applied to the Directors that got an executive top management activity at the group level, as well as for the Director(s) representing the employees. In this context, the executive corporate officers, as well as the Director(s) representing the employees will not receive any remuneration for their membership.

A total of €313,800 is paid in directors' fees for 2020.

#### Compensation of the Executive Management Team

	Base   fixed salaries € in K	Annual incentive € in K	Long Term Incentive € in K	Other	Stock options € in K	Departure Indemnity € in K	Directors' meeting attendance fees € in K
<b>Total 2019</b>	<b>2,735.0</b>	<b>888.0</b>	<b>495.0</b>	<b>1,337.0</b>	<b>15.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total 2020</b>	<b>3,556.0</b>	<b>903.0</b>	<b>550.0</b>	<b>2,088.0</b>	<b>15.0</b>	<b>0.0</b>	<b>0.0</b>
Joachim Kreuzburg <sup>1</sup> 2019	2,735.0	888.0	495.0	1,337.0	15.0	0.0	0.0
Joachim Kreuzburg <sup>1</sup> 2020	3,556.0	903.0	550.0	2,088.0	15.0	0.0	0.0

<sup>1</sup> For more details please refer to the Chapter Corporate Governance on pages 73 to 124.

## Independent Auditors

The independent auditors for Sartorius Stedim Biotech S.A. are:

- KPMG S.A., represented by John Evans. Alternate auditor: Salustro Reydel.
- Deloitte & Associés, represented by Philippe Battisti.

**Payment Terms for Trade Payables & Receivables**

Article D. 441-1 <sup>st</sup> : Invoices received but not paid at the date of the end of the exercise whose term has expired							Article D. 441-2 <sup>nd</sup> : Invoices sent but not paid at the date of the end of the exercise whose term has expired					Total
0 day (indicative)	31 at 1 à 30 days	60 at 60 days	90 at 90 days	91 days and after	Total	0 day (indicative)	1 à 30 days	31 at 60 days	61 at 90 days	91 days and after		

**(A) Repartition of late payment**

Number of concerned invoices	3	3	0	1	6	13	1	0	0	0	2	3
Total Amount of concerned invoices (Including all taxes)	125,236	98,728	0	39,732	29,107	292,803	-34,603	0	0	0	-15,609	-50,212
Percentage of Total amount of purchases including taxes for the exercise	2%	2%	0%	1%	0%	5%						
Percentage of sales including taxes for the exercise							2%	0%				2%

**(B) Invoices excluded from (A) relating to disputed and contentious Receivables non recorded**

Number of invoices excluded	0					0						
Total amount of excluded invoices including taxes	5,883,086					5,883,086						

**(C) Reference payment terms used (Contractual or statutory period - article L. 441-6 or article L. 441-3 of Commerce Code)**

Payment terms used for the payment term calculation	Contractual time limit:	30 days	Contractual time limit:	30 days
	Legal time limit:		Legal time limit:	











**Five-Year Financial Results of the Parent Company Sartorius Stedim Biotech S.A.**

€ in K	2016	2017	2018	2019	2020
<b>Share capital at end of period</b>					
Share capital (capital stock)	18,436	18,436	18,436	18,436	18,436
Number of shares outstanding	92,180,190	92,180,190	92,180,190	92,180,190	92,180,190
<b>Transactions and financial performance</b>					
Sales revenue (excl. VAT)	1,843	2,198	1,999	2,116	1,876
Profit before tax, employee profit sharing plan, amortization, depreciation and provision expenses (and reversals)	59,635	55,840	54,135	57,230	81,367
Income tax	4,543	5,552	3,316	-443	-745
Contribution to employee profit-sharing plan	0	0	0	0	0
Net profit	54,324	49,463	49,521	56,834	81,227
Dividends paid or proposal of dividend	30,734	38,713	42,403	52,541	31,341
<b>Earnings per share</b>					
EPS after tax and employee profit-sharing, but before amortization, depreciation and provision expenses	0.60	0.55	0.55	0.63	0.89
EPS after tax and employee profit-sharing, amortization, depreciation and provision expenses	0.59	0.54	0.54	0.62	0.88
Dividend per share	0.33	0.42	0.46	0.57	0.34
<b>Personnel</b>					
Workforce size	0	0	0	0	0
Personnel costs	0	0	0	0	0
Social security costs	0	0	0	0	0



# The Board of Directors and its Committees

## The Board of Directors

Name	Mandate	Age	Independent <sup>1</sup>	First appointment	Expiration of current mandate <sup>2</sup>	Audit Committee member	Remunerations & Nominations Committee member
 Joachim KREUZBURG	Chairman and Chief Executive Officer	55		2007	2022		
 Pascale BOISSEL	Director	54	•	2019	2022	•	
 Amélie BUTON	Director representing employees <sup>3</sup>	34		2019	2022		
 Susan DEXTER	Director	65	•	2015	2021		•
 René FÁBER	Director	45		2019	2022		
 Anne-Marie GRAFFIN	Director	59	•	2015	2021	•	•
 Lothar KAPPICH	Director	63		2017	2022	•	•
 Henri RIEY	Director	59		2007	2022	•	•

<sup>1</sup> In accordance with the recommendation N° 8 of the AFEP-MEDEF code

<sup>2</sup> Directors are appointed until the date of the Annual General Shareholders' Meeting called to approve the financial statement of the previous fiscal year ending.

<sup>3</sup> The administrator representing the employees, Amélie Buton has terminated her office on 31/12/2020, consecutively to her departure from the Sartorius group. Mrs Amélie Buton has been replaced as from 01/01/2021 by Mrs Chrystel Baudere.

The company is administered by a Board of Directors composed of eight members, three of whom are independent. The directors are appointed for a three-year period.

The organization of the works of the Board and its composition must be suited to the shareholding structure, to the size and the nature of the activity of Sartorius Stedim Biotech S.A. and the particular circumstances it can face.

### **Composition of the Board of Directors as of 31 December 2020**

For historical reasons due to the shareholding structure of the Company, the composition of the Board of Directors and its Committees reflected the search by our reference shareholder of a long lasting balance between the Directors representing these shareholders, the Independent Directors and the executives.

Our reference shareholder takes its own responsibility towards the other shareholders, direct and distinct from the Board of Directors' one. He takes particular care to avoid possible conflicts of interests in the transparency of the information provided to the market and to fairly take all interests into account.

The Board of Directors should consider what would be the desirable balance in its membership and that of the Committees it has established, in particular in the representation of women and men, nationalities and diversity of skills by taking measures appropriate to guarantee to the shareholders and to the market that its missions are carried out with the necessary independence and objectivity. It makes public in the Reference Document the objectives, methods and results of its politics on these subjects.

## Joachim Kreuzburg

Chairman and Chief Executive Officer

Date of birth: 22 April 1965

Nationality: German

First appointment: 29 June 2007

Mandate renewed: 26 March 2019

Appointed until: date of the Annual General Shareholders' Meeting in 2022 to approve the financial statements for the fiscal year ending 31 December 2021

Number of Sartorius Stedim Biotech Shares held: 6

Other current directorships and positions within the Group:

Chairman of the Executive Board (Vorstand) of Sartorius AG;  
Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH;  
Managing Director of Sartorius Lab Holding GmbH;  
Managing Director of Sartorius Corporate Administration GmbH;  
Managing Director of SWT Treuhand GmbH;  
Managing Director of SI Weende-Verwaltungs-GmbH;  
Managing Director of SI Grone 1-Verwaltungs-GmbH;  
Managing Director of SIV Grone 2 GmbH;  
Managing Director of Sartorius Ventures GmbH;  
Chairman of the Advisory Board of LabTwin GmbH;  
Chairman of the Board of Directors of Sartorius North America Inc.

Past directorships (held during the past five years) within the Group:

Vice Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH;  
 Managing Director of Sartorius Weighing Technology GmbH;  
 President of VL Finance S.A.S.;  
 President and Chairman of the Executive Committee of Sartorius Stedim FMT S.A.S.;  
 Member of the Board of Directors of Essen Instruments, Inc.;  
 Member of the Board of Directors of kSep Holdings, Inc.;  
 Member of the Board of Directors of ViroCyt, Inc.;  
 Chairman of the Board of Directors of Sartorius Stedim North America Inc.;  
 Member of the Board of Directors of IntelliCyt Corporation;  
 Chairman of the Board of Directors of Sartorius Stedim Filters Inc.;  
 Member of the Board of Directors of Denver Instrument (Beijing) Co. Ltd.;  
 Member of the Board of Directors of Sartorius Stedim Japan K.K.;  
 Member of the Board of Directors of Sartorius Stedim Lab Ltd.;  
 Member of the Board of Directors of Sartorius Stedim BioOutsource Ltd.

Other current directorships and positions outside the Group:

Member of the Supervisory Board (Aufsichtsrat) of Carl Zeiss AG, Germany;  
 Vice Chairman of the Supervisory Board (Aufsichtsrat) of Ottobock SE & Co. KGaA, Germany;  
 Member of the Administrative Board (Verwaltungsrat) of Ottobock Management SE, Germany;  
 Member of the Economic Advisory Board (Wirtschaftsbeirat) of Norddeutsche Landesbank, Germany.

Past directorships (held during the past five years) outside the Group:

Chairman of the Advisory Board (Beirat) of Otto Bock Holding GmbH & Co. KG, Germany;  
 Member of the regional Advisory Board (Regionalbeirat) of Commerzbank AG, Germany.

Educational and professional background:

Diplom-Maschinenbau-Ingenieur, Dr. rer. pol.  
 (University degree in mechanical engineering, doctorate in economics)

1992–1995	Research associate at the Institute for Solar Energy Research in Hamelin, Germany
1995–1999	Research associate at the Faculty of Economics and Management at the University of Hanover, Germany
Since 1 May 1999	Sartorius AG, Goettingen, Germany. Most recent position before promotion to the Executive Board: Vice President, Finances and Investor Relations
Since 11 Nov. 2002	Member of the Executive Board of Sartorius AG, Goettingen, Germany
1 May 2003, to 10 Nov. 2005	Spokesman (Sprecher) of the Executive Board of Sartorius AG, Goettingen, Germany
Since 11 Nov. 2005	CEO and Executive Board Chairman of Sartorius AG, Goettingen, Germany; currently responsible for Group Strategy, Human Resources, Corporate Research, Legal Affairs & Compliance, Communications

## Lothar Kappich

Non-executive member

Date of birth: 15 February 1957

Nationality: German

First appointment: 14 September 2017

Mandate renewed: 26 March 2019

Appointed until: the 2022 Annual General Shareholders' Meeting approving the financial statements for the fiscal year ending 31 December 2021

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group:

Chairman of the Supervisory Board of Sartorius AG.

Past directorships (held during the past five years) within the Group:

Member of the Supervisory Board of Sartorius AG.

Other current directorships and positions outside the Group:

None

Past directorships (held during the past five years) outside the Group:

Managing Director of ECE Projektmanagement GmbH & Co. KG, Germany.

Educational and professional background:

Doctorate (Dr. rer. pol.) in economics (subject of the doctoral dissertation: Theory of International Business Activity)

1988-1990	Controller in the Central Controlling Department from Schering AG in Berlin
1990-2017	ECE Projektmanagement G.m.b.H. & Co. KG in Hamburg, latest position Managing Director of ECE's HR & Corporate Services as well as Managing Director of numerous subsidiaries at the ECE group
2007-2017	Member of the Supervisory Board of Sartorius AG, Goettingen
Since 2017	Chairman of the Supervisory Board of Sartorius AG, Goettingen

## René Fáber

Non-executive member

Date of birth: 18 July 1975

Nationality: Slovak

First appointment: 26 March 2019

Appointed until: the 2022 Annual General Shareholders' Meeting approving the financial statements for the fiscal year ending 31 December 2021

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group:

Member of the Executive Board of Sartorius AG;  
Vice Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH;  
Member of the Board of Directors of Sartorius Korea Biotech Co., Ltd.;  
Member of the Board of Directors of Sartorius Stedim Japan K.K.;  
Member of the Board of Directors of Sartorius Stedim (Shanghai) Trading Co., Ltd.;  
President and Chairman of the Executive Committee of Sartorius Stedim FMT S.A.S.;  
Member of the Advisory Board of BIA SEPARATIONS d.o.o.

Past directorships (held during the past five years) within the Group:

Managing Director of Sartorius Stedim Biotech GmbH;  
Managing Director of Sartorius Stedim North America Holding GmbH.

Other current directorships and positions outside the Group:

Member of the Advisory Board of Curexsys GmbH, Germany.

Past directorships (held during the past five years) outside the Group:

None

Educational and professional background:

Master degree in chemistry at the Technical University in Bratislava, Slovakia  
PhD in polymer chemistry at the Technical University of Munich, Germany

2001 – 2002	Scientist at French specialty chemical group Rhodia, Slovakia
2002 – 2004	Post-doctoral researcher at Vivascience
2004 – 2018	Various positions at Sartorius Group (esp. Sartorius Stedim Biotech GmbH, Germany)
2004-2006	Scientist R&D Membrane Modification
2006-2010	Director development and production of surface modified membranes
2010 – 2013	Vice President R&D Process Technologies
2012 – 2014	Value Creation Agent in Supplier Relationship Center of Roche and Genentech, San Francisco, USA
2014 – 2017	Vice President Marketing and Product Management Filtration Technologies
2016 – 2018	Key Account Manager Roche/Genentech
2017 – 2018	Vice President Marketing and Product Management Fermentation Technologies
2018	Head of Product Development, Bioprocess Solutions Division
Since 2019	Head of Bioprocess Solutions Division of Sartorius Group, Member of the Executive Board of Sartorius AG, Germany



## Henri Riey

Non-executive member

Date of birth: 5 November 1961

Nationality: Monegasque

First appointment: 29 June 2007

Mandate renewed: 26 March 2019

Appointed until: date of the Annual General Shareholders' Meeting in 2022 to approve the financial statements for the fiscal year ending 31 December 2021

Number of Sartorius Stedim Biotech shares held: 16

Other current directorships and positions outside the Group:

President of Aidea;

President of Groupe HR S.A.S.;

President of Association Monegasque de Cindynique;

Director and secretary-treasurer of The Princess Grace Foundation (Monaco).

Educational and professional background:

Diplôme Institut Supérieur de Gestion (France)

(degree earned at the French Higher Institute of Business Management "Institut supérieur de gestion")

1985–1988	Fund Manager at Paribas bank
1988–1996	Fund Manager, responsible for the European Equity Fund Management Team at Barclays Bank, France
1996–1999	Head of Research of Barclays Asset Management Europe
1999–2004	Executive Vice President of Barclays Asset Management; in charge of all fund management businesses
2004–2013	CFO of Hendyplan S.A.

## Anne-Marie Graffin

Non-executive member  
Independent Director  
Date of birth: 3 May 1961  
Nationality: French

First appointment: 7 April 2015  
Mandate renewed: 03 April 2018  
Appointed until: date of the Annual General Shareholders' Meeting in 2021 to approve the financial statements for the fiscal year ending 31 December 2020

Number of Sartorius Stedim Biotech shares held: 6

Other current directorships and positions outside the Group:

Member of the Supervisory Board of Valneva SE;  
Member of the Supervisory Board of Nanobiotix S.A.;  
Member of the Supervisory Board of M2Care S.A.S.;  
Managing Director of SMAG Consulting SARL.

Past directorships (held during the past five years) outside the Group:

None

Educational and professional background:

Graduated from ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales)

1984 - 1987	International Distillers and Vinters, France Products Manager
1988 - 1990	URGO Laboratories Marketing Manager
1991 - 1995	RoC S.A (Johnson & Johnson) - Head of International Marketing Group
1998 - 2000	Sanofi Pasteur MSD - France Products Manager Adults Vaccines
2001 - 2005	Sanofi Pasteur - Head of range then Europe Adults Vaccines Marketing Director
2006 - 2008	Sanofi Pasteur MSD - Executive Director Business Management
2009 - 2010	Sanofi Pasteur MSD - Vice President Business Management
Since 2011	Managing Director SMAG Consulting SARL - Advice Biotech and Medtech Strategy Management

## Susan Dexter

Non-executive member  
Independent Director  
Date of birth: 11 October 1955  
Nationality: American

First appointment: 7 April 2015  
Mandate renewed: 03 April 2018  
Appointed until: date of the Annual General Shareholders' Meeting in 2021 to approve the financial statements for the fiscal year ending 31 December 2020

Number of Sartorius Stedim Biotech shares held: 6

Other current directorships and positions outside the Group:

None

Past directorships (held during the past five years) outside the Group:

Kalon Biotherapeutics, College Station, Texas, USA - CMO;  
BioSense Technologies, Woburn, Massachusetts, USA- Clinical diagnostic technology based on cellular impedance.

Educational and professional background:

Degrees and Certifications: BS in Immunology and Marketing (double major, honors), American University, Washington, D.C., USA

Harvard University Negotiation Course for Lawyers, Harvard University, Cambridge, Massachusetts, USA

Finance for non-financial Managers, Harvard University through Dow Chemical Company internal training program

1975-1980	University of Massachusetts Medical School, Research, mammalian cell culture, animal toxicology studies, basic research
1980-1986	Collaborative Research, Biotechnology Sales in emerging markets for bioprocessing supplements and raw materials for biomanufacturing
1986-1998	Celltech Biologics, Lonza Biologics, Business Development-bioprocessing and manufacturing of biotechnology based biotherapeutics
1998-2004	Collaborative BioAlliance, Dow Chemical Company (Dow Biotechnology Contract Manufacturing Services) - Vice President, Business Development for microbial fermentation services, technologies and implementation of single use bioprocessing technologies
2004-2008	Xcellerex, Inc. (now GE Healthcare), Chief Business Officer; CMO services using fully integrated single-use bioprocessing technology, sales of single use bioprocessing technologies
2008-2020	Latham Biopharm Group, Managing Director; Due Diligence, Acting VP Business Development for multiple CMO's offering contract manufacturing services to the biotechnology life sciences industry, strategic consulting, single-use disposable technology implementation, project management and high-level business development and marketing, Advisor and speak for BioProcess International, Outsourced Pharma

Since 2020

Sonnet Biotherapeutics, Inc., Chief Technical Officer | Non-clinical | CMC | Supply Chain. Responsible for product development for Sonnet's pipeline of biotherapeutic cytokine assets for treatment of solid tumor cancers

## Pascale Boissel

Non-executive member

Independent Director

Date of birth: 15 October 1966

Nationality: French

First appointment: 26 March 2019

Appointed until: the 2022 Annual General Shareholders' Meeting approving the financial statements for the fiscal year ending 31 December 2021

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions outside the Group:

Member of the Board of Directors of Poxel S.A.;

Member of the Supervisory Board of Innate Pharma S.A.

Past directorships (held during the past five years) outside the Group:

None

Educational and professional background:

Graduated from HEC (Ecole des hautes Etudes de Commerciales) : MBA in Finance & Audit

Graduated with a CPA diploma (diplôme d'expertise comptable & commissariat aux comptes)

2009 - 2012

IPSOGEN – Chief Financial Officer

2012 - 2016

BIOASTER Institute – Chief Financial Officer & Deputy Chief Executive Officer

2017 - 2018

ENYO PHARMA – Part time Chief Financial Officer

Since 2017

NOVADISCOVERY – Part time Chief Financial Officer

## Amélie Buton

Non-executive member  
 Director representing the Employees  
 Date of birth: 20 April 1986  
 Nationality: French

First appointment: 26 September 2019

Appointed until: Ms Amélie Buton's office as Director representing the Employees ended on December 31, 2020 due to the termination of her employment contract with Sartorius on such date.

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions outside the Group:

None

Past directorships (held during the past five years) outside the Group:

None

Educational and professional background:

Graduated from Keele University (UK) - Law degree  
 Graduated from University Paris X- Master European and International Law  
 Graduated from University Paris V- Master International Business Law

2009-2010	L'Oréal – Legal Counsel (Asia/Africa/Middle East, Pacific Zone)
2010 – 2017	Voisin Consulting Life Sciences – Legal Counsel
2017-Dec. 2020	Sartorius Stedim Biotech – Regional Counsel

## Registered Addresses

With regards to their social mandates, the members of the Board of Directors and of the General Management are domiciled at the Company's headquarters.

## One Director representing employees since September 2019

One Director representing the employees is member of the Board of Directors. Ms Amélie Buton was appointed by the Work Council of the Company. She holds the duties of Regional Counsel. She was appointed in September 2019 for a 3-year term<sup>1</sup>. Like any new Director, the Director representing the employees followed an induction course intended to perfect her knowledge of the Company's organisation and activities, which involved in particular individual interviews with the Group's main senior managers.

The Director representing the employees does not receive Directors' fees as a Director representing the employees. The components of her remuneration as an employee are not published.

<sup>1</sup> Director representing the Employees office has ended on December 31, 2020 due to the termination of her employment contract with Sartorius on such date.

## Independent Directors

The Company being controlled by a majority shareholder, the portion of independent administrator board members should be at least a third of the Board. As of 31 December 2020, the Board of Directors of Sartorius Stedim Biotech S.A. is composed of 43% of independent members under the independence criteria defined by the APEF-MEDEF code.

Pursuant to the principles of good corporate governance, the independent members may not be principal shareholders, employees, former Group employees, suppliers or bankers of the Group or major customers, nor may they have any other link likely to impair their judgment.

In accordance with the internal rules of the Board of Directors and in application of the AFEP-MEDEF code, the independence of directors is assessed each year with respect to the following criteria.

An independent director:

- May not be an employee or senior executive employee or director of his or her parent company or of one of its consolidated companies and may not have been so during the five previous years (criterion 1);
- May not be a senior executive of a company in which the company directly or indirectly holds a director's position or in which an employee as such or a senior executive of the company (either currently or having been so for less than five years) holds a director's position (criterion 2);
- May not be a significant client, supplier, business banker or investment banker of the company or of its group, for which the company or its group represents a significant part of its business (criterion 3);

- May not have any close family ties with one of the senior executives (criterion 4);
- May not have been a statutory auditor of the company for the five past years (criterion 5);
- May not have been a director of the company for more than twelve years (criterion 6).

In addition to the abovementioned criteria, the Board of Directors analyses other factors, such as the ability to understand the issues and risks, prior to making a decision on whether a director qualifies as independent.

As part of the Assessment of the Board of Directors, the Board of Directors goes through all the criteria listed above and currently it states that it has three independent directors: Mrs. Pascale Boissel, Mrs. Susan Dexter, Mrs Anne-Marie Graffin.

	Not an employee or executive officer	No cross-directorships	No significant business relationships	No family links	Not a statutory auditor	First appointment	Not a director for over 12 years	Classification adopted
Joachim Kreuzburg	No	No	Yes	Yes	Yes	2007	No	Not independent
Pascale Boissel	Yes	Yes	Yes	Yes	Yes	2019	Yes	Independent
Amélie Buton	No	Yes	Yes	Yes	Yes	2019	Yes	Not independent
Susan Dexter	Yes	Yes	Yes	Yes	Yes	2015	Yes	Independent
René Fáber	No	No	Yes	Yes	Yes	2019	Yes	Not independent
Anne-Marie Graffin	Yes	Yes	Yes	Yes	Yes	2015	Yes	Independent
Lothar Kappich	Yes	No	Yes	Yes	Yes	2017	Yes	Not independent
Henri Riey	Yes	Yes	Yes	Yes	Yes	2007	No	Not independent

## Balanced representation of women and men

Each year, the Board of Directors examines the desired balance in its composition and that of its committees, seeking in particular a balanced representation of men and women, and a wide diversity of skills and nationalities, reflecting as best it can both the highly technical and global nature of the company's business.

Specifically, as regards the threshold of 40% women to be reached under the provisions of Article L. 225-18-1 of the French Commercial Code, the Board of Directors has put significant effort into searching for skilled, independent and dedicated female directors with a proven level of expertise in biotechnologies or related industries. As of 31 December 2020, the Board of Directors of Sartorius Stedim Biotech S.A. is composed of 43% of women.

## Assessment of the Board of Directors

The internal rules of the Board of Directors require that once a year the Board devotes an item on its agenda to discuss its functioning and ensures that a formal assessment is carried out. For this purpose, in December 2020, members of the Board completed a questionnaire on the following topics:

- the Board's composition;
- the mode and structure of governance;
- the effectiveness of the Board of Directors;
- the Board's working methods;
- the areas of competence of the Board's members;
- areas for improvement.

Consistent with last year's efficiency review, the results are satisfactory in terms of flow of information, active participation of each Board members, quality of the Committee's work. Those answers are reflecting the high quality teamwork of Board members and their convergence of views.

## Board of Directors' internal rules

The Board of Directors has adopted a set of internal rules that defines and includes rules of operation for this body relating to its powers, members' attendance, operations requiring approval and prior validation with a certain number of triggering thresholds. The directors' charter is included in the Annexe and defines the rights and obligations of directors, in particular regarding the code of ethics and prevention of conflicts of interest. The Board of Directors updated their internal rules during the meeting that took place on March 24, 2020, with the purpose of ensuring compliance with the latest legal, regulatory and statutory obligations applicable to the Company, as well as the last update of the AFEP-MEDEF governance code of June 2020.

## Staggering of the mandate terms

According to the AFEP MEDEF governance code for listed companies, the staggering of terms should be organized in order to avoid renewing a group of mandates and to promote harmonious renewing of the directors' mandates. In 2020, there were no renewal of mandate terms of Directors. Two Directors shall be renewed in 2021.

## Plurality of mandates

In accordance with the APEF MEDEF governance code for listed companies, an executive Director can't exercise more than two other mandates of Director in listed companies outside its group, including foreign companies. It should in addition collect the notice from the Board before accepting a new Director mandate in a listed company.



Moreover, an administrator can't exercise more than four other mandates in listed companies outside its group, including foreign companies. This recommendation is applied during the nomination or the renewal of the administrator's mandate.

Procedures established and followed by the Committees are set up within their respective internal regulations.

Committees' members are appointed by the Board of Directors. A special attention is paid by the Board of Directors to the nomination or renewal of the mandate of the Chairman of the Audit Committee, upon recommendation of the Remunerations and Nominations Committee.

## Other Information

The Board of Directors met ten times during fiscal 2020.

The preparation and holding of the meetings of the Board of Directors and its Committees require significant availability and investment by the Directors. In 2020, the attendance rate at Board meetings was 100% on average. The individual attendance rate at Board and Committee meetings is specified below.

The allocation of Directors' fees, based on the rate of attendance by each of the Directors at Board meetings and presence at the meetings of its various Committees, is described in page 108 of the present Universal registration Document.

	Board of Directors	Audit Committee	Remunerations and Nominations Committee
Joachim Kreuzburg	100%		
Pascale Boissel	100%	100%	
Amélie Buton	100%		
Susan Dexter	100%		100%
René Fáber	100%		
Anne-Marie Graffin	100%	100%	100%
Lothar Kappich	100%	100%	100%
Henri Riey	100%	100%	100%
<b>Average 2020</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

In accordance with the bylaws of Sartorius Stedim Biotech S.A. Company, each Director owns personally at least one share of the company.

To the company's knowledge, all Directors fulfill the below mentioned thresholds with regards to numbers of mandates in listed companies:

- For the executive Directors: maximum of two mandates in companies not belonging to the group,
- For non-executive Directors: maximum of four mandated in companies not belonging to the group.

To the company's knowledge, within the last five years, no member of the Board of Directors:

- has been convicted of fraud during the last five years or has been subject to any official public investigation or sanction by statutory regulatory authorities;
- has been associated in his | her capacity of manager in any bankruptcy, receivership or liquidation for the past five years;
- has been disqualified by a court from acting in the capacity of a member of an administrative, management or supervisory body of an issuer or from acting in the capacity of a management executive or conducting the business of any issuer for the past five years.

To the company's knowledge, no family relationships exist among the members of the company's Board of Directors.

Furthermore, to the company's knowledge, there is no conflict of interest between any duty of the members of the Board of Directors and their private interests and | or other duties. A Director must inform the Board as soon as he | she is aware of any conflict of interests, or even the possibility of a potential conflict, and must refrain from any participation in discussions on the relevant subject matter and from voting on any associated resolutions.

To the company's knowledge, no settlement or agreement has been reached with shareholders, clients, suppliers or others to appoint a member of the Board of Directors.

Measures taken to ensure that control is not done in an abusive way are the following:

- Three members of the Board of Directors out of seven are Independent Directors.
- Two independent members of the Board out of four are members of the Audit Committee, one of them being the Chairwoman of such committee.
- Two independent members of the Board out of four are members of the Remunerations and Nominations Committee.

## Conditions for Preparation and Organization of the Work of the Board of Directors

### Internal Rules and Regulations

The procedures governing the organization and functioning of the Board of Directors are defined by the Internal Rules and Regulations of the Board which is published on the website of Sartorius Stedim Biotech S.A. as of the publication of this particular report.

The Internal Rules and Regulations currently applicable has been adopted on 24 March, 2020 with the purpose of ensuring compliance with the latest legal, regulatory and statutory obligations applicable to the Company, as well as the last update of the AFEP-MEDEF governance code of January 2020.

The Board of Directors deals with all matters concerning the proper operation of the company and takes decisions on subjects that concern it.

## Its Missions

The main missions of the Board of Directors are as follows:

- The Board of Directors shall define the company's strategic goals and assess them from an overall perspective at least once a year, as proposed by the CEO, and ensure that these goals are implemented. It shall also appoint the corporate officers responsible for managing the company in pursuit of this strategy and review all delegations of authority;
- The Board of Directors shall review the management of the Group and monitor the quality of information provided to shareholders and to the market through the financial statements or when material events occur, especially about the company's shareholdings;
- The Board of Directors is responsible for approving all strategic investment projects and any transaction, in particular acquisitions or disposals, likely to materially affect the company's results, the structure of its balance sheet or risk profile;
- The Board of Directors will beforehand decide for each significant transaction outside the scope of the announced strategy;
- The Board of Directors shall deliberate prior to making any changes to the management structure of the company, and shall be informed of the principal organizational changes;
- The Board of Directors shall examine the corporate and consolidated accounts and approve the management report and the sections of the annual report dealing with corporate governance and those setting out the company's policies with respect to remuneration and stock options;
- Although it is not a modification with a social purpose, the Board of Directors must seize the Shareholders' Meeting if the transaction concerns a preponderant share of the assets or the activities of the group;
- The Board of Directors shall convene annual shareholders' meetings and propose changes to the articles of association.

The missions mentioned above summarize the internal bylaws of the Board of Directors.

# Activity Report of the Board of Directors for Fiscal 2020

The Board reviewed and approved the corporate and consolidated accounts for 2019.

The Board of Directors considered and debated on the following at its meetings:

- Strategic direction and major Group projects
- The annual, half-year and quarterly financial statements
- Budgets presented by executive management
- Information on the financial structure and cash flow items
- Significant off-balance sheet commitments
- Risk indicators for the Group
- Stock market performance
- Self-assessment of the Board members
- Elements of remuneration due or attributed
- Mandates of the auditors substitute auditors
- Approval of several acquisitions projects

## Information to be provided to Directors

Before each Board Meeting, Directors receive a report on the agenda items that require prior consideration, in due time and following notification.

Preliminary figures of the annual and interim statements are generally sent to all Directors at least one week before the meeting of the Audit Committee, which is always held on the day of or on the day before the Board meeting.

In addition to Board meetings, the Chairman regularly informs the Directors of any event or development that may have a material impact on Group operations or on any information previously communicated to the Board.

The members of the Board of Directors receive a copy of each press release published by the Company. The Directors may, at any time, request further information from the Chairman of the Board, who shall assess the relevance of the request.

The Audit Committee and the Remuneration and Nominations Committee are responsible for studying and making preparations for the Board's main deliberations in order to improve the Board's efficiency.

Under no circumstances do these Committees relieve the Board which has the only legal power of decision nor are allowed to cause division within its college which is and stays responsible of the accomplishment of its missions. The Committees don't replace but are an emanation of the Board of Directors facilitating its work.

The Committees of the Board may consult, in the performance of their functions, any of the main company's executive members after having informed the Chairman of the Board of Directors and subject to reporting back to the Board.

The Committees of the Board may request external technical studies relating to matters within their competence, at the expense of the Company, after having informed the Chairman of the Board of Directors or the Board of Directors itself and subject to reporting back to the Board.

In the event the Committees solicit the services of external counsels (e.g. the Remuneration Committee for the purpose of gathering information related to systems and levels of remunerations applicable within the main markets), the Committees shall ensure the objectiveness of the sought advice.

Each Board of Directors meeting is preceded with at least one meeting of one of the two committees, depending on the addressed topics. The Committees remain accountable to the Board of Directors and address to them their position, advice and recommendations.

Procedures established and followed by the Committees are set up within their respective internal regulations.

Committees' members are appointed by the Board of Directors. A special attention is paid by the Board of Directors to the nomination of renewal of the mandate of the Chairman of the Audit Committee.

## The Audit Committee

The Audit Committee assists the Board of Directors in areas relating to accounting policy, reporting, internal and external control, financial communication and management of the risks to which the company is exposed.

## Audit Committee duties

Regarding accounting policy and internal control, the Audit Committee has the following duties:

- To proceed as soon as possible, and in any event prior to examination of the annual parent company financial statements and, where appropriate, the consolidated financial statements by the Board of Directors, with the review of all the financial, interim and annual parent company and, where appropriate, consolidated financial statements, including their notes and, where appropriate, the management report presented by the Board of Directors to the General Meeting of Shareholders called to approve the financial statements for the year ended and to present its observations to the Board of Directors. During the examination of the financial statements, the Committee pays particular attention to significant transactions that could have given rise to a conflict of interests;
- To ensure the pertinence of the selected methods and accounting procedures chosen by the company and to check their proper application;
- To check the accounting treatment of any significant transaction made by the company;

- To ensure that the internal procedures for data collection and control are sufficient to ensure the quality and reliability of the annual parent company financial statements and, where appropriate, the company's consolidated financial statements;
- To examine the scope of the consolidated companies and, where appropriate, the reasons for which any companies are not included.

Regarding external control, the Audit Committee has the following duties:

- To submit to the Board of Directors recommendations concerning the Statutory Auditors in view of their appointment or renewal by the General Meeting of Shareholders, to analyse and issue an opinion on the definition, extent and timetable of their assignment and their fees. For this purpose, the Committee steers the selection procedure for the Statutory Auditors and submits to the Board of Directors a recommendation on the Statutory Auditors proposed for appointment by the General Meeting of Shareholders. The Committee proposes to the Board the selection procedure and, in particular, whether a call for tender should be issued. It supervises the call for tender and approves the specifications and the selection of the companies consulted, taking care to select the "best bid" and not the "lowest bid";
- To ensure the independence of the Statutory Auditors.

Regarding risk analysis and prevention, the Audit Committee has the following duties:

- To analyse all disputes, including fiscal, that may have a significant impact on the parent company financial statements and, where appropriate, the company's consolidated financial statements, or its financial position;
- To examine the company's exposure to significant financial risks. The Committee examines the risks and significant off-balance sheet commitments and assesses the importance of malfunctions or weaknesses that it is made aware of and informs the Board, as appropriate;
- To review the conclusions of internal audit reports;
- To verify the satisfactory application of internal controls and information reporting procedures.

Regarding financial communication, the Audit Committee's duties include reviewing the company's financial communication projects relating to the annual and interim parent company financial statements, as well as quarterly sales.

Given the extent of its remit, the Audit Committee consults with the Statutory Auditors, but also with the Finance, Accounts and Treasury Directors. These meetings may be held, at the Committee's request, without the Company's executive bodies being present.

## Composition of the Audit Committee

The Audit Committee comprises at least three members chosen by the Board of Directors for their accounting and finance expertise, of whom one must be an independent member.

The independence criteria retained by the Audit Committee's internal rules are based on those proposed by the recommendations of the AFEP MEDEF code and the Ethics code and adapted to suit the company's size, organization and means.

## Audit Committee's internal rules

The Audit Committee has adopted a set of internal rules and a charter designed to provide a framework for its duties and operation and, in particular, to ensure the implementation and application of independence criteria for its members. It also includes the conditions for remuneration of the latter.

As of 31 December 2020, the Audit Committee has four members:

- Mrs. Pascale Boissel, Chairwoman of the Committee
- Mrs. Anne-Marie Graffin
- Mr. Lothar Kappich
- Mr. Henri Riey

The Chairwoman of the Audit Committee is independent.

The Chairman of the Board of Directors, who is also the CEO of the Group, is a permanent guest of the Audit Committee, but has no voting rights.

The Director representing the employees is also a guest of the Audit Committee and act as the secretary of the meetings.

The Audit Committee met five times during fiscal 2020.

## Activity report of the Audit Committee for the financial year 2020

The Committee reviewed and approved the parent company and consolidated financial statements for 2019.

During its meetings, the Audit Committee addressed and discussed the following points in particular:

- Annual and half-yearly financial statements and quarterly data
- Study and review of the 2020 budget
- Review of the various Company Management Reports and group management reports, as well as the Universal Reference Document

- Information relating to the financial structure and cash position
- Indicators of risks within the group
- Internal audit compliance report and governance assessment
- Stock market evolution
- Borrowings contracted
- Renewal of statutory auditors' terms of office

## Remunerations and Nominations Committee

### Remunerations and Nominations Committee duties

The Remunerations and Nominations Committee's purpose is to assist the company's Board of Directors in setting the remuneration policy for corporate officers and, in particular, relating to incentive mechanisms (allocation of stock options and bonus shares) that the company may implement.

During the year, the Remunerations and Nominations Committee may consult all the company's executive members, after it has informed the Chairman of the Board of Directors, and must report on this to the Board.

The Remunerations and Nominations Committee's duties also include assisting the Board of Directors with the appointment of new Board members. In its works, the Remunerations and Nominations Committee takes into account possible succession plans that make it possible to respond to unforeseeable replacements (illness, death, unexpected resignation).

## Composition of the Committee and functioning

As of 31 December 2020, the Remunerations and Nominations Committee has four members:

Mr. Lothar Kappich, appointed member of the Remunerations of Nominations Committee during the Board of Directors meeting that took place on October 10, 2017, was appointed Chairman of the Committee by its members during the meeting held on 15 February 2018. His mandate as Chairman of the Committee was renewed on March 26, 2019.

- Mrs. Anne-Marie Graffin
- Mrs. Susan Dexter
- Mr. Henri Riey

Two of the four members of the Remunerations and Nominations Committee are independent.

The Remunerations and Nominations Committee met once in fiscal 2020.



# Report on the activities of the Remuneration and Appointments Committee for the financial year 2020

- Approval of annual remuneration of non-executive directors in 2019
- Assessment of the criteria for the remuneration of Directors in 2019 (including the Assessment of the criteria for fixed, variable, extraordinary and other forms of remuneration for the CEO, allocated in 2019 by Sartorius AG)
- Approval of the Directors' remuneration policy for 2020 described on page 108
- Discussion on succession plans.

# Report on Corporate Governance

## 1. Regulated Agreement

### Continued agreement

The Company has decided to continue the services agreement between the Company and Sartorius AG, made effective retroactively since January 1st, 2015 and adopted by the Annual Shareholders meeting of April 4th, 2017, and covering the recharge of services of the Company's Officers.

The said agreement contains the following modalities:

1. Nature: General assistance and administrative services
2. Purpose: formalization of the recharges between the Company and its parent company.
3. Amounts invoiced in the two past years:

For Mr. Joachim Kreuzburg:

Year 2019: 582,804€

Year 2020: 761,917€

For René Fáber:

Year 2019: 410,004€

Year 2020: 608,400€

This regulated agreement has been rejected by the Shareholders during the Annual Shareholders Meeting of June 24th, 2020.

Consequently, and in accordance with the provisions set out in Article L. 225-40-1 of the French Commercial Code, the Company will propose to its Board of Directors of February 5th, 2021 and further to its Annual Shareholders meeting of March 24th, 2021 to approve the continuation of the said agreement (as above detailed), via a new amendment.

## 2. Regulated commitments concerning Mr. Joachim Kreuzburg and René Fáber

There are certain commitments described in this section that are regarded as regulated under French Regulation.

Such commitments were subscribed by Sartorius AG in accordance with the global remuneration policy of the Group 20% (Joachim Kreuzburg) and 40% (René Fáber) of their amounts are recharged to the Company.

These commitments were rejected by the Annual Shareholders meetings of June 24<sup>th</sup>, 2020, March 26<sup>th</sup>, 2019 and April 3<sup>rd</sup>, 2018. They were nonetheless approved by the Board of Directors on February 6<sup>th</sup>, 2020. They

will be submitted to the approval of the Annual Shareholders meeting called on March 24th, 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

These commitments subscribed by the German parent company comply with the German law.

## Earlier departure severance

The service contract of Joachim Kreuzburg and René Fáber include a severance pay cap of a maximum of two annual salaries as a maximum, but not more than the salary of the remaining term of the service contract, to cover cases in which Sartorius AG Executive Board membership is terminated prematurely.

## Non-competition clause

Joachim Kreuzburg and René Fáber have a post-contractual non-competition obligation, which is in accordance with German law. This obligation will last for two years after an Executive Board member has left the Group. During this time, if the non-competition clause is not waived or terminated, this Executive Board member may claim half of his most recent annual remuneration received from the company.

## Pension commitments

Mr. Joachim Kreuzburg benefit from a supplementary pension scheme that is applicable under German Law. These commitments and their modalities are exhaustively described in the section Remuneration Report of this annual report.

## 3. Other Information

Information required by Article L. 225-37-3 of the French Commercial Code

The information referred to in Article L. 225-37-3 I of the French Commercial Code is described in the chapter entitled "Remuneration of Directors" in the 2020 Universal Registration Document (page 108).

In accordance with the provisions of Article L. 225-100 II of the French Commercial Code, this information will be submitted for shareholder approval at the Ordinary and Extraordinary General Meeting of 24 March 2021, in its sixth (6th) resolution.

Compensation of the Chairman and Chief Executive Officer for the financial year 2020

The fixed, variable and exceptional items making up the total compensation and benefits of all kinds due or awarded to Mr Joachim Kreuzburg, Chairman and Chief Executive Officer, for the financial year ended December 31, 2020, are described in the chapter entitled "Remuneration of Directors" in the 2020 Universal Registration Document (page 108).

In accordance with the provisions of Article L. 225-100 III of the French Commercial Code, these items will be submitted for shareholder approval at the Ordinary and Extraordinary Shareholders' Meeting of March 24, 2021, in its seventh (7th) resolution.

Remuneration policy for corporate officers

The compensation policy for corporate officers, mentioned in Article L. 225-37-2 of the French Commercial Code, is set out in the chapter entitled "Remuneration of Directors" in the 2020 Universal Registration Document (page 108).

This policy will be submitted for shareholders' approval at the Ordinary and Extraordinary Shareholders' Meeting of March 24, 2021, in its eighth (8th) resolution.

## Corporate Governance Code / AFEP MEDEF

Since fiscal 2008, the Sartorius Stedim Biotech S.A. Board of Directors decided to follow the AFEP-MEDEF recommendations, as revised in January 2020, as the reference code for corporate governance (see [www.medef.fr](http://www.medef.fr)).

The AFEP-MEDEF Corporate Governance Code (the "Code") defines a set of regulations for good and responsible corporate governance. It follows the "comply or explain" principle that is implemented in most countries of the European Union. If a listed company does not comply with a recommendation of this Code, it must explain this in its corporate governance report.

In accordance with article 27.1 of the Corporate Governance Code for listed companies in effect from the presented date (the "Code"); listed companies referring to the code are required to precisely identify, in their Universal Registration Document, the application of these recommendations. In case of non-application of one of these provisions, companies are required to provide a comprehensible, relevant and circumstantial explanation according to the rule "apply or explain". It is recommended by the AMF (recommendation n°2014-08 of 22 September 2014) that companies indicate in a specific table each recommendation that are not applied and the related explanations.

## Specific table on recommendations of the AFEP MEDEF Code for the Governance of listed Companies

Article	Deviations of the provisions of the code	Explanations
3.2	<p>Disclosure of the option selected</p> <p>It is essential for the shareholders and third parties to be fully informed of the choice made between separation of the offices of Chairman and Chief Executive Officer and maintenance of these positions as a single office.</p>	<p>The Board of Directors has opted for the Chairman's functions meeting of the Board Committee and as Chief Executive Officer in order to simplify the company operational management and increase its effectiveness.</p> <p>This organization turned out to be a factor of efficient governance considering the organization of the Sartorius Stedim Biotech Group. Mr. Joachim Kreuzburg is Chairman of the Board and CEO of Sartorius AG mother company of the group. He is on one hand bound to the controlling shareholder and on the other hand very involved in the business affairs of the Group which he particularly knows and experienced.</p> <p>Also, the Board of Directors is proceeding to an annual evaluation of its functioning to identify the improvements that could be made. The result of the evaluation shows that this organization is well suited for the interests of the company.</p>
10.3	<p>Non-executive directors meeting</p> <p>It is recommended that the non-executive directors meet periodically without the executive or "in-house" directors. The internal rules of operation of the Board of Directors must provide for such a meeting once a year, at which time the evaluation of the Chairman's, Chief Executive Officer's and Deputy Chief Executive's respective performance shall be carried out, and the participants shall reflect on the future of the company's executive management.</p>	<p>Board meetings are organized in the presence of the executive members to maintain the same degree of information between the members of the Board and strengthen the open and transparent collective character.</p> <p>According to the Code AFEP-MEDEF planning that the non executive members have to meet annually without the presence of the executive or internal members, the internal rules of the Board mentions the possibility for the non executive members to organize this kind of meeting. The concerned Directors have duly been made aware of this possibility but did not express their wish to hold such a meeting during the past year. They will be reminded of such a possibility during the Board of Directors Meetings that will occur for the next financial year.</p>
15.1	<p>Independent directors within the Audit Committee</p> <p>The proportion of independent directors on the audit committee (excluding the directors representing employee shareholders and directors representing employees, who are not taken into account) should be at least equal to two-thirds, and the committee should not include any executive director.</p>	<p>On December 31, 2020 50% of the Audit Committee members are independent (i.e. two members out of four). This is the direct consequence of the loss of the status of independent of one of its member during the fiscal year ended on December 31, 2019 (Mr. Henri Riey). The Audit Committee is chaired by an independent administrator: Mrs. Pascale Boissel. In view of the high experience in finance topics of the members of the Audit Committee, and in particular of its chairwoman, the Board of Directors considers that the current composition ensures the efficiency of the work of the Committee. No executive director is sitting within the Audit Committee.</p>

Article	Deviations of the provisions of the code	Explanations
15.3	<p>Examination deadline of the accounts between the Audit Committee and the Board</p> <p>The appointment or extension of the term of office of the audit committee's Chairman is proposed by the appointments/nominations committee, and should be specially reviewed by the Board.</p>	<p>For practical reasons, connected in particular to the presence within the Committee of a majority of nonresident members, the meetings of the Audit committee usually take place the same days as those of the Board of Directors. Taking into consideration this obligation, and in order to give to the Audit committee the possibility of achieving completely its missions, the internal rules of the Board mentions that any documents and useful information must be communicated to the Board by the Chairman and Chief Executive Officer upfront and in a sufficient delay. The files are like this transmitted to the members of the Audit Committee with a sufficient upstream delay and at the latest three days before every meeting of the Committee or of the Board allowing them to have a sufficient delay for the examination of the statements before these meetings.</p> <p>Therefore, each member of the said committee is spending the necessary time to examine each topic and is duly enabled to require such information if needed.</p>
<b>16/17</b>	<b>The Committee in charge of Remunerations and Nominations</b>	
16.1/17.1	<p>Independent directors within the Remunerations and Nominations Committee</p> <p>It must mostly consist of independent directors</p> <p>It is recommended that the Chairman of the committee should be independent.</p> <p>It is recommended that one of its members should be an employee director</p>	<p>The Board of Directors decided to create a Remunerations and Nominations Committee.</p> <p>On December 31, 2019, 50% of the Remunerations and Nominations Committee members are independent (i.e. 2 members out of four). This is the direct consequence of the loss of the status of independent of one of its member during the fiscal year ended on December 31, 2019 (Mr. Henri Riey). It is further mentioned that the Chairman and Chief Executive Officer of the Board is not a member of the committee. Mr. Lothar Kappich was appointed Chairman of the Committee due to his in-depth knowledge of the Group's operations and his experience in the area of compensation in his function at Sartorius AG.</p> <p>For historical reasons related to the company share options, the composition of the specialized committee was reflecting the research by our shareholder in order to reflect a balance between the directors representing the shareholders and the independent directors.</p> <p>Lothar Kappich has been appointed Chairman of the Remunerations and Nominations Committee of the Sartorius Stedim Biotech Group for management and coherency reasons: Although Mr. Lothar Kappich is non-independent, he is also the Chairman of the remunerations committee of the Sartorius Group AG</p> <p>The director representing the employees, without being a member of the Remunerations and Nominations Committee, has been appointed by the Board of Director to attend the meetings as secretary. Discussions related to remunerations and advantages of Company's officers are therefore fully transparent and shared with the Director representing the employee.</p>
<b>19.</b>	<b>Ethical rules for directors</b>	
	<p>The director should be a shareholder personally and hold a fairly significant number of shares to the received Directors' fees: by default if he does hold the shares upon assuming his functions, he must use the acquired Directors' fees when acquired.</p>	<p>The Board of Directors has implemented these ethic principles within its internal regulations, in particular within the Director Charter, which is attached to the internal regulations.</p> <p>Beyond the application of Article L 225-25 of the French Code of Commerce, the Board of Directors has left until now</p>

Article	Deviations of the provisions of the code	Explanations
		the freedom to each director to invest significantly or not within the company.
<b>21.</b>	<b>Termination of employment contract in the event of becoming a company officer</b>	
21.1	When an employee is appointed as a company officer, it is recommended to terminate his or her employment contract with the company or with a company affiliated to the group, whether through contractual termination or resignation	<p>This recommendation is not applicable since there are no Company's officer under an employment contract with the company. As such, there is no possible plurality of contracts. According to German law, it is not necessary to change such service contract when a person becomes a Managing Director of the company he/she works for. It should also be considered that the Sartorius Stedim Biotech Group is controlled by a German majority shareholder, and the biggest group company is a German company; therefore, in this respect German rules and regulations are very common in the whole group and have to be observed at the respective group level.</p> <p>This aspect relating to the service contract is supported by the information contained in the report on the remuneration of directors as described in this Universal Registration Document.</p>
<b>25.</b>	<b>Compensation of Company Officers</b>	
25.3.2	Annual variable compensation of executive officers The rules for fixing this compensation must be consistent with the annual review of the performances of the executive officers and the corporate strategy. They depend on the director's performance and the progress made by the company	<p>Mr Joachim Kreuzburg is representing the Group Sartorius AG, his compensation policy is deliberated and decided at the level of the headquarter Sartorius AG.</p> <p>The performance action elements are detailed in the document reference within the parts of the corporate governance Report and the internal control within this Registration Document. It is also reminded that this variable compensation is exclusively allocated by Sartorius AG, and, as such, performance rules are decided under the German legislation, through applicable governance codes.</p>
25.3.3	Company officers who are beneficiaries of stock options and/or performance shares must make a formal commitment not to engage in any hedging transactions in respect of their own risks with regard to options, shares resulting from the exercise of options or performance shares, and to respect this commitment until the end of the share retention period determined by the Board of Directors	SSB's Company officer received its remuneration directly from Sartorius A.G., major shareholder of Sartorius Stedim Biotech. To such extent, no company officer of Sartorius Stedim Biotech is a beneficiary of stock options and/or performance shares, hence the absence of such commitment.
25.5.1	Departure of company officers It is not acceptable that directors whose company has failed or who have personally failed may receive benefits upon departure.	Severance payments for Joachim Kreuzburg are defined in the course of the remuneration program at the headquarter level Sartorius AG, and are capped. In case the office of Joachim Kreuzburg is terminated for good cause, no severance is due. Further and detailed information related to these severance payments are available within the report on the remuneration of the Executive Director inserted in this Universal Registration Document.

# Shareholders' Meeting

## Convening

Annual (or Ordinary) General Shareholders' Meetings are those convened to take all decisions that do not result in a revision of the bylaws. Extraordinary General Shareholders' Meetings are those called to decide or authorize direct or indirect revisions to the bylaws. Special Meetings bring together the holders of a specific class of share to consider revisions to the rights of this class of share. Decisions made at the General Meetings are binding for all shareholders, even those who are absent, dissenting or legally incapable or incapacitated. General Meetings are convened by the Board of Directors or, by default, the independent auditors or a person thus empowered. General Meetings are held at the registered office or any other place stated in the notice of convocation. The forms and timescale of the notice of convocation are governed by French laws.

In 2020, in view of the Covid 19 pandemic, a first emergency health law empowered the government to take by ordinance any measure aimed at simplifying and adapting the conditions for the meeting and deliberation of general meetings and collegiate governing bodies of legal persons governed by private law. A second law extending the state of health emergency authorized the government until 16 February 2021 to take specific measures on this subject.

Pursuant to Orders 2020-318 and 2020-321 of 25-3-2020, Sartorius held its Annual General Meeting on June 24, 2020, behind closed doors. The notice of meeting and the notice of convocation were published in the BALO on February 14 and March 9, respectively. In accordance with the terms of Article 7 of Order no. 2020-321 of March 25, 2020, the formalities already completed at the date of this decision did not need to be renewed.

The documentation relating to the General Meeting held on 24 June was posted on the company's website, along with several press releases concerning the postponement. A letter of notification of the postponement was also sent to each of our registered shareholders.

## Agenda

The notices and letters of call shall indicate the indications required by the law, particularly the agenda, the company electronic address where written questions of Shareholders may be sent and, eventually the mention of the obligation to collect the opinion or the prior approval of the mass of securities Shareholders giving access to the share capital.

The meeting may only deliberate on the matters placed on the agenda. It may, however, remove one or more directors at any time.

One or more shareholders representing the percentage of share capital required by law may, under the conditions and time limits set forth by law, require the inclusion on the agenda of draft resolutions.

In accordance to the Articles R 225-71 to R 225-74 of the Commercial Code, requests made by the Shareholders to register draft resolutions on the agenda and written questions are sent to the Headquarters by registered letter with recorded delivery beginning on the publication of the Meeting announcement and until 25 days before the General Meeting, or in a delay of 20 days beginning on the publication of the Meeting announcement, when this one is published more than 45 days before the General Meeting (date of reception of the request by the company will be taken into account).



The request of a new item on the agenda must be motivated. The request to register draft resolutions is provided with the text of draft resolutions, which may have a short explanation of reasons. These requests are subject to justification of possession or representation of required Share capital, in accordance to regulatory rules).

Moreover, in accordance to the Articles L. 2323-67 paragraph 2 of the Labor Code, requests of draft resolutions made by the Work Council, to be added on the agenda, are sent in the next 10 days following the publication of the Meeting announcement.

If the meeting has been unable to make a valid decision due to a lack of the required quorum, the second meeting and, where appropriate, the second meeting adjourned are called at least ten days in advance in the same form as the first meeting.

In view of the health crisis at Covid 19, the Board of Directors of the company, on 17 March 2020, took the decision to postpone its General Meeting (initially scheduled for 24 March) due to the travel and meeting restrictions associated with the pandemic.

Due to the cancellation of the General Shareholders' Meeting of March 24, 2020, the vote on the resolutions on the appropriation of income for the year ended December 31, 2019 and the payment of dividends, among others, were also postponed.

The General Shareholders' Meeting of June 24, 2020, was held in closed session, filmed, broadcast and recorded on the Sartorius website.

## Admission to Meetings – Powers

Every shareholder has the right to attend General Meetings and to participate in the discussions, in person or by proxy, regardless of the number of shares held, on simple proof of identity and the ownership of shares. The right to participate in a General Meeting is subject to the condition that the shares must be recorded, in the name of the shareholder or the shareholder's appointed broker, either in the nominative share accounts held by the company or in the bearer share accounts held by the authorized broker, by zero hours, Paris time, on the second working day prior to the meeting. The recording or registration of the shares in the bearer share accounts held by the authorized broker must be confirmed by a share certificate provided by the broker. This share certificate must be attached to the postal voting form, the proxy form or the application for an admission pass, issued in the name of the shareholder or on behalf of the shareholder represented by the appointed broker. A certificate must also be supplied to shareholders who wish to attend the General Meeting in person but who have not received an admission pass by zero hours, Paris time, on the second working day prior to the meeting.

A Shareholder may be represented by another Shareholder, his or her spouse or by the partner with who he or she signed a Civil Partnership. Furthermore, he or she may be represented by any other moral or physical person of his choice in accordance to the Articles L. 225-106 to -106-3 of the Commercial Code; in that aim, the representative must present valid proof of proxy.

The legal representatives of shareholders who are legally incapable or incapacitated and individuals representing corporate shareholders take part in meetings, whether or not they are shareholders.

All Shareholders may also have a postal voting, using a registration form and sent to the company according to the law and regulations; to be acceptable this registration must be received by the company three days before the date of the Meeting.

In case of remote voting using an electronic vote, or a proxy vote given by electronic signature, this vote is made according to the conditions of the current regulations.

All legal documents relative to legal information for shareholders are made available to them at the registered office of the company, as well as on the internet website.

Considering the Corona virus pandemic, and as per French Ordinance No. 2020-321 of March 25, 2020, Sartorius has held its Combined Annual Shareholder's Meeting, on June 24, 2020, without personal attendance. All the votes have been performed by correspondence, and the convening to the Combined Annual Shareholder's Meeting has been carried out as follows:

Sartorius Stedim Biotech S.A. has convened a video-based Combined Annual Shareholders' Meeting (ASM) for Wednesday, June 24, 2020, at 10:00 a.m. (CEST).

The Board of Directors having decided at its meeting of 13 May 2020 that the General Meeting would be held without the personal presence of the shareholders and would instead be broadcast live on the company's website. This decision was taken in accordance with French Order no. 2020-321 of 25 March 2020, which adapted the rules relating to shareholder meetings and conferences during the period of a state of health emergency.

The Board of Directors also decided, at its meeting on 13 May, to submit to the ASM an adjusted proposal for the payment of a dividend of €0.34 per share for the 2019 financial year. The original proposal was for a dividend of €0.68, following the payment of €0.57 for the financial year 2018.

As the General Meeting is closed to the public, persons who are normally entitled to attend the General Meeting have been informed that it is not possible to ask questions or submit draft amendments or new resolutions during the Meeting. In accordance with the procedure described below, shareholders were therefore invited to exercise their postal voting rights prior to the General Meeting. The deadlines for asking questions were extended to the day before the General Meeting.

Shareholders were given the opportunity to vote by mail using the Company's paper voting form. Registered shareholders used the voting form attached to their notice of meeting; bearer shareholders requested the voting form and a shareholder certificate from the financial intermediary that manages their shares. The form was available on the company's website.

In view of the coronavirus pandemic, which could increase postal delays, it was recommended that the voting form be returned as soon as possible. Due to measures limiting gatherings and travel, it was not possible to request an admission card or to appoint a third party as proxy for the ASM.

As the shareholders were not present in person, they did not have the opportunity to ask questions at the ASM. However, shareholders had the right to send written questions, which will be answered during the ASM.

In view of the current situation, written questions received up to the first working day prior to the date of the ASM, i.e. Tuesday 23 June 2020, were considered valid.

# Delegation granted for increase in capital by the Shareholders' meeting to the Board of Directors

## Delegation of competence

Object - Duration	Limit	Use in 2020
Ability to issue shares and/or securities giving access to the share capital of the company and/or securities giving the right to the allotment of the debt instruments, with preferential subscription rights of the shareholders. (EGM 06/24/2020 – Resolution n°11)	The limit is €4,000,000 corresponding to the maximum nominal amount of the increase of the share capital and to the maximal nominal amount of the debt instruments and €500,000,000 on the maximum overall limit of the maximum nominal amount of the debt instruments.	None
Granted for a period of 26 months as from 24/06/2020	It being specified that the limits of the nominal amount of the capital increases and debt instrument, with or without preferential subscription rights of the shareholders, set from the twelfth (12 <sup>th</sup> ) to the seventeenth (17 <sup>th</sup> ) resolutions submitted to this Shareholders' Meeting shall be deducted from this overall limit	
Ability to issue shares and/or securities giving access to the share capital of the company and/or securities giving the right of the allotment of debt instruments, without preferential subscription rights of the shareholders – through public offerings, other than those referred to in the Article L. 411-2 of the French Monetary and Financial Code. (EGM 06/24/2020 – Resolution n° 12)	The limit is deducted on the overall limit of €4,000,000 (increase of the share capital) and on the overall limit of €500,000,000 (debt instruments).	None
Granted for a period of 26 months as from 24/06/2020		
Ability to issue shares and/or securities giving access to the share capital of the Company and/or securities giving the right to the allotment of debt instruments, without preferential subscription rights of the shareholders – through public offers addressed exclusively to qualified investors or to a restricted circle of investors as defined in the article L. 411-2 of the French Monetary and Financial Code. (EGM 06/24/2020 – Resolution n° 13)	The limit is deducted on the overall limit of €4,000,000 (increase of the share capital) and on the overall limit of €500,000,000 (debt instruments).	None
Granted for a period of 26 months as from 24/06/2020		
Ability to increase the number of shares and/or securities giving access to the share capital of the Company to be issued in the event of a share capital increase with or without preferential subscription rights of the shareholders. (EGM 06/24/2020 – Resolution n° 14)	The limit amount 15% of initial issue of shares, pursuant to the resolution n°11 to 13 described above.	None
Granted for a period of 26 months as from 24/06/2020		
Ability to issue shares and/or securities giving access to the share capital of the Company, as consideration for securities tendered through public exchange offers initiated by the Company, without preferential subscription right of the shareholders. (EGM 06/24/2020 – Resolution n° 15)	The limit is deducted on the overall limit of 10% of the share capital of the Company at the moment of the capital increase (increase of the share capital) and on the overall limit of €500,000,000 (debt instruments).	None
Granted for a period of 26 months as from 24/06/2020		
Ability to increase the share capital through the capitalization of reserves, earnings or premiums or any other sum upon which capitalization would be permitted.	The limit is €4,000,000 (corresponding to the maximum nominal amount of the increase of the share capital); It is a independent limit.	None

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(EGM 06/24/2020 – Resolution n° 16)

Granted for a period of 26 months as from 24/06/2020

Ability to issue shares and/or securities giving access to the share capital giving the right to the allotment of debt instruments, without preferential subscription rights of the shareholders and reserved for members of saving plans.	The limit is €4,000,000 corresponding to the maximum nominal amount of the increase of the share capital; it is an independent limit.	None
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(EGM 06/24/2020 – Resolution n° 17)

Granted for a period of 26 months as from 24/06/2020

Ability to reduce the capital by cancelling shares acquired under buyback program	The limit is of 10% of the capital of the Company and by period of 24 months.	None
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(EGM 06/24/2020 – Resolution n°18)

Granted for a period of 18 months as from 24/06/2020

Ability to grant free new or existing shares to the benefit of employees or corporate officers	The limit amount of 10% of the Company's share capital calculated on the attribution date	None
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(EGM 06/24/2020 – Resolution N°19)

Granted for a period of 38 months as from 24/06/2020.

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# Remuneration of the Members of the Board

The purpose of this report is to present a detailed explanation of the information mentioned in the Article L. 225-37-3 I of the French commercial code concerning the remuneration due or awarded to the corporate officers for the 2019 financial year. This information will be subject to a resolution that will be proposed to the approval of the shareholders on March 24th, 2020.

In accordance with Article L225-37-2 of the French Commercial Code, the corporate officers' compensation policy, as described herein, will also be subject to a resolution to be proposed to the approval of the shareholders on March 24th, 2020.

## Information about the Remuneration of the Directors who are members of the Executive Board of the major shareholder

The Executive Director, Joachim Kreuzburg, is at the same time Chairman of the Executive Board and René Fáber is member of the Executive Board of the major shareholder of Sartorius Stedim Biotech S.A. Both receive their fixed and variable remuneration from the major shareholder Sartorius AG. A portion of this remuneration is charged to Sartorius Stedim Biotech S.A., reflecting their roles as Executive Director and Director of the Company. A portion of both total remunerations is charged to the SSB Group for their management services based on their proportional work for Sartorius Stedim Biotech (please refer also to section "Related Parties" of the "Financial Statements and Notes"). This allocation key is applied to all components of their remuneration, upon information and approval of Sartorius Stedim Biotech SA at the ratio of 20% and 40% respectively).

### **Remuneration of the Director who are chairman or member of the Executive Board of the major shareholder Sartorius AG (Joachim Kreuzburg, René Fáber)**

## General and Fixed Remuneration

The total amount of the remuneration of the chairman of the Executive Board of Sartorius AG, as well as for other members of this Executive Board is determined by the Supervisory Board of Sartorius AG and reflects the scope of the responsibilities of the member concerned, the member's personal performance, the company's economic situation and sustainable progress. In addition, this amount is benchmarked with those at peer companies and with the vertical remuneration structure within the company as well as at peer companies. Remuneration is comprised of both fixed non-performance-based components and of variable performance-based components, and is reviewed regularly at the latest after three years by the Supervisory Board of Sartorius AG to ensure that it remains appropriate. The variable performance-based remuneration components consist of those to be paid annually and of multi-year components intended to have a long-term incentive. Fixed non-performance-based remuneration is paid in the year in which it is granted. For 100% target achievement, the variable annual and long-term performance-based components generally represent at least half of total remuneration, which excludes pension commitments under a defined benefit plan as well as fringe benefits. The targets set for the performance-based remuneration refer to financial key figures of the Sartorius Group in which the Sartorius Stedim Biotech Group is fully consolidated. Specifically, Sartorius

Stedim Biotech represents approx. 80% of the business and assets of the Sartorius Group. Therefore, the development of Sartorius Stedim Biotech has a significant influence on the financial results of the Sartorius Group and thus on the variable remuneration of Sartorius AG's Executive Board members. However, all components of the remuneration described below refer to parameters and financial key figures of the Sartorius Group in total.

## Variable Remuneration

The variable portion of this remuneration contains components that are paid annually (subordinate targets measured against sales revenue|order intake, underlying EBITDA and ratio of net debt to EBITDA) and components determined by multi-year assessment (measured against (i) consolidated net profit and (ii) the phantom stock plan).

The components to be annually paid and the elements determined by multi-year assessment each make up one half of the target achievement that is possible. A cap is provided for all variable components to be paid.

Of the total that can be awarded for 100% target achievement, the subordinate targets of the components to be annually paid are weighted within the components that are settled annually for the chairman of the Executive Board (Joachim Kreuzburg) as follows:

- sales revenue|order intake Group 30%;
- underlying EBITDA Group 40%;
- ratio of net debt to underlying EBITDA Group 30%.

Of the total that can be awarded for 100% target achievement, the subordinate targets of the components to be annually paid are weighted within the components that are settled annually for the member of the Executive Board responsible for the Bioprocess Solutions division (René Fáber) as follows:

- sales revenue|order intake Group 9%;
- underlying EBITDA Group 12%;
- ratio of net debt to underlying EBITDA Group 9%;
- sales revenue|order intake BPS division 30%;
- underlying EBITDA BPS division 40%;

The subordinate targets constituted by (i) consolidated net profit and (ii) the phantom stock plan as components determined by multi-year assessment are each weighted within the components with long-term incentive effect at 50%.

### a) Annually paid variable remuneration

The portion of the variable remuneration that is to be paid annually depends on the degree to which the target is achieved, which the Supervisory Board of Sartorius AG defines by setting each individual subordinate target. Thus, target achievement is subdivided into the previously mentioned three subordinate targets, which are each separately paid.

## Sales Revenue | Order Intake

If the degree of target achievement is below 90%, no remuneration is paid. If 90% is achieved, 50% of the sum awarded is paid out. Thereafter, payment increases linearly up to a target achievement of 104%, at which a maximum of 120% of the sum awarded is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

## Underlying EBITDA

If the degree of target achievement is below 70%, no remuneration is paid. If 70% is achieved, 70% of the sum awarded is paid out. Thereafter, payment increases linearly up to a target achievement of 120%, at which a maximum of 120% of the sum awarded is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

## Ratio of Net Debt to underlying EBITDA

No remuneration is paid if the ratio of net debt to underlying EBITDA achieved is below the lower limit defined. If this defined value is achieved, 50% of the sum awarded is paid out. Thereafter, payment increases linearly up to a target achievement of 120%, at which a maximum of 120% of the sum awarded is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

### b) Variable remuneration with multi-year components

On the one hand, components determined by multi-year assessment depend on the degree to which the target is achieved, which the Supervisory Board of Sartorius AG defines by setting the subordinate target constituted by consolidated net profit. On the other hand, these multi-year components depend on the value of the monetary sum ascribed to the Executive Board member at the beginning of each year.

## Consolidated Net Profit

For this subordinate target, the basis for assessment is the consolidated net profit after non-controlling interest excluding amortization (amortization of the value of intangible assets, such as customer databases or patents, which results from purchase price allocation within the scope of business combinations pursuant to IFRS 3). Target achievement for assessing annual variable remuneration is based on the average taken over a period of three fiscal years, beginning with the present fiscal year.

To smooth the amounts to be paid out, a partial payment amounting to 50% of the target achievement for a fiscal year will be effected. Any overpayments as a result of these partial payments will be offset in the following year against other remuneration components (fixed or variable). No partial payment will be made in the year prior to an Executive Board member's resignation. Full account is thus taken of any negative results, and the effects thereof continue to have an impact on the remuneration of the Executive Board member concerned even after he or she has left the company. If a defined minimum value is attained, payment of the awarded sum will increase linearly from 0% to a maximum of 120% of the subordinate target achievement value defined by the Supervisory Board. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

## Phantom Stock Plan

Through the issue of shadow shares, called phantom stocks, the Executive Board members are treated as if they were owners of a certain number of shares in Sartorius AG, without, however, being entitled to receive dividends. The development of the value of these phantom stocks are linked with the development of the Sartorius share; both increases and decreases in the share price are taken into account. Later, this phantom stock is valued based on the share price at the time and its equivalent is paid out, provided that the associated conditions are met. Phantom stocks cannot be traded and does not entail any share subscription rights.

According to the Sartorius phantom stock plan, each Executive Board member is credited at the beginning of every year with phantom stock units valued at an agreed monetary sum. The value of these phantom stocks can be paid out only as an entire annual tranche. Payment can be requested, at the earliest, after a period of four years and no later than after eight years.

An Executive Board member is entitled to receive payment for phantom stock units only if the share price at the time of the payment request has appreciated at least 7.5% per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX® as a comparative index. The phantom stock plan rules out subsequent changes to the parameters used for comparative stock valuation.

The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stocks were assigned, based in each case on the actual annual tranche concerned.

Assignment of this phantom stock and payment of its monetary equivalent depend on the mean value calculated from the average prices of the preference share in the closing auction of Xetra trading on the Frankfurt Stock Exchange over the last 20 days of trading of the previous year or over the last 20 days of trading prior to submission of the payment request. This serves to compensate for any short-term fluctuations in the share price.

Payment for phantom stocks is blocked for the four weeks preceding the scheduled publication date of quarterly and preliminary year-end results and for 20 days of trading on the stock exchange following the actual publication of quarterly and preliminary year-end results. These blackout periods are intended to prevent Executive Board members from profiting from potential insider knowledge.

## Pension Commitments

According to the company's remuneration policy, Executive Board members of Sartorius AG receive performance-related benefit commitments under a defined benefit plan when reappointed for the first time. In addition to including a basic pension, these commitments provide for the Executive Board member to make his own contribution from his variable earnings and for the company to match this contribution by a bonus amount. An Executive Board member may choose to receive such defined benefits in the form of a monthly retirement pension for old age or as a one-time payment to cover the member's retirement pension for old age and invalidity as well as in the form of survivor's benefits for the surviving spouse and children of the decedent.

Beyond such commitments, Joachim Kreuzburg is additionally entitled under a former company pension scheme to receive performance-based retirement benefits based on the salary of a German federal civil servant classified as grade 10 of salary class B for ministry officials according to the Federal Civil Service Remuneration Act [Bundesbesoldungsgesetz]. Such benefits are paid in the form of a retirement pension for



old age and invalidity as well as in the form of survivors' benefits for the surviving spouse and children of the decedent.

After a member has turned 65, this shall be considered the regular age limit at which this member shall automatically be entitled to receive all such benefits.

## Other Remuneration Components

The remuneration system provides that the Supervisory Board of Sartorius AG at its discretion may grant an Executive Board member special compensation based on that member's exceptional performance.

## Severance Caps

The service contracts include a severance pay cap of a maximum of two annual salaries to cover cases in which Sartorius AG Executive Board membership is terminated prematurely. Potential amounts have to be paid by Sartorius AG.

## Non-competition Clause

All Executive Board members of Sartorius AG have a post-contractual non-competition obligation, which is in accordance with German law. This obligation will last for two years after an Executive Board member has left the Group. During this time, if the non-competition clause is not waived or terminated, this Executive Board member may claim half of his most recent annual remuneration received from the company. Other income of the Executive Board member during this two year period is deducted from this payment. It should be noted that this payment is paid by Sartorius AG. However, an allocation of this payment would be recharged by Sartorius AG to Sartorius Stedim Biotech S.A. at the date of its payment.

## Fringe Benefits

The members of the Executive Board of Sartorius AG are each entitled to use a company car, reclaim expenses incurred on business travel and to be covered by accident insurance and D&O insurance as fringe benefits in addition to receiving the remuneration components mentioned. The D&O insurance provides for the application of a deductible or excess in the amount required by law.

## Share-based Payment

The general remuneration policy for Executive Board members of Sartorius AG does not provide for the transfer of Sartorius AG shares as compensation for members. An exception to this was made in December 2014 and December 2019 for Joachim Kreuzburg in connection with his third and fourth appointment as a member of the Executive Board and its Chairman and CEO.

By resolution passed by the Supervisory Board on December 5, 2019, Dr. Kreuzburg was reappointed as a member and Chairman, as well as CEO, of the Executive Board of the company for the term from November 11, 2020, to November 10, 2025. Due to Dr. Kreuzburg's special achievements in developing the Sartorius Group since the start of his tenure on the Executive Board on November 11, 2002, the company wished to continue this successful collaboration with him. The new remuneration agreement therefore provides that 13,785 ordinary shares and 13,785 preference shares that have been transferred in November

2020 as a supplementary compensation component to Dr. Kreuzburg. This share-based payment is subject to the rules of IFRS 2 and is deemed to have been granted upon the resolution approved by the Supervisory Board on December 5, 2019. The shares granted shall be subject to a holding period that will end on November 10, 2024. Should Dr. Kreuzburg leave the company prior to November 10, 2022, at his own request, his entitlements to be granted said shares by transfer shall lapse in their entirety. If Dr. Kreuzburg leaves the company after November 10, 2022, and before November 10, 2024, at his own request, half of his entitlements to be granted said shares shall lapse. Shares already transferred and for which his entitlements have lapsed shall be returned to the company. This remuneration component is to be included in his total remuneration at fair value as of the grant date of these shares. This respective fair value is to be derived from the number of shares granted and the price of each class of share on the grant date and amounts to €5,000 K. Considering the conditions agreed, the amount resulting as of December 5, 2019, is to be spread as an employee benefits expense over the full vesting period of the plan and recognized as such in profit or loss.

In fiscal year 2020, an amount of € 1,323 K (2019: € 530k) was accordingly recognized as an employee benefits expense resulting from the grant of shares.

These compensation scheme, subject to all prior approvals shall remain quite similar for the year 2021.

## Information about the Remuneration of the Non-Executive Directors

The remuneration for non-executive board members is defined in the Board of Directors internal rules of Sartorius Stedim Biotech S.A. and comprises fixed remuneration, meeting Directors' fees and reimbursement of out-of-pocket expenses. Members also serving as a member of a committee of the Board receive higher fixed remuneration.

## Tables Summarizing the Remuneration and Options and Shares Granted to Each Sartorius AG Executive Board Member

### Joachim Kreuzburg (Chairman of the Board and Chief Executive Officer)

€ in K	Year 2020	Year 2019
Remuneration due	3,552	2,735
Valuation of options granted during the reporting period	0	0
Valuation of the performance of shares granted in previous years	0	0
<b>Total</b>	<b>3,552</b>	<b>2,735</b>

### René Fáber (Non-Executive Member)

€ in K	Year 2020	Year 2019
Remuneration due	824	784
Valuation of options granted during the reporting period	0	0
Valuation of the performance of shares granted in previous years	0	0
<b>Total</b>	<b>824</b>	<b>784</b>

The amount cross-charged by the company Sartorius AG to the Sartorius Stedim Biotech Group concerning Joachim Kreuzburg is €1,879 K (2019: €1,166 K) and concerning René Fáber €1,216 K (2019: €820 K). The amount charged to Sartorius Stedim Biotech S.A. is submitted to the vote of the Annual Shareholders' Meeting in accordance with the AFEP-MEDEF code and amounted to €1,370 K (2019: €993 K).

### Pension Commitments

in T€	Expected pension	Present value of obligation		Service cost (IFRS)	
	p. a.	Dec. 31, 2020	Dec. 31, 2019	Year 2020	Year 2019
Dr. Joachim Kreuzburg	255	4,943	4,416	311	270
	<b>255</b>	<b>4,943</b>	<b>4,416</b>	<b>311</b>	<b>270</b>

## Summary of the Remuneration for Each Sartorius AG Executive Board Member

### Joachim Kreuzburg<sup>1</sup> (Chairman of the Board and Chief Executive Officer)

€ in K	Year 2020		Year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	903	903	888	888
Variable remuneration				
Annually paid	546	495	495	455
Long-term incentive	2,088	724	1,337	643
Exceptional remuneration				
Director's attendance fees				
Benefits in kind <sup>2</sup>	15	15	15	15
<b>Total</b>	<b>3,552</b>	<b>2,137</b>	<b>2,735</b>	<b>2,001</b>

1 Dr. Joachim Kreuzburg receives his salary from Sartorius AG for his duty for the entire Sartorius Group. His remuneration is determined annually by the Supervisory Board of Sartorius AG.

2 Company car

### René Fáber<sup>1</sup> (Non-Executive Member)

€ in K	Year 2020		Year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	440	440	425	425
Variable remuneration				
Annually paid	261	242	242	0
Long-term incentive	110	55	106	0
Exceptional remuneration				
Director's attendance fees				
Benefits in kind <sup>2</sup>	13	13	11	11
<b>Total</b>	<b>824</b>	<b>750</b>	<b>784</b>	<b>436</b>

1 Dr. René Fáber receives his salary from Sartorius AG for his duty for the entire Sartorius Group. His remuneration is determined annually by the Supervisory Board of Sartorius AG.

2 Company car

## Table on Directors' Meeting Fees and Other Remuneration Received by Non-executive Board Members

€ in K	Year 2020	Year 2019
<b>Liliane de Lassus</b>		
Director's attendance fees	0.0	13.7
Other remuneration		
<b>Bernard Lemaître</b>		
Director's attendance fees	0.0	13.7
Other remuneration		
<b>Pascale Boissel</b>		
Director's attendance fees	65.0	37.3
Other remuneration		
<b>Henri Riey</b>		
Director's attendance fees	64.2	46.4
Other remuneration		
<b>Susan Dexter</b>		
Director's attendance fees	52.2	37.7
Other remuneration		
<b>Anne-Marie Graffin</b>		
Director's attendance fees	64.2	45.5
Other remuneration		
<b>Lothar Kappich</b>		
Director's attendance fees	68.2	55.0
Other remuneration		
<b>Total</b>	<b>313.8</b>	<b>249.3</b>

## Non-executive Board Members

Directors' fees are calculated on an annual basis. The method of calculating these fees remains the same. It is as follows.

The directors receive directors' meeting attendance fees whose amount and allocation are established by the Board of Directors in consideration of the limits set by the Annual Shareholders' Meeting :

- Each Director receives a fixed remuneration of €35,000 per year, to be paid after the annual financial statements have been adopted by the Annual Shareholders' Meeting and which falls due for payment after the Annual Shareholders' Meeting. The chairman of the Board receives twice this amount. Furthermore, members of the Board receive an attendance fee of €1,200 per meeting and reimbursement of its expenses in addition to the annual remuneration.
- For their membership to the Audit Committee, each Director receives a lump-sum amount of €6,000 per full year of membership in addition to the attendance fee of €1,200. Insofar as they hold the chair of the Audit Committee, instead of this, they receive a lump-sum amount of €12,000 per full year that they hold the chairperson in addition to the attendance fee.

- For their membership to the Remunerations & Nominations Committee, each Director receives a lump-sum amount of €4,000 per full year of membership in addition to the attendance fee of €1,200. Insofar as they hold the chair of the Remunerations & Nominations Committee, instead of this, they receive a lump-sum amount of €8,000 per full year that they hold the chairperson in addition to the attendance fee.

The remuneration for the activities on any committee is due together with the remuneration under the terms of previous Subsection hereof.

- Any value-added tax is reimbursed by the corporation, insofar as the members of the Board are entitled to invoice the corporation separately for the value-added tax and they exercise this right.
- All these resolutions will not be applied for the Directors that got an executive top management activity at the group level, as well as for the Director(s) representing the employees. In this context, the executive corporate officers, as well as the Director(s) representing the employees will not receive any remuneration for their membership.

These compensation scheme, subject to all prior approvals shall remain similar for the year 2021.

## Performance Shares Available for Each Board Member

Performance shares available for each corporate officer <sup>1</sup>	Date of the plan	Number of shares available during the reporting period	Acquisition conditions
Joachim Kreuzburg		Not applicable	
René Fáber		Not applicable	
Lothar Kappich		Not applicable	
Pascale Boissel		Not applicable	
Henri Riey		Not applicable	
Susan Dexter		Not applicable	
Anne-Marie Graffin		Not applicable	
<b>Total</b>			

<sup>1</sup> The performance shares are bonus shares allocated to the Board members within the framework of the L225-197-1 articles and following of the commercial law, and which are subjected to additional requirements laid down by the recommendations AFEP/MEDEF of October 2008.

## Performance Shares Granted to Board Members

There is no performance share program in place for the board members of Sartorius Stedim Biotech S.A.

The information provided in the table below refers to the phantom stock plan of Sartorius AG. This plan relates to Joachim Kreuzburg and René Fáber who are also members of the Executive Board of Sartorius AG.

Performance shares granted by the AGM during the reporting period to any corporate officer by the issuer or any other company of the Group	Date of the plan	Number of shares granted during the year	Valuation of the shares according to the consolidated accounts methodology	Date of acquisition	Date of availability	Performance conditions
Joachim Kreuzburg		1,240	401	Jan. 1, 2020	Jan. 1, 2024	
René Fáber <sup>1</sup>		578	187	Jan. 1, 2020	Jan. 1, 2024	
Lothar Kappich						
Pascale Boissel						
Henri Riey						
Susan Dexter						
Anne-Marie Graffin						
<b>Total</b>		<b>1,818</b>	<b>588</b>			

€ in K	2020	2019
<b>Total</b>	<b>1,669</b>	<b>972</b>
Phantom Stocks	346	441
Sartorius AG shares granted	1,323	531
<b>Dr. Joachim Kreuzburg</b>	<b>1,559</b>	<b>866</b>
Phantom Stocks	236	335
Sartorius AG shares granted	1,323	531
<b>René Fáber</b>	<b>110</b>	<b>106</b>
Phantom Stocks	110	106

	Number of phantom stock units	Subscription price in €	Fair value when granted on Jan. 1 of the particular year € in K	Fair value at year-end on Dec. 31, 2019 € in K	Fair value at year-end on Dec. 31, 2020 € in K	Paid out € in K	Change in fair value in 2020	Exercisable
<b>Dr. Joachim Kreuzburg</b>								
Tranche of phantom stock units for 2016	3,484	57.41	200	500	0	-500	0	
Tranche of phantom stock units for 2017	2,950	70.51	208	520	520	0	0	no
Tranche of phantom stock units for 2018	2,685	80.32	216	493	539	0	46	no
Tranche of phantom stock units for 2019	1,950	113.78	222	335	555	0	220	no
<b>Total tranches previous years</b>	<b>11,069</b>		<b>846</b>	<b>1,848</b>	<b>1,614</b>	<b>-500</b>	<b>266</b>	
Tranche of phantom stock units for 2020	1,240	190.30	236	0	401	0	165	no
<b>Total</b>	<b>12,309</b>		<b>1,082</b>	<b>1,848</b>	<b>2,015</b>	<b>-500</b>	<b>431</b>	
<b>René Fáber</b>								
Tranche of phantom stock units for 2019	934	113.78	106	160	266	0	106	no
<b>Total tranches previous years</b>	<b>934</b>		<b>106</b>	<b>160</b>	<b>266</b>	<b>0</b>	<b>106</b>	
Tranche of phantom stock units for 2020	578	190.30	110	0	187	0	77	no
<b>Total</b>	<b>1,512</b>		<b>216</b>	<b>160</b>	<b>453</b>	<b>0</b>	<b>183</b>	



## Stock Options Granted During the Reporting Period to the Board Members by the Issuer or Any Other Company of the Group

Not applicable.

## Stock Options Exercised During the Reporting Period by Each Board Member

Not applicable.

## Stock Options Granted | Historical Information

Not applicable.

## Stock Options Granted to the Top Ten Non-corporate Officers and Exercised by Them

Not applicable.

### Additional Information about the Sartorius AG Executive Board Members

Corporate officer	Employment contract		Additional pension plan		Indemnities or compensation due with regard to termination of contracts or positions		Non-competition clause indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Joachim Kreuzburg CEO and Chairman		[1]	[2]		3,600		900	
René Fáber		[1]		x	1,800		450	

[1] Joachim Kreuzburg and René Fáber have service contracts (without social security components) with Sartorius AG for their duties performed as members of the Executive Board of the major shareholder Sartorius AG. This is standard practice in Germany. The contracts include a cap regarding potential severance payments at the maximum of a two years annual remuneration. Furthermore there is a post-contractual non-competition clause obligation, that will last for two years after an Executive Board member has left the Group. During this time, if the non-competition clause is not waived or terminated, this Executive Board member may claim half of his most recent annual remuneration received from the company.

[2] Additionally there is a general pension plan in place at the Sartorius AG level for Joachim Kreuzburg. The level of the entitlement to benefits paid under this plan depends on his respective tenure.

## Ratios remuneration

Equity ratios are the ratios between the level of remuneration of the Chairman and Chief Executive Officer and the average and median remuneration of the company's employees. The table was prepared in accordance with the provisions of Law no. 2019-486 of May 22, 2019 on the growth and transformation of companies.

In order to comply with the AFEP/MEDEF Code, and despite the absence of employees within SSB SA, the following ratios have been established. This analysis takes into account the companies held by SSB SA, directly or indirectly, acting within the scope of SSB SA, on the French territory (for the complete year 2020) and figures above mentioned.

	<b>Package paid for Dr. Joachim Kreuzburg</b>	<b>Average wages France</b>	<b>Median wages France</b>	<b>Ratio on average remuneration</b>	<b>Ratio on median remuneration</b>
2020	2,137,000	52,771	41,539	40	51
2019	2,001,000	46,497	36,037	43	55
2018	1,829,000	45,952	36,393	39	50
2017	1,867,000	45,755	35,922	40	52
2016	1,825,000	44,748	34,776	40	52

# Independent Auditors' Fees

## Principal Independent Auditors

### KPMG S.A.

480, avenue du Prado  
CS 90021  
13272 Marseille Cedex 08  
France

Represented by John Evans.

First commissioned by the Annual General Shareholders' Meeting on 7 April 2015.

Date commission expires: 2021 Annual General Shareholders' Meeting to approve the 2020 financial statements.

Member of the Compagnie régionale de Versailles.

### Deloitte et Associés

7, boulevard Jacques Saadé  
Quai de la Joliette  
13235 Marseille Cedex 2  
France

Represented by Philippe Battisti.

First commissioned by the Annual General Shareholders' Meeting on 19 May 2006.

Date commission expires: 2024 Annual General Shareholders' Meeting to approve the 2023 financial statements.

Member of the Compagnie régionale de Versailles.

## Independent Auditors' Fees

€ in K	KPMG				Deloitte			
	2020		2019		2020		2019	
<b>Audit</b>								
Independent audit, certification, parent company & consolidated financial statements								
Parent company	81	8.1%	63	7.2%	66	38.2%	55	36.9%
Subsidiaries	886	88.3%	799	91.4%	94	54.4%	94	63.1%
Services directly related to audit services								
Parent company								
Subsidiaries								
<b>Subtotal</b>	<b>967</b>	<b>96.4%</b>	<b>862</b>	<b>98.6%</b>	<b>160</b>	<b>92.6%</b>	<b>149</b>	<b>100.0%</b>
<b>Other services</b>								
Legal, tax, corporate	36	3.6%	12	1.4%	13	7.4%	0	0.0%
Information technology, other	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Subtotal</b>	<b>36</b>	<b>3.6%</b>	<b>12</b>	<b>1.4%</b>	<b>13</b>	<b>7.4%</b>	<b>0</b>	<b>0.0%</b>
<b>Total</b>	<b>1,003</b>	<b>100.0%</b>	<b>874</b>	<b>100%</b>	<b>173</b>	<b>100.0%</b>	<b>149</b>	<b>100%</b>

# Substitute Independent Auditors

## SALUSTRO REYDEL

Tour Eqho  
2 avenue Gambetta  
92066 Paris La Défense Cedex

First commissioned by the Annual General Share-holders' Meeting on 7 April 2015.

Date commission expires: 2021 Annual General Shareholders' Meeting to approve the 2020 financial statements.

Member of the Compagnie régionale de Versailles.

€ in K	Other				Total			
	2020		2019		2020	2019		
<b>Audit</b>								
Independent audit, certification, parent company & consolidated financial statements								
Parent company					147	9.6%	118	9.5%
Subsidiaries	116	32.7%	76	34.9%	1,096	71.6%	969	78.1%
Services directly related to audit services								
Parent company								
Subsidiaries								
<b>Subtotal</b>	<b>116</b>	<b>32.7%</b>	<b>76</b>	<b>34.9%</b>	<b>1,243</b>	<b>81.2%</b>	<b>1087</b>	<b>87.6%</b>
<b>Other services</b>								
Legal, tax, corporate	207	58.4%	117	53.6%	256	16.7%	129	10.4%
Information technology, other	32	8.9%	25	11.5%	32	2.1%	25	2.0%
<b>Subtotal</b>	<b>239</b>	<b>67.3%</b>	<b>142</b>	<b>65.1%</b>	<b>288</b>	<b>18.8%</b>	<b>154</b>	<b>12.4%</b>
<b>Total</b>	<b>355</b>	<b>100.0%</b>	<b>218</b>	<b>100%</b>	<b>1,531</b>	<b>100.0%</b>	<b>1,241</b>	<b>100%</b>



# Statement of Profit or Loss and Other Comprehensive Income

€ in K	Notes	2020 12 months	2019 12 months
Sales revenue	[9]	1,910,081	1,440,570
Cost of sales	[10]	-907,351	-692,283
<b>Gross profit on sales</b>		<b>1,002,731</b>	<b>748,287</b>
Selling and distribution costs	[10]	-296,050	-240,657
Research and development costs	[10]	-84,451	-79,216
General administrative expenses	[10]	-95,491	-76,224
Other operating income and expenses	[11]	-54,931	-20,348
<b>Earnings before interest and taxes (EBIT)</b>		<b>471,807</b>	<b>331,842</b>
Financial income	[12]	48,857	6,867
Financial expenses	[12]	-38,034	-21,290
<b>Financial result</b>		<b>10,823</b>	<b>-14,423</b>
<b>Profit before tax</b>		<b>482,630</b>	<b>317,419</b>
Income taxes	[13]	-122,114	-81,383
<b>Net profit for the period</b>		<b>360,516</b>	<b>236,036</b>
Attributable to:			
Equity holders of Sartorius Stedim Biotech		357,849	234,501
Non-controlling interest	[22]	2,666	1,535
Earnings per share (€)	[15]	3.88	2.54
Diluted earnings per share (€)	[15]	3.88	2.54

The figures for the reporting period 2019 were restated due to the finalization of the purchase price allocation for the acquisition of Biological Industries (see note 8).

## Other Comprehensive Income

€ in K	Notes	2020 12 months	2019 12 months
Net profit for the period		360,516	236,036
Cash flow hedges	[36]	9,195	-3,159
of which effective portion of changes in fair value		2,684	-5,580
of which reclassified to profit or loss		6,511	2,421
Income tax on cash flow hedges	[19]	-2,759	948
Foreign currency translation differences		-35,265	9,136
<b>Items that are or may be reclassified subsequently to profit or loss</b>		<b>-28,829</b>	<b>6,925</b>
Remeasurements of the net defined benefit liabilities	[23]	-3,016	-7,906
Income tax on remeasurements of the net defined benefits liabilities	[19]	918	2,284
<b>Items that will not be reclassified to profit or loss</b>		<b>-2,098</b>	<b>-5,622</b>
<b>Other comprehensive income after tax</b>		<b>-30,927</b>	<b>1,303</b>
<b>Total comprehensive income</b>		<b>329,589</b>	<b>237,339</b>
Attributable to:			
Equity holders of Sartorius Stedim Biotech		327,377	235,874
Non-controlling interest		2,211	1,465

The figures for the reporting period 2019 were restated due to the finalization of the purchase price allocation for the acquisition of Biological Industries (see note 8).



# Statement of Financial Position

€ in K	Notes	Dec. 31, 2020	Dec. 31, 2019
<b>Non-current assets</b>			
Goodwill	[16]	875,162	418,327
Other Intangible Assets	[16]	633,521	208,487
Property, plant and equipment	[17][18]	643,951	549,965
Financial Assets		13,497	14,427
Other Assets		509	586
Deferred tax assets	[19]	27,481	17,342
		<b>2,194,120</b>	<b>1,209,134</b>
<b>Current assets</b>			
Inventories	[20]	472,305	329,019
Trade receivables	[28]	256,894	221,250
Other financial assets	[29]	20,983	20,045
Current tax assets		6,055	10,966
Other assets		59,217	26,784
Cash and cash equivalents	[27]	59,762	28,166
		<b>875,216</b>	<b>636,229</b>
<b>Total assets</b>		<b>3,069,336</b>	<b>1,845,362</b>
<b>Equity</b>			
<b>Equity attributable to SSB S.A. shareholders</b>		<b>1,460,041</b>	<b>1,158,719</b>
Issued capital	[21]	18,436	18,436
Capital reserves		231,526	231,526
Retained earnings (including net profit)		1,210,079	908,757
<b>Non-controlling interest</b>	[22]	<b>22,876</b>	<b>30,164</b>
		<b>1,482,917</b>	<b>1,188,883</b>
<b>Non-current liabilities</b>			
Pension provisions	[23]	47,393	44,123
Other provisions	[24]	6,488	3,340
Loans and borrowings	[30]	515,657	40,000
Lease liabilities	[18]	47,288	44,069
Other financial liabilities	[31]	303,319	51,521
Deferred tax liabilities	[19]	98,581	45,065
		<b>1,018,726</b>	<b>228,117</b>
<b>Current liabilities</b>			
Provisions	[24]	20,746	10,612
Trade payables	[32]	306,972	197,670
Loans and borrowings	[30]	13,112	43,544
Lease liabilities	[18]	10,727	10,987
Other financial liabilities	[33]	29,241	40,680
Employee benefits		59,899	40,634
Current tax liabilities		71,524	49,252
Other liabilities		55,472	34,983
		<b>567,693</b>	<b>428,363</b>
<b>Total equity and liabilities</b>		<b>3,069,336</b>	<b>1,845,362</b>

The figures for the reporting period 2019 were restated due to the finalization of the purchase price allocation for the acquisition of Biological Industries (see note 8).

# Statement of Cash Flows

€ in K	Notes	2020 12 months	2019 12 months
Profit before tax		482,630	317,419
Financial result	[12]	-10,823	14,423
Depreciation   amortization of fixed assets	[16][17][18]	102,282	73,368
Gains from the disposal of fixed assets		127	0
Change in provisions	[23][24]	3,447	-3,548
Change in receivables and other assets	[28][29]	-73,889	3,841
Change in inventories	[20]	-117,305	-65,964
Change in liabilities (excl. loans and borrowings)	[31][32][33]	143,463	35,483
Income taxes paid	[13]	-113,980	-65,328
Other non-cash items		926	436
<b>Cash flow from operating activities</b>		<b>416,879</b>	<b>310,130</b>
Capital expenditures	[16][17]	-159,192	-135,973
Other payments		8,694	0
<b>Cash flow from investing activities</b>		<b>-150,499</b>	<b>-135,974</b>
Payments for acquisitions of consolidated subsidiaries and other business operations; net of cash acquired	[8]	-470,617	-48,399
<b>Cash flow from investing activities and acquisitions</b>		<b>-621,116</b>	<b>-184,373</b>
Interest received	[12]	5,271	1,699
Interest paid and other financial charges	[12]	-8,064	-10,528
Dividends paid to:			
- Shareholders of Sartorius Stedim Biotech SA	[21]	-31,341	-52,543
- Non-controlling interest		-792	-950
Changes in non-controlling interest	[22]	-30,473	0
Loans and borrowings repaid	[6][30]	-35,322	-60,489
Loans and borrowings raised	[6][30]	334,788	651
<b>Cash flow from financing activities</b>		<b>234,066</b>	<b>-122,160</b>
Net increase   decrease in cash and cash equivalents		29,829	3,597
Cash and cash equivalents at the beginning of the period		28,166	23,975
Currency translation effects on cash and cash equivalents		1,767	593
<b>Cash and cash equivalents at the end of the period</b>		<b>59,762</b>	<b>28,166</b>

The figures for the reporting period 2019 were restated due to the finalization of the purchase price allocation for the acquisition of Biological Industries (see note 8).

The Notes to the Consolidated Financial Statements are an integral part of these statements.

# Statement of Changes in Equity

€ in K	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Non-controlling interest	Total equity
<b>Balance at Jan. 1, 2019</b>	<b>18,436</b>	<b>231,526</b>	<b>3,365</b>	<b>-10,860</b>	<b>778,448</b>	<b>15,483</b>	<b>1,036,398</b>	<b>8,476</b>	<b>1,044,874</b>
Net profit for the period	0	0	0	0	234,501	0	234,501	1,535	236,036
Cash flow hedges	0	0	-3,159	0	0	0	-3,159	0	-3,159
Remeasurements of the net defined benefit liabilities	0	0	0	-7,906	0	0	-7,906	0	-7,906
Foreign currency translation differences	0	0	0	0	0	9,206	9,206	-70	9,136
Net investment in a foreign operation	0	0	0	0	0	0	0	0	0
Deferred taxes	0	0	948	2,284	0	0	3,232	0	3,232
<b>Other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>-2,211</b>	<b>-5,622</b>	<b>0</b>	<b>9,206</b>	<b>1,373</b>	<b>-70</b>	<b>1,303</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-2,211</b>	<b>-5,622</b>	<b>234,501</b>	<b>9,206</b>	<b>235,874</b>	<b>1,465</b>	<b>237,339</b>
Dividends	0	0	0	0	-52,543	0	-52,543	-950	-53,493
Purchase price liability Israel					-61,010		-61,010	0	-61,010
Changes in non-controlling interest	0	0	0	0	0	0	0	21,295	21,295
Other changes		0	0	0	0	0	0	-122	-122
<b>Balance at Dec. 31, 2019</b>	<b>18,436</b>	<b>231,526</b>	<b>1,154</b>	<b>-16,482</b>	<b>899,396</b>	<b>24,689</b>	<b>1,158,719</b>	<b>30,164</b>	<b>1,188,883</b>
Net profit for the period	0	0	0	0	357,849	0	357,849	2,666	360,516
Cash flow hedges	0	0	9,195	0	0	0	9,195	0	9,195
Remeasurements of the net defined benefit liabilities	0	0	0	-3,016	0	0	-3,016	0	-3,016
Foreign currency translation differences	0	0	0	0	0	-34,810	-34,810	-455	-35,265
Net investment in a foreign operation	0	0	0	0	0	0	0	0	0

Deferred taxes	0	0	-2,759	918	0	0	-1,841	0	-1,841
<b>Other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>6,436</b>	<b>-2,098</b>	<b>0</b>	<b>-34,810</b>	<b>-30,472</b>	<b>-455</b>	<b>-30,927</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>6,436</b>	<b>-2,098</b>	<b>357,849</b>	<b>-34,810</b>	<b>327,377</b>	<b>2,211</b>	<b>329,588</b>
Dividends	0	0	0	0	-31,341	0	-31,341	-792	-32,133
Purchase price liability Israel					19,800		19,800	0	19,800
Changes in non-controlling interest	0	0	0	0	-14,732	0	-14,732	-8,603	-23,334
Other changes	0	0	0	0	218	0	218	-104	114
<b>Balance at December 31, 2020</b>	<b>18,436</b>	<b>231,526</b>	<b>7,590</b>	<b>-18,580</b>	<b>1,231,190</b>	<b>-10,121</b>	<b>1,460,041</b>	<b>22,876</b>	<b>1,482,917</b>

The figures for the reporting period 2019 were restated due to the finalization of the purchase price allocation for the acquisition of Biological Industries (see note 8).

# Notes to the Financial Statements

## 1. General Information

Sartorius Stedim Biotech is a leading international partner of the biopharmaceutical industry. As a total solutions provider, the Group helps its customers to manufacture biotech medications safely, rapidly and economically. With its own manufacturing and R&D sites in Europe, North America and Asia and an international network of sales companies, Sartorius Stedim Biotech has a global reach.

Headquartered in Aubagne, France, Sartorius Stedim Biotech S.A. is listed on the Euronext Paris (ISIN code: FR0013154002).

Sartorius Stedim Biotech S.A.'s ultimate parent company is Sartorius AG, headquartered in Goettingen, Germany, and listed at several German stock exchanges (ISIN codes: DE0007165607 for ordinary shares, DE0007165631 for preference shares).

In compliance with the European Regulation 1606/2002 of July 19, 2002, which requires listed companies to use International Accounting Standards, the consolidated financial statements of the Sartorius Stedim Biotech Group for the year ended December 31, 2020, are compliant with the Standards and Interpretations IFRS and IFRIC of the IASB as adopted by the European Union, which are available at the following website:

[https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting\\_fr](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_fr)

The consolidated financial statements are prepared in euros. Unless otherwise specified, all amounts are disclosed in thousands of euros (abbreviated as € in K). In some cases, the sum of the figures given in this report may not precisely equal the stated totals and percentages may not be exact due to rounding.

These consolidated financial statements were approved by the Board of Directors on February 5, 2021 and will be submitted for approval by the Shareholders' Meeting on March 24, 2021.

## 2. Effects of New Financial Reporting Standards

The following new accounting rules were applicable for the first time to the present consolidated financial statements of the Group but did not have a material effect on these financial statements:

- Amendments to IFRS 3, Business Combinations, Definition of a Business

The amendments change the definition of a business. The new guidance includes especially an optional so-called concentration test. If this test indicates that a group of assets has been acquired rather than a business, no further assessment regarding the potential acquisition of a business is necessary. Furthermore, the new guidance requires as a minimum one substantive process to be present in order to conclude that a business has been acquired.

- Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material

The changes to IAS 1 and IAS 8 clarify the definition of "material" and align the various definitions used across the standards and the Conceptual Framework.

- Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures, Interest Rate Benchmark Reform (Phase 1)

The amendments to IFRS 9 and IAS 39 were made due to the reform of reference interest rates (replacement of existing reference interest rates by alternatives) and should address the questions and consequences in the context of hedge accounting. IFRS 7 has been amended with regard to additional disclosure requirements concerning the uncertainty in relation to the so-called IBOR reform.

- Amendments to the Conceptual Framework for Financial Reporting in various IFRSs

In the course of the revision of the Conceptual Framework, references to the Conceptual Framework in various IFRSs were amended as well. These amendments were applicable in the reporting period for the first time.

- Amendment to IFRS 16, Leases, regarding COVID-19-related rent concessions

The amendment allows lessees to use an exemption from assessing whether a COVID-19-related debt concession needs to be considered as a lease modification under IFRS 16. This relief is applicable to lease payments which were originally due by June 30, 2021. The rent concession therefore does not have to be accounted for as a lease modification.

The following standards, interpretations and amendments were not yet applied to the consolidated financial statements of the reporting year as they had not yet been adopted by the EU or their application was not mandatory for 2020:

Standard   Interpretation	Title	Applicable for financial years from <sup>1</sup>	Endorsement by the EU Commission
IFRS 14	Regulatory Deferral Accounts	January 1, 2016	No
Amendments to IFRS 4	Deferral of IFRS 9	January 1, 2021	Yes
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	January 1, 2021	No
Amendments to IFRS 3, IAS 16 and IAS 37	Annual Improvements to IFRSs 2018 - 2020 Cycle (issued in May 2020)	January 1, 2022	No
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	January 1, 2023	No
IFRS 17	Insurance Contracts	January 1, 2023	No
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	n/a	No

<sup>1</sup> These are required to be applied once they are endorsed by the EU Commission. The dates mentioned above are those required by the standard themselves (IASB effective dates).

### 3. Significant Accounting Policies

#### Basis of Preparation

The consolidated financial statements of the Group are based on the principle of the historical cost of acquisition, construction, or production, with the exception of the items carried at fair value, such as derivative financial instruments.

### Consolidation

The consolidated financial statements of the Sartorius Stedim Biotech Group include the annual financial statements of all companies, which are controlled directly or indirectly by Sartorius Stedim Biotech S.A. Under IFRS 10, Consolidated Financial Statements, the Group Sartorius Stedim Biotech controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Such entities are included in the consolidated financial statements from the time when Sartorius Stedim Biotech S.A. or its subsidiaries obtain such control until the date on which control ceases.

Subsidiaries have been included on the basis of their annual financial statements for the same reporting period as the parent company, using uniform Group recognition and measurement methods.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

### Business Combinations

Business combinations are accounted for applying the acquisition method. The identifiable assets acquired and liabilities assumed are generally recognized at fair value on the date of acquisition.

For significant acquisitions, the purchase price allocation is carried out with assistance from independent third-party valuation specialists. The valuations are based on the information available at the acquisition date.

The Group determines goodwill at the acquisition date as:

- the fair value of the consideration transferred; and
- the amount recognized for any non-controlling interest in the acquiree; and
- if the business combination is carried out in stages, the fair value of any previously held equity interest in the acquiree; less
- the net recognized amount for the identifiable assets acquired and liabilities assumed.

When the difference is negative, the purchase gain is recognized immediately in income. Expenses directly related to business combinations are recorded in the profit or loss as incurred.

### Foreign Currency Transactions

The presentation currency of the consolidated financial statements of the Sartorius Stedim Biotech Group is the euro (financial statements presented in thousands of euros). In the financial statements of each company, transactions denominated in foreign currencies have been translated into the functional currency of the subsidiary at the exchange rate applicable on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency have been translated at the exchange rate on the balance sheet date. Exchange rate gains and losses have been recognized in profit or loss for the period.

### Translation of financial statements prepared in foreign currencies

Subsidiaries' financial statements prepared in foreign currencies have been translated pursuant to IAS 21, The Effects of Changes in Foreign Exchange Rates, in accordance with the concept of a functional currency. Foreign subsidiaries have been regarded as independent subdivisions of the Sartorius Stedim Biotech Group. The assets (including goodwill) and liabilities of the entities that have a functional currency different from the presentation currency are translated at the exchange rate prevailing at the balance sheet date. The incomes, expenses, and cash flows of these entities have been translated using the average rate for the year, to the

extent that this rate represents an approximate value of exchange rates used as of the date of the transaction in the absence of significant fluctuations. Resulting translation differences are recognized in other comprehensive income.

For long-term loans for which settlement is neither planned nor likely in the foreseeable future, the Group applies the principle of "net investment in a foreign operation." Exchange differences resulting from these loans are recognized in other comprehensive income in accordance with IAS 21.32.

The exchange rates for major currencies against the euro were considered as follows:

For 1 €	Year-end exchange rates		Average exchange rates	
	2020	2019	2020	2019
USD	1.22785	1.12340	1.14196	1.11956
GBP	0.89808	0.85080	0.88951	0.87787
JPY	126.52000	121.94000	121.80849	122.01949
CHF	1.08198	1.08540	1.07042	1.11255
SGD	1.62260	1.51110	1.57408	1.52746
KRW	1334.08000	1296.28000	1345.63574	1305.50569
CNY	8.03140	7.82050	7.87300	7.73613

## 4. Use of Judgments and Estimates

During the preparation of consolidated financial statements, management uses estimates and assumptions based on their best knowledge of the current and future situation. However, actual results may differ from these estimates. These estimates and assumptions are revised on a regular basis, and the impact of changes in estimates is recognized prospectively.

In addition, Group management exercises its judgment in defining the accounting treatment of specific transactions when the existing Standards and Interpretations do not specifically treat the accounting problems concerned.

Assumptions and estimates primarily concern the following topics:

### COVID-19 pandemic crisis

In 2020, the Group achieved substantial revenue growth and observed strong demand across all product categories in line with the assumption that our industry and our customers are not seriously impacted by the COVID-19 pandemic crisis. Furthermore, the Group did not experience major difficulties on the supply side so that business continuity has been ensured. For the 2020 reporting period, it can therefore be concluded that the Group has benefitted to some extent from the crisis as many of our customers built up production capacities for coronavirus vaccines and Covid-19 therapeutics. Therefore, no material adjustments were made to the relevant accounting estimates in the reporting period. Management has observed, however, that the general uncertainty has increased as a result of the COVID-19 pandemic crisis. For further information about the impact of the COVID-19 pandemic on the global economy, the biopharma industry and the Group, please refer to the Group Management Report 2020.

### Business Combinations

The accounting for business combinations requires that the consideration transferred as well as the assets acquired and liabilities assumed be measured at their respective fair values on the acquisition date. The application of the acquisition method requires estimates and assumptions to be made, especially concerning



the fair values of the acquired intangible assets, property, plant, and equipment and the liabilities assumed at the acquisition date, and the useful lives of the acquired intangible assets and property, plant, and equipment.

These measurements are based to a large extent on anticipated cash flows. If actual cash flows vary from those used in calculating fair values, this may materially affect the Group's future results of operations.

### **Impairment of Assets**

The book values (carrying amounts) of property, plant and equipment and intangible assets are subject to impairment testing if there is an indication of impairment and at least once a year for assets with an indefinite useful life or not yet available for use in accordance with IAS 36, Impairment of Assets. When an asset is tested, the recoverable amount of the asset is estimated. The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of its fair value – less costs to sell the asset or CGU – and its value in use. If the individual asset's recoverable amount cannot be estimated, the recoverable amount of the asset's CGU is estimated.

If the estimated recoverable amount of an asset (or a CGU) goes below its book value (carrying amount), this carrying amount is reduced to the recoverable amount (impairment loss allocated in priority to goodwill).

If the causes of the asset impairment no longer apply, the book value of the asset (or the CGU) is increased to the newly estimated recoverable amount (except for goodwill). However, the book value increase is limited to the value that the asset (or CGU) would have had if no asset impairment loss had been recognized in previous fiscal years.

The calculation of the value in use is generally based on discounted cash flow methods using cash flow projections up to five years. These projections take into account past experience and represent management's best estimate about future sales revenue and cost developments. Cash flows after the planning period are extrapolated using individual growth rates. Key assumptions on which management has based its determination of the value in use include estimated growth rates, weighted average cost of capital, and tax rates. These estimates can have a material impact on the respective values and ultimately the amount of any impairment.

### **Intangible Assets**

The capitalization of internally-generated intangible assets also includes a significant level of judgment, e.g. the assessment of the feasibility of a development project, the expected market prospects and the determination of useful lives.

### **Employee Benefits - Pension Provisions**

Obligations for pension and other post-employment benefits are determined in accordance with actuarial valuations. These valuations rely on key assumptions including discount rates, expected salary increases, and mortality rates. The discount rate assumptions are determined by reference to yields on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period.

Due to changing market and economic conditions the underlying key assumptions may differ from actual developments and may lead to significant changes in pension and other post-employment benefit obligations.

Such differences are recognized in other comprehensive income in the period in which they occur. For a sensitivity analysis, see note 23, Pension and Employee Benefits Provisions.

### **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized for legal or constructive obligations that exist as of the balance sheet date. To determine the amount of the obligations, certain estimates and assumptions have to be applied, including the determination of the probability and the amount of future outflows of resources. Typically, significant

estimates are involved in the determination of provisions related to onerous contracts, warranty costs, asset retirement obligations and legal proceedings.

### Income Taxes

The Group operates in various tax jurisdictions and therefore has to determine tax positions under respective local tax laws and tax authorities' views which can be complex and subject to different interpretations. Deferred tax assets have to be recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will be recovered.

Estimates are revised in the period in which there is sufficient evidence to revise the assumption. If management considers it probable that all or a portion of a deferred tax asset cannot be realized, the corresponding amount is not recognized as an asset.

### Fair Value Measurement

A number of the Group's accounting policies and disclosures may require the measurement of fair values, for both financial and non-financial assets and liabilities, including Level 3 fair values (unobservable inputs).

If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## 5. Operating Segments

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 financial reporting of an entity. Therefore, an area of activity is to be considered an operating segment if its business activities may result in revenues and expenses, its operating results are regularly reviewed by the entity's chief operating decision maker (= the Executive Members of the Board of Directors) and discrete financial information is available in its internal reporting. Internal control and reporting within Sartorius Stedim Biotech is based on the approach of operating as a "total solution provider" for its customers. Accordingly, there is only one single segment to be identified for Sartorius Stedim Biotech, driven by the product and customer perspective: Biopharm.

The key performance indicator of the operating segment of the Sartorius Stedim Biotech Group is the so-called "underlying EBITDA", as the Board monitors this performance measure at a consolidated level and believes this measure is relevant to an understanding of the Group's financial performance.

EBITDA corresponds to earnings before interest, taxes, depreciation, and amortization; "underlying EBITDA" means EBITDA adjusted for extraordinary items. Extraordinary items are expenses and income in connection with acquisitions, restructuring activities, large Group projects and gains or losses from the disposal of fixed assets and investments which distort the sustainable profitability of the segment.

Underlying EBITDA is not a defined performance measure in IFRS. The Group's definition of underlying EBITDA may not be comparable to similarly named performance measures and disclosures by other entities.

Segment assets and segment liabilities are not reported on a regular basis to the chief operating decision maker and are therefore not part of the segment report.

€ in K	Biopharm			Group		
	2020	2019	Change	2020	2019	Change
Sales revenue	1,910,081	1,440,570	33%	1,910,081	1,440,570	33%
Underlying EBITDA	604,671	421,501	43%	604,671	421,501	43%
as a % of sales revenue	31.7%	29.3%		31.7%	29.3%	
EBIT	471,807	331,842	42%	471,807	331,842	42%
as a % of sales revenue	24.7%	23.0%		24.7%	23.0%	

### Reconciliation of Segment Profit or Loss:

€ in K	2020	2019
Underlying EBITDA of the segment	604,671	421,501
Depreciation and amortization	-100,892	-72,847
Extraordinary effects	-31,972	-16,813
<b>EBIT</b>	<b>471,807</b>	<b>331,842</b>
Financial result	10,823	-14,423
<b>Profit before tax</b>	<b>482,630</b>	<b>317,419</b>

### Supplementary Information by Region

To provide additional information required by IFRS 8, the table below presents the supplementary information by geographical region. The key figures for non-current assets of the geographical areas refer to the company location, whereas sales revenue is reported according to the customer's location.

The non-current assets correspond to property, plant and equipment as well as to intangible assets (including goodwill).

The amount of sales revenue with a single customer does not exceed 5% of the consolidated sales revenue (2020 and 2019).

€ in K	Sales revenue		Non-current assets	
	2020	2019	2020	2019
EMEA	761,022	575,122	1,837,549	951,068
thereof Germany	171,815	151,667	448,884	391,369
thereof France	70,941	68,153	388,413	334,920
Americas	670,185	511,647	269,176	189,134
thereof USA	636,770	477,905	269,176	189,134
Asia   Pacific	478,874	353,801	45,909	36,578
thereof China	180,308	106,819	14,243	2,864
thereof South Korea	116,732	82,678	13,580	13,962
<b>Group</b>	<b>1,910,081</b>	<b>1,440,570</b>	<b>2,152,634</b>	<b>1,176,780</b>

## 6. Statement of Cash Flows

The statement of cash flows shows the impact of cash inflows and outflows on the cash and cash equivalents of the Group. The cash flows are classified by operating, investing and financing activities according to IAS 7 (Statement of Cash Flows).

In this context cash equivalents are assets that can be converted into cash within a short maturity (generally less than three months). The amount considered in the statement of cash flows is equal to the amount of cash and cash equivalents in the statement of financial position.

The following table summarizes the development of the liabilities arising from financing activities during the reporting period:

€ in K	Balance at Dec. 31, 2018	Initial Application of IFRS 16	cash flows	Currency effects	other non- cash changes	Balance at Dec. 31, 2019
Loans and borrowings	132,942	0	-49,576	8	170	83,544
Lease liabilities	16,693	32,510	-10,262	279	15,835	55,056
Liability for acquisition of non-controlling interests in Biological Industries		0	0	0	61,010	61,010
Liability for phantom units in connection with the AllPure acquisition	8,739	0	0	168	2,610	11,517
<b>Total financial liabilities from financing activities</b>	<b>158,375</b>		<b>-59,838</b>	<b>456</b>	<b>79,625</b>	<b>211,127</b>

€ in K	Balance at Dec. 31, 2019	cash flows	Currency effects	other non-cash changes	Balance at Dec. 31, 2020
Loans and borrowings	83,544	310,680	-25	134,568	528,769
Lease liabilities	55,056	-11,213	-1,836	16,008	58,015
Liability for acquisition of non-controlling interests in Biological Industries	61,010	0	0	-19,504	41,506
Contingent consideration liability in connection with Watersep acquisition	0	0	-68	4,955	4,887
Liability for phantom units in connection with the AllPure acquisition	11,517	-6,931	-429	834	4,991
<b>Total financial liabilities from financing activities</b>	<b>211,127</b>	<b>292,537</b>	<b>-2,358</b>	<b>136,861</b>	<b>638,167</b>

## 7. Scope of Consolidation

The 2020 financial statements of the following entities:

- Dtribo GmbH, Germany
- Beit Haemek Import and Marketing Agricultural Cooperative Society Ltd., Israel

were not included in the scope of consolidation, because the figures were of minor importance for assessing the financial position of the Group.

The sales revenue and total assets of the non-consolidated companies are below 1% of the Group figures.

The following entities were included in the scope of consolidation for the first time in the reporting period:

- Sartorius Stedim Chromatography Systems Ltd., Royston, UK
- Sartorius Stedim Chromatography Resins S.A.S., Cergy, France
- BIA Separations Podjetje za separacijske tehnologije d.o.o., Ajdovščina, Slovenia
- WaterSep BioSeparations LLC, Massachusetts, USA

The entities BI Shanghai Co. Ltd., Shanghai, China, Biological Industries Hong Kong Ltd., Kowloon, Hong Kong and Biological Industries USA Inc., Cromwell, Connecticut, USA joined the Group as a result of the acquisition of a majority interest in Biological Industries Israel Beit Haemek Ltd. in December 2019. Following the finalization of the purchase price allocation in 2020, the entities were included in the scope of consolidation from December 15, 2019. The investment in Biological Industries Israel Beit Haemek Ltd. was increased by 20% to just above 70% in December 2020 (see note 22). In December 2020, the shares in BI Shanghai Co. Ltd. were sold and the entity was deconsolidated. The non-controlling interests in Biological Industries USA Inc. were acquired in 2020. The entity was merged into Sartorius Stedim North America Inc. in November 2020.

Sartorius Stedim Chromatography Systems Ltd. and Sartorius Stedim Chromatography Resins S.A.S. were founded for the acquisition of selected life science assets from Danaher Corporation and purchased these assets on April 30, 2020. The shares in BIA Separations were acquired on November 2, 2020. The shares in WaterSep BioSeparations LLC were acquired on December 9, 2020.

See note 8 for details on the acquisition of the assets from Danaher and on the acquisitions of Biological Industries, BIA Separations and WaterSep BioSeparations LLC.

The immaterial entities TAP ESOP Management Ltd., Royston, UK, TAP Biosystems (PHC) Ltd., Royston, UK, and TAP Biosystems Ltd., Royston, UK were liquidated in 2020.

The financial statements of the following companies have been included in the Group financial statements:

	Ownership in %
<b>EMEA</b>	
Sartorius Stedim Biotech S.A., Aubagne, France	Parent company
Sartorius Stedim Belgium N.V., Brussels, Belgium	100
Sartorius Stedim Nordic Oy, Helsinki, Finland	100
Sartorius Stedim Biotech GmbH, Goettingen, Germany	100
Sartorius Stedim Plastics GmbH, Goettingen, Germany	100
Sartorius Stedim North America Holding GmbH, Goettingen, Germany	100
Sartorius Stedim Systems GmbH, Guxhagen, Germany	100
Sartorius Stedim Cellca GmbH, Ulm, Germany	100
Sartorius Stedim UK Ltd., Epsom, UK	100
Sartorius Stedim BioOutsource Ltd., Glasgow, UK	100
Sartorius Stedim Lab Ltd., Stonehouse, UK	100
Sartorius Stedim Chromatography Systems Ltd., Royston, UK	100
TAP Biosystems Group Ltd., Royston, UK	100
The Automation Partnership Cambridge Ltd., Royston, UK	100
Sartorius Stedim FMT S.A.S., Aubagne, France	100
Sartorius Stedim France S.A.S., Aubagne, France	100
Sartorius Stedim Chromatography Resins S.A.S., Cergy, France	100
Sartorius Stedim Aseptics S.A.S., Lourdes, France	100
Sartorius Stedim Ireland Ltd., Dublin, Ireland	100
Sartorius Israel Ltd., Kibbutz Beit Haemek, Israel <sup>1</sup>	51
Biological Industries Israel Beit Haemek Ltd., Kibbutz Beit Haemek, Israel	70
Sartorius Stedim Italy S.r.l., Florence, Italy	100
Sartorius Stedim Netherlands B.V., Amersfoort, Netherlands	100
Sartorius Stedim Austria GmbH, Vienna, Austria	100
Sartorius Stedim Poland sp. z.o.o., Kostrzyn, Poland	100
LLC Sartorius Stedim RUS, St. Petersburg, Russia	100
Sartorius Stedim Data Analytics AB, Umeå, Sweden	100
Sartorius Stedim Switzerland AG, Tagelswangen, Switzerland	100
BIA Separations Podjetje za separacijske tehnologije d.o.o., Ajdovščina, Slovenia	100
Sartorius Stedim Spain S.A., Madrid, Spain	100
Sartorius Stedim Hungaria Kft., Budapest, Hungary	100
Sartorius Stedim Bioprocess S.A.R.L., M'Hamdia, Tunisia	100
<b>Americas</b>	
Sartorius Stedim Filters Inc., Yauco, Puerto Rico	100
Sartorius Stedim North America Inc., Dover, Delaware, USA	100
WaterSep BioSeparations LLC, Boston, Massachusetts, USA	100
<b>Asia   Pacific</b>	
Sartorius Stedim Australia Pty. Ltd., Dandenong South, Victoria, Australia	100
Sartorius Stedim Biotech (Beijing) Co. Ltd., Beijing, China	100
Sartorius Stedim (Shanghai) Trading Co. Ltd., Shanghai, China	100
Sartorius Stedim India Pvt. Ltd., Bangalore, India	100
Sartorius Stedim Japan K.K., Tokyo, Japan	100
Sartorius Korea Biotech Co. Ltd., Seoul, South Korea	69
Sartorius Stedim Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100
Sartorius Stedim Singapore Pte. Ltd., Singapore, Singapore	100
Sartonets Taiwan Inc., New Taipei City, Taiwan	100

<sup>1</sup> Sartorius Israel Ltd. is an associate of the Group which is accounted for at cost for materiality reasons. Due to contractual agreements, the Parent CGroup does neither control nor jointly control the entity. Besides Sartorius Israel Ltd., there are no associates or joint ventures included in the scope of consolidation, i.e. all other companies are consolidated in full. The ownership rate equals the share in voting rights.

## 8. Business Combinations

### Acquisition of Biological Industries in 2019

On December 15, 2019, the Group acquired just over 50% of the shares of the Israeli cell culture media developer and manufacturer Biological Industries. In the course of the transaction, the Group obtained control based on contractual agreements.

Biological Industries focuses on cell culture media, particularly for cell and gene therapy, regenerative medicine and other advanced therapies. Founded in 1981, the company employed approximately 130 people at the acquisition date mainly at its headquarters, R&D and manufacturing site close to Haifa, Israel, and at sales locations in the USA, Europe and China.

The determination of the acquisition-date fair values of the assets acquired and liabilities assumed was completed in 2020. Non-controlling interests are measured at their proportionate share of the net assets. The following table presents preliminary and final valuations:

	Preliminary purchase price allocation € in k	Final purchase price allocation € in k
Intangible assets	0	28,451
Property, plant and equipment	5,201	8,527
Inventories	4,982	5,883
Trade receivables	5,121	4,547
Other assets	8,323	7,828
Cash and cash equivalents	3,209	3,734
Deferred taxes - net	0	-7,731
Loans and borrowings	-345	-3,587
Other liabilities	-6,637	-6,133
<b>Net assets acquired</b>	<b>19,855</b>	<b>41,520</b>
<b>Non-controlling interests (50%)</b>	<b>9,927</b>	<b>21,292</b>
<b>Purchase price</b>	<b>47,571</b>	<b>49,332</b>
<b>Goodwill</b>	<b>37,644</b>	<b>29,104</b>

The purchase price for the acquired shares was approximately €49.3 million and was fully paid in cash with the exception of a liability amounting to €2.2 million. The directly attributable acquisition-related costs totaled €0.3 million and were recognized in other expenses in 2019. The resulting goodwill is not deductible for tax purposes. The intangible assets recognized separately relate mainly to technologies and customer relationships. The investment in Sartorius Israel Ltd. with a fair value of €6.9 million is classified as an associate and included in other assets in the table above.

Besides being attributable to synergies - e.g., those realized by the acquiree's access to the Group's global sales and distribution network - the resulting goodwill reflects the expansion of the Group's product offering for biopharmaceutical customers and intangible assets that are not recognized separately, such as the acquired workforce.

### Acquisition of Selected Life Science Assets of Danaher

On April 30, 2020, the Group completed the acquisition of selected life science businesses of Danaher Corporation as part of a broader transaction between Danaher and the Sartorius Group, Sartorius Stedim Biotech's major shareholder. The assets and liabilities related to the businesses were acquired via asset deals.

In the course of the transaction, Sartorius Stedim Biotech assimilated approximately 100 people at the sites in Portsmouth, U.K.; Cergy, France; Ann Arbor, Michigan, USA; and Hopkinton, Massachusetts, USA, into its workforce.

The business acquired by Sartorius Stedim Biotech generated revenue of approximately \$100 million in 2019 and a slightly positive result and covers various bioprocessing technologies, which are complementary to the Group's product portfolio. The company's broader offering as a result of the acquisition will support customers even more comprehensively in the safe and efficient production of such pharmaceuticals. Sartorius Stedim Biotech is thus improving its market position in key areas of the manufacture of biotech medications.

With the chromatography systems and resins business acquired, Sartorius Stedim Biotech is expanding its portfolio in the downstream processing area. This business addresses an essential step in the purification of biopharmaceuticals and encompasses both reusable and single-use equipment, columns and resins. Furthermore selected product groups in the areas of stainless steel hollow-fiber and single-use technology tangential flow filtration systems and single-use flow kits have been acquired.

The purchase price of approximately €216.2 million was fully paid in cash. Expenses of €3.1 million directly attributable to the acquisition were recognized as other expenses in profit or loss.

The purchase price allocation is as follows:

	Final purchase price allocation € in k
Intangible assets	137,985
Property, plant and equipment	6,831
Inventories	36,228
Trade receivables	3,743
Other assets	2
Cash and cash equivalents	0
Deferred taxes - net	-1,232
Provisions	-2,387
Loans and borrowings	-616
Other liabilities	-9,566
<b>Net assets acquired</b>	<b>170,989</b>
Purchase price	216,220
<b>Goodwill</b>	<b>45,231</b>

Goodwill resulting from the acquisition is expected to represent the broadening of the product offering for biopharmaceutical customers, synergies and intangible assets that are not separately recognized such as the know-how of the workforce. Due to the transaction structure, the Group expects that goodwill in an amount of €28 million will be deductible for tax purposes. The intangible assets recognized separately are primarily technology-based and customer-related intangible assets.



Since the acquisition date, the new business has contributed approximately €52.3 million to the Group's sales revenues and a slightly positive amount to the Group's earnings (excluding transaction and integration costs). If the acquisition had been occurred at January 1, 2020, the business would have contributed sales revenues of approximately €80 million and a slightly positive operating result (estimated on a pro rata basis).

### Acquisition of BIA Separations

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"). BIA Separation has about 120 employees at its headquarters in Ajdovščina, Slovenia.

The company develops and manufactures market-leading products for the purification and analysis of large biomolecules, such as viruses, plasmids and mRNA, which are used in cell and gene therapies and other advanced therapies. It is therefore complementary to the existing product portfolio of the Group. BIA's technology for manufacturing-scale purification is already used in the production of the first commercialized advanced therapeutics. The company also has a strong presence with such novel drug candidates in the clinical pipeline.

Due to the short time period between the acquisition date and the reporting date and the uncertainties with regard to the measurement of the intangible assets and the contingent consideration, the determination of the acquisition-date fair values of the assets acquired and liabilities assumed as well as the consideration transferred has not yet been completed. Therefore, the purchase price allocation is preliminary and based on management's current knowledge. The following valuations were considered:

	Preliminary purchase price allocation € in k
Intangible assets	308,014
Property, plant and equipment	13,834
Inventories	3,317
Trade receivables	1,696
Other assets	679
Cash and cash equivalents	2,176
Deferred taxes - net	-58,100
Provisions	-2,744
Loans and borrowings	-1,841
Other liabilities	-5,489
<b>Net assets acquired</b>	<b>261,542</b>
Purchase price	366,891
Contingent Consideration	285,530
<b>Goodwill</b>	<b>390,879</b>

The main asset included in other intangible assets is BIA Separations' technology for manufacturing-scale purification. In addition to that, the Group acquired further intangible assets such as customer relations and brands.

The consideration transferred includes a payment of €234,2 million in cash and 405,887 shares in the Group's parent company Sartorius Stedim Biotech S.A. that were transferred at the acquisition date by the ultimate parent of the Group, Sartorius AG, to the former owners of BIA Separations. The fair value of these shares was measured at €132.7 million at the acquisition date. In addition, the Group and the former owners of BIA

Separations have further agreed on three tranches of earn-out payments based on the sales performance of BIA Separations 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. This additional contingent consideration agreement is classified as a financial liability and measured at fair value through profit or loss at each reporting date. At the acquisition date, the contingent consideration component was valued at an amount of €285.5 million. This estimate reflects the expected future sales performance and the assumed number of shares to be transferred as well as the present value of the expected future share prices at the expected settlement dates. 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.

At the reporting date December 31, 2020, the fair value of the contingent consideration liability was measured at €253.9 million. This change reflects mainly the development of the share price of Sartorius Stedim Biotech S.A. during the time from the acquisition date to December 31, 2020. Furthermore, the discount rates applied to calculate the present value of the future obligation were adjusted to reflect the market rates at December 31, 2020. The difference between the valuation as of the acquisition date and the reporting date amounting to about €31.6 million has been recognized in the financial result. The range of possible outcomes of the contingent consideration has not changed since the acquisition date.

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. at 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 at the reporting date of approximately €29 million (decrease of approximately €24 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 €25 million higher (€25 million lower). The actual future outcomes may differ from these sensitivities that are determined by changing only the respective key input parameter in isolation.

Expenses of €3.6 million directly attributable to the acquisition were recognized as other expenses in profit or loss. The resulting goodwill represents synergies such as those arising from BIA Separations' access to the Group's worldwide sales and distribution network, the completion of the Group's product portfolio and intangible assets which are not recognized separately, e.g. the know-how of the skilled workforce. Goodwill is not expected to be tax deductible.

Due to the short time period since initial consolidation, BIA Separations did not contribute materially to the Group's sales revenue and earnings of the reporting period 2020 with the exception of the measurement gain on the contingent consideration described above. If the acquisition had occurred at January 1, 2020, the entity would have contributed sales revenues of approximately €22 million and no significant operating result due to the effects of the preliminary purchase price allocation. Furthermore, there would be no material impact on any of the individual line items in the statement of profit or loss.

### **Acquisition of WaterSep BioSeparations LLC**

On December 9, 2020, the Group acquired 100% of the shares in the U.S.-based entity WaterSep BioSeparations LLC. The company has about 15 employees 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 complements our current offering for cell and gene therapy applications, cell harvesting and various solutions for intensified bioprocessing.

Due to the short time period between the acquisition date and the approval of the consolidated financial statements, the full difference between the consideration transferred and the net assets acquired before their fair value measurement is provisionally presented as goodwill. It is expected that individual intangible assets

such as technology-related and customer-related intangible assets will be identified during the purchase price allocation.

	Preliminary purchase price allocation € in k
Intangible assets	3
Property, plant and equipment	236
Inventories	362
Trade receivables	362
Other assets	85
Cash and cash equivalents	111
Loans and borrowings	-2
Other liabilities	-66
<b>Net assets acquired</b>	<b>1,091</b>
<hr/>	
Purchase price	22,518
Contingent Consideration	4,887
<b>Goodwill</b>	<b>26,313</b>

The purchase price amounts to €27.4 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 2021 to 2023 and is due in 2024. Until the settlement of this contingent consideration, the agreement is classified as a financial liability and measured at fair value through profit or loss at each reporting date. On a provisional basis, the contingent consideration was measured at a fair value of €4.9 million at the acquisition date. The lower end of the bandwidth of possible outcomes of the contingent consideration is zero, the upper limit is \$9 million. The contingent consideration was not significantly adjusted at the reporting date as no relevant changes were observed.

Expenses of €0.3 million directly attributable to the acquisition were recognized as other expenses in profit or loss. 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 Group's product portfolio and intangible assets that are not recognized separately, e.g. the know-how of the skilled workforce. Goodwill is expected to be tax deductible.

Due to the short time period since initial consolidation, WaterSep BioSeparations did not contribute materially to the Group's sales revenue and earnings of the 2020 reporting period. If the acquisition had been occurred at January 1, 2020, the entity would have contributed sales revenues of approximately €2 million.

#### Effects of the acquisitions if they had been occurred at January 1, 2020

Estimating the impact on the annual Group figures on the basis as if the acquisitions closed in 2020 had all taken place as of January 1, 2020, is particularly difficult for the reporting period. The transaction structure of the acquisition of Danaher Life Science's assets as well as the consequences arising from the COVID 19 pandemic crisis make such an assessment difficult. Given these limitations, hypothetical annual consolidated sales revenue would have been estimated at approximately €1,959.1 million with no material impact on the Group's operating margin.

# Notes to the Statement of Profit or Loss

## 9. Sales Revenue

Revenue recognition follows IFRS 15, Revenue from Contracts with Customers. The standard defines a comprehensive model to determine when to recognize revenue and in which amount. The revenues from contracts with customers according to IFRS 15 are disaggregated into geographical regions (see Segment Report, note 5).

The Group produces and sells instruments and consumables for customers in the Biopharm segment. The Group satisfies its performance obligations depending on the goods to be transferred and the promised services. The far majority of the revenues from sales of products is recognized at a point in time when the customer obtains control of the goods. This is typically the case when the significant risks and rewards of ownership of the goods are transferred to the customer. Therefore, the point in time may vary depending on the agreement with the individual customer.

For complex products that require installation at the customer's site, revenue is recognized upon formal customer acceptance. To a small extent, revenue is recognized over time in the customer-specific project business. In these cases, revenue is recognized according to the project progress which is measured based on the percentage of costs to date compared to the total estimated contract costs. The amount of actual costs incurred to date reflects the progress and the transfer of control to the customer appropriately as the Group has a right to a reimbursement of cost to date plus an appropriate margin, if the project is cancelled by the customer without cause.

Revenue from services is generally recognized when the services are performed or have been performed. When the services are performed continuously over a period of time, the Group recognizes the related revenue over time. In this case, revenue is generally recognized pro rata in relation to the total contract period. Product sales are typically accompanied by the legally required warranty. Any material extended warranties are accounted for as separate performance obligations.

According to the general payment terms, customer payments are due in the short-term, typically within 30 days. To some extent, the Group obtains advance payments, e.g. to avoid credit risks. Therefore, the Group regularly has contract liabilities (payments received on account of orders). In addition, the Group recognizes contract liabilities in connection with service contracts (deferred revenues) when customers pay in advance.

There are no material effects from contracts with significant financing components. The Group uses the practical expedient regarding the existence of a significant financing component. This means that a financing component is only taken into consideration when the length of time between the transfer of goods or services and the receipt of consideration is expected to exceed one year and the effect is material. As of December 31, 2020, the Group had refund liabilities of €8,011 k arising from incentive agreements with customers (2019: €4,740 k).

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period (orders on hand) amounted to €1,136.6 million (2019: €606.9 million). The Group expects that these unsatisfied performance obligations will be satisfied to a large extent in 2021.

There were no extraordinary changes in the carrying amounts of the contract liabilities and contract assets in the reporting period. Revenue in the amount of €68,458 k was recognized in the reporting period that was included in contract liabilities at the beginning of the reporting period (2019: €41,182 k).

The balances of trade receivables and contract assets are presented in note 28. For details on the impairment losses on trade receivables and contract assets recognized in the reporting period see note 39. The following table presents the balances of the Group's contract liabilities.

	Line item in statement of financial position	Carrying amount as of December 31, 2020	Carrying amount as of December 31, 2019
		€ in K	€ in K
Deferred revenue	Other liabilities	24,516	14,138
Payments received on account of orders	Trade payables	132,239	80,574
<b>Contract liabilities (total)</b>		<b>156,755</b>	<b>94,712</b>

## 10. Functional Costs

The statement of profit or loss has been presented according to the "cost of sales format", i.e. expenses are allocated to the relevant functions of production, sales & marketing, research & development and general administration.

Expenses relating to cross-functional initiatives or projects are assigned to the respective functional costs based on an appropriate allocation principle.

The caption "cost of sales" includes the cost of products sold and the cost of merchandise sold. In addition to directly attributable expenses, such as raw materials and supplies, employee benefits expense, and energy expenses, cost of sales also includes overhead, which can be allocated to the manufacturing area, and the corresponding depreciation and amortization.

The selling and distribution costs pertain, in particular, to the costs of the sales and marketing function, distribution and market research.

Research and development costs comprise the costs of research and product and process development, unless they are recognized as assets.

The item "general administrative expenses" mainly includes employee benefits expense and the cost of materials of the general administrative area.

All profit and loss items that cannot be allocated to one of the mentioned functional areas are recognized as other income and expenses. This includes essentially effects from translation of transactions in foreign currencies, sale of fixed assets, allowances on trade receivables and reorganization and other non-recurring expenses. Income from grants related to income is recognized as other income, when there is reasonable assurance that the conditions attached to the grants are complied with and the grants will be received. They are recognized systematically as income over the period in which the related costs are recorded.

Operating expenses by nature are presented in the Profit or Loss Statement by nature in note 14.

The material expense and personnel cost are as follows:

### Raw Materials and Supplies

This caption includes the following:

€ in K	2020 12 months	2019 12 months
Purchases consumed	375,095	284,819
Cost of purchased services	97,189	68,305
<b>Total</b>	<b>472,284</b>	<b>353,124</b>

### Personnel Cost

This caption can be broken down as follows:

€ in K	2020 12 months	2019 12 months
Wages and salaries	392,838	315,649
Social security	84,047	70,020
Expenses for retirement benefits and pensions	9,435	7,527
<b>Total</b>	<b>486,320</b>	<b>393,195</b>

## 11. Other Operating Income and Expenses

€ in K	2020 12 months	2019 12 months
Currency translation gains	22,734	7,649
Income from the decrease in allowances for bad debts	2,353	982
Income from release of provisions and liabilities	784	601
Income from grants	2,021	1,005
Other income	2,014	5,390
<b>Other operating income</b>	<b>29,905</b>	<b>15,627</b>
Currency translation losses	-21,805	-7,641
Extraordinary expenses	-31,972	-16,813
Allowances for bad debts	-5,391	-3,662
Other expenses	-25,669	-7,860
<b>Other operating expenses</b>	<b>-84,837</b>	<b>-35,975</b>
<b>Total other operating income and expenses</b>	<b>-54,931</b>	<b>-20,348</b>

The item reported as income from grants comprises grants for expenses (essentially related to research and development projects). The currency translation gains in 2020 include an amount of €6.5 million for the reclassification of items from equity into profit or loss (see note 36).

Extraordinary items amounted to €-32.0 million (net) (previous year: €-16.8 million). Extraordinary expenses essentially cover one-time expenses for strategic Group projects as well as integration and acquisition-related items.

## 12. Financial Result

€ in K	2020 12 months	2019 12 months
Interest and similar income	509	336
- of which from affiliated companies	317	213
Income from derivative financial instruments	6,163	2,126
Other financial income	42,186	4,405
<b>Financial income</b>	<b>48,857</b>	<b>6,867</b>
Interest and similar expenses	-6,509	-3,864
- of which from affiliated companies	-2,832	-1,091
Expenses for derivative financial instruments	-6,254	-589
Interest expense for pensions	-310	-747
Other financial expenses	-24,962	-16,090
<b>Financial expenses</b>	<b>-38,034</b>	<b>-21,290</b>
<b>Total</b>	<b>10,823</b>	<b>-14,423</b>

The other financial income (expenses) include mainly foreign exchange gains (losses) in connection with bank deposits and loans and liabilities denominated in foreign currencies. In 2020 this item also includes the income amounting to €31.6 million resulting from the remeasurement of the contingent consideration in connection with the acquisition of BIA Separations, see note 8. Furthermore, in the prior period an increase in the liability for the phantom units in AllPure had been recognized in an amount of approx. €2.5 million (see note 31).

The interest expenses to affiliated companies are in connection with the loan granted by the Group's ultimate parent Sartorius AG (see also chapter 42).

## 13. Income Taxes

€ in K	2020 12 months	2019 12 months
Current income taxes	-140,092	-83,417
Deferred taxes	17,978	2,034
<b>Total</b>	<b>-122,114</b>	<b>-81,383</b>

Current income taxes are determined based on the respective local taxable income of the period and local tax rules. In addition, current income taxes include adjustments for uncertain tax payments or tax refunds for periods not yet assessed. Changes in deferred tax assets and liabilities are included in income taxes except for changes recognized in other comprehensive income or equity.

Income taxes in France are calculated at 31.33% of the estimated taxable profit for the year. For Germany, a rate of approx. 30% was applied to the taxable income. Income generated outside France and Germany is taxed at rates applicable in the corresponding country.

Considering the French and German average tax rates and the impact of other tax legislations, the expected tax rate for the Sartorius Stedim Biotech Group is roughly 26% (26% in 2019). The following table explains the difference between the expected tax expense and the income tax expenses reported for the particular fiscal year.

€ in K	2020 12 months	2019 12 months
Expected tax rate	26%	26%
Expected tax expense	-125,484	-82,529
Differences from the Group average income tax rate	8,804	9,654
Permanent differences	-8,350	-6,415
Tax-free income and other tax exemptions	12,673	3,430
Unrecognized tax losses and deductible temporary differences	-266	-1,641
Taxes for previous years	-8,616	-3,096
Withholding and similar taxes	-1,413	-321
Other	538	-465
<b>Total</b>	<b>-122,114</b>	<b>-81,383</b>
Effective tax rate	-25.3%	-25.6%

## 14. Profit or Loss Statement by Nature

€ in K	2020 12 months	2019 12 months
Sales revenue	1,910,081	1,440,570
Purchases consumed	-375,095	-284,819
Cost of purchased services	-97,189	-68,305
Personnel costs	-486,320	-393,195
Amortization and depreciation	-102,282	-73,368
Other operating costs	-377,388	-289,041
<b>Subtotal</b>	<b>-1,438,274</b>	<b>-1,108,728</b>
<b>Operating profit (EBIT)</b>	<b>471,807</b>	<b>331,842</b>
Financial income   expenses	10,823	-14,423
Income tax	-122,114	-81,383
Non-controlling interest	-2,666	-1,535
<b>Net profit after non-controlling interest</b>	<b>357,849</b>	<b>234,501</b>



## 15. Earnings per Share

According to IAS 33, earnings per share are determined as follows: basic earnings per share (basic EPS) are calculated on the basis of the weighted average number of ordinary shares during the period.

	2020	2019
Net profit after tax (€ in K)	360,516	236,036
Group net profit after tax (€ in K)	357,849	234,501
Earnings per share (€)	3.88	2.54
Diluted earnings per share (€)	3.88	2.54
Number of shares (statutory level)	92,180,190	92,180,190
Treasury shares	-1,093	-3,225
<b>Weighted average number of shares used in earnings per share calculation</b>	<b>92,179,097</b>	<b>92,176,965</b>
<b>Weighted average number of shares used in diluted earnings per share calculation</b>	<b>92,179,097</b>	<b>92,176,965</b>

# Notes to the Individual Balance Sheet Items

## 16. Goodwill and Other Intangible Assets

### Goodwill

€ in K	Goodwill
<b>Gross book values at Jan. 1, 2019</b>	<b>384,695</b>
Currency translation	1,285
Business combinations	32,348
<b>Gross book values at Dec. 31, 2019</b>	<b>418,328</b>
<b>Impairment losses at Jan. 1, 2019</b>	<b>0</b>
Currency translation	0
Impairment losses	0
<b>Impairment losses at Dec. 31, 2019</b>	<b>0</b>
<b>Net book values at Dec. 31, 2019</b>	<b>418,328</b>
€ in K	Goodwill
<b>Gross book values at Jan. 1, 2020</b>	<b>418,328</b>
Currency translation	-5,591
Business combinations	462,425
<b>Gross book values at Dec. 31, 2020</b>	<b>875,162</b>
<b>Impairment losses at Jan. 1, 2020</b>	<b>0</b>
Currency translation	0
Impairment losses	0
<b>Impairment losses at Dec. 31, 2020</b>	<b>0</b>
<b>Net book values at Dec. 31, 2020</b>	<b>875,162</b>

The caption reported as goodwill in the amount of €875,162 K is the difference between the consideration transferred and the fair value of the net assets acquired in business combinations. According to IAS 36, goodwill acquired in a business combination may not be amortized, but rather, must be tested for impairment annually and whenever there is any indication of an impairment. The increase recorded in 2020 concerns the acquisitions of BIA Separations, WaterSep BioSeparations and that of the Life Science assets from Danaher (see note 8). The additions in the prior period resulted from the acquisitions of Biological Industries and Sartonets Taiwan.

For the purpose of impairment testing, goodwill must be allocated to each of the acquirer's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. The CGU represents the lowest level within the entity at which goodwill is monitored for internal management purposes and may not be larger than a segment. Sartorius Stedim Biotech Group follows the strategy of being a total solution provider for its customers. Because of the various interdependencies within the business, the lowest level at which goodwill is monitored is that of the Biopharm segment. Therefore, the acquired goodwill is allocated to this group of CGUs.

As in 2019, the impairment test conducted for 2020 measures the recoverable amount on the basis of the value in use of the particular cash-generating unit (Biopharm segment). The cash flow forecasts consider previous experience and are generally based on Group management's forecasts for a period of four years. The

calculations were based on a terminal growth rate of 2.5% for the years after 2024. This rate is derived from market expectations, which forecast significant growth rates for the targeted biopharmaceutical market. The major growth drivers for the Sartorius Stedim Biotech Group will be the aging and increase in population and the improved access to drugs in the emerging markets as well as the ongoing paradigm shift from reusable products to single-use products utilized in bio manufacturing by the biopharmaceutical industry.

The discount rates applied correspond to the weighted average cost of capital; they were recognized as follows:

	2020		2019	
	Before tax	After tax	Before tax	After tax
Biopharm segment	7.7%	6.3%	9.0%	7.3%

In 2020, our impairment test did not result in the recognition of impairment losses. In this context, various sensitivity analyses based on realistic variations of the assumptions disclosed above did not result in an impairment either. The following variations would theoretically represent the “break-even point”:

	2020	2019
Discount rates	30.2%	24.4%
Terminal growth rate	-84.6%	-45.7%
Cash flows	-90.0%	-78.9%

## Intangible Assets

€ in K	Patents, licenses and similar rights	Brand name	Customer relationships	Capitalized developme nt costs	Payments on account	Total
<b>Gross book values at Jan. 1, 2019</b>	<b>99,094</b>	<b>11,874</b>	<b>123,669</b>	<b>107,622</b>	<b>55</b>	<b>342,313</b>
Currency translation	1,018	1	847	755	0	2,622
Business combinations	11,606	2,295	16,550	0	0	30,451
Acquisitions	382	0	0	25,868	0	26,250
Disposals	-176	0	0	0	-20	-195
Transfers	43	0	0	0	-36	7
<b>Gross book values at Dec. 31, 2019</b>	<b>111,966</b>	<b>14,171</b>	<b>141,066</b>	<b>134,244</b>	<b>0</b>	<b>401,447</b>
<b>Amortization and impairment losses at Jan. 1, 2019</b>	<b>-37,575</b>	<b>-311</b>	<b>-85,724</b>	<b>-41,210</b>	<b>0</b>	<b>-164,821</b>
Currency translation	-774	-8	-569	-186	0	-1,537
Amortization and impairment losses	-9,018	-79	-8,571	-9,059	0	-26,727
Disposals	164	0	0	0	0	164
Transfers	-33	0	0	-4	0	-38
<b>Amortization and impairment losses at Dec. 31, 2019</b>	<b>-47,237</b>	<b>-399</b>	<b>-94,865</b>	<b>-50,459</b>	<b>0</b>	<b>-192,959</b>
<b>Net book values at Dec. 31, 2019</b>	<b>64,730</b>	<b>13,772</b>	<b>46,201</b>	<b>83,785</b>	<b>0</b>	<b>208,488</b>

€ in K	Patents, licenses and similar rights	Brand name	Customer relationshi ps	Capitalized developme nt costs	Payments on account	Total
<b>Gross book values at Jan. 1, 2020</b>	<b>111,966</b>	<b>14,171</b>	<b>141,066</b>	<b>134,244</b>	<b>0</b>	<b>401,447</b>
Currency translation	-5,319	-20	-4,351	-1,170	0	-10,860
Business combinations	377,963	688	64,331	3,020	0	446,002
Acquisitions	1,796	0	938	29,660	0	32,395
Disposals	-2	0	0	0	0	-2
Transfers	43	0	0	532	0	575
<b>Gross book values at Dec. 31, 2020</b>	<b>486,448</b>	<b>14,839</b>	<b>201,983</b>	<b>166,287</b>	<b>0</b>	<b>869,557</b>
<b>Amortization and impairment losses at Jan. 1, 2020</b>	<b>-47,237</b>	<b>-399</b>	<b>-94,865</b>	<b>-50,459</b>	<b>0</b>	<b>-192,959</b>
Currency translation	805	8	1,198	249	0	2,260
Amortization and impairment losses	-16,459	-247	-13,595	-15,034	0	-45,335
Disposals	2	0	0	0	0	2
Transfers	-3	0	0	0	0	-3
<b>Amortization and impairment losses at Dec. 31, 2020</b>	<b>-62,892</b>	<b>-637</b>	<b>-107,262</b>	<b>-65,245</b>	<b>0</b>	<b>-236,036</b>
<b>Net book values at Dec. 31, 2020</b>	<b>423,556</b>	<b>14,202</b>	<b>94,721</b>	<b>101,042</b>	<b>0</b>	<b>633,521</b>

Intangible assets acquired are recorded at cost less accumulated, regular amortization that is calculated according to the straight-line method and any impairment loss. The useful life of an intangible asset is the period during which the Group expects to use the asset.

Amortization of intangible assets is generally based on the following estimated useful lives:

Software	2 to 10 years
Capitalized R&D expenses	4 to 6 years
Customer relations and technologies	5 to 20 years
Brand name	2 years to indefinite

Costs incurred within the scope of the development of new products and methods were capitalized as internally generated intangible assets if the following criteria were met:

- The technical feasibility of completing the intangible assets so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The demonstration of how the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The capitalized development costs essentially cover the costs that were allocated to the staff involved in R&D, raw materials and supplies, external services and directly attributable overheads. Intangible assets generated internally are amortized on a straight line basis over their useful lives, which generally do not exceed six years.

If an internally generated intangible asset cannot be recognized, the development costs are expensed in the period in which they are incurred. Costs for research activities are reported as expenses in the period in which they are incurred.

The Stedim brand name acquired in 2007 and integrated into the parent company's name (Sartorius Stedim Biotech S.A.) is considered to have an indefinite useful life and is therefore not amortized. There is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the Group. The brand name is tested annually for impairment at the level of the "Biopharm segment" cash-generating unit (CGU).

In 2020, the development costs of €29,660 K were recognized as assets (€25,868 K in 2019).

Amortization of intangible assets is allocated to the corresponding functions in the statement of profit or loss. For capitalized development costs, amortization is reported under "cost of sales".

In 2020, no impairments were recognized. The impairments in 2019 of €2.9 million relate mainly to capitalized development expenses.

## 17. Property, Plant and Equipment

€ in K	Land, buildings and improvements	Technical machinery and equipment	Factory and office equipment and other equipment	Payments on account and construction in progress	Total
<b>Gross book values at Jan. 1, 2019</b>	<b>179,937</b>	<b>177,387</b>	<b>88,844</b>	<b>180,718</b>	<b>626,887</b>
Currency translation	1,138	1,372	412	2,321	5,243
Business combinations	3,020	1,493	501	0	5,014
Acquisitions	36,651	22,092	16,475	28,006	103,224
Disposals	1,003	-3,794	-2,149	-24	-4,964
Transfers	106,767	13,488	10,717	-130,979	-7
<b>Gross book values at Dec. 31, 2019</b>	<b>328,517</b>	<b>212,039</b>	<b>114,800</b>	<b>80,042</b>	<b>735,398</b>
<b>Depreciation at Jan. 1, 2019</b>	<b>-58,128</b>	<b>-94,540</b>	<b>-52,838</b>	<b>1</b>	<b>-205,505</b>
Currency translation	-405	-739	-273	1	-1,417
Depreciation	-10,199	-14,912	-10,697	-167	-35,975
Disposals	-1,008	3,728	1,842	0	4,562
Transfers	-141	1,633	-1,454	0	38
<b>Depreciation at Dec. 31, 2019</b>	<b>-69,881</b>	<b>-104,830</b>	<b>-63,420</b>	<b>-165</b>	<b>-238,297</b>
<b>Net book values at Dec. 31, 2019</b>	<b>258,636</b>	<b>107,208</b>	<b>51,381</b>	<b>79,877</b>	<b>497,100</b>
<b>Net book values at Dec. 31, 2019 of right-of-use assets</b>	<b>46,782</b>	<b>1,958</b>	<b>4,123</b>	<b>0</b>	<b>52,864</b>
<b>Total property, plant and equipment at Dec. 31, 2019</b>	<b>305,418</b>	<b>109,166</b>	<b>55,504</b>	<b>79,877</b>	<b>549,965</b>

	Land, buildings and improvements	Technical machinery and equipment	Factory and office equipment and other equipment	Payments on account and construction in progress	Total
<b>Gross book values at Jan. 1, 2020</b>	<b>328,517</b>	<b>212,039</b>	<b>114,800</b>	<b>80,042</b>	<b>735,397</b>
Currency translation	-8,768	-6,609	-1,758	-4,245	-21,379
Business combinations	5,645	5,034	624	8,982	20,285
Acquisitions	20,306	20,736	16,350	76,380	133,771
Disposals	-544	-1,985	-3,162	564	-5,127
Transfers	6,493	20,577	8,274	-36,052	-708
<b>Gross book values at Dec. 31, 2020</b>	<b>351,648</b>	<b>249,792</b>	<b>135,128</b>	<b>125,672</b>	<b>862,239</b>
<b>Depreciation at Jan. 1, 2020</b>	<b>-69,881</b>	<b>-104,830</b>	<b>-63,420</b>	<b>-165</b>	<b>-238,297</b>
Currency translation	1,306	2,515	1,147	3	4,971
Depreciation	-13,691	-17,775	-12,980	0	-44,446
Disposals	424	1,620	2,687	0	4,731
Transfers	-296	-12	294	164	149
<b>Depreciation at Dec. 31, 2020</b>	<b>-82,138</b>	<b>-118,482</b>	<b>-72,272</b>	<b>1</b>	<b>-272,891</b>
<b>Net book values at Dec. 31, 2020</b>	<b>269,509</b>	<b>131,310</b>	<b>62,856</b>	<b>125,673</b>	<b>589,348</b>
<b>Net book values at Dec. 31, 2020 of right-of-use assets</b>	<b>49,193</b>	<b>1,172</b>	<b>4,237</b>	<b>0</b>	<b>54,601</b>
<b>Total property, plant and equipment at Dec. 31, 2020</b>	<b>318,702</b>	<b>132,482</b>	<b>67,092</b>	<b>125,673</b>	<b>643,950</b>

The “Property, plant, and equipment” caption in the statement of financial position includes right-of-use assets according to IFRS 16 (see note 18). Property, plant, and equipment is recorded at cost and depreciated over the estimated useful life using the straight-line method. Property, plant, and equipment is subject to impairment tests whenever there are indicators of impairment.

Depreciation of non-current assets is based on the following periods of useful life:

Buildings	15 to 50 years
Machinery	5 to 15 years
Factory and office equipment	3 to 13 years

Depreciation is presented in the statement of profit or loss according to how the assets are used, in the cost of sales, selling and distribution costs, research and development costs, general administrative expenses, and other operating expenses.

Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction, or production of a qualifying asset and are therefore part of the cost of that asset. A qualifying asset is defined as an asset that takes a substantial period of time (six to twelve months) to get ready for its intended use.

Grants related to assets are deducted from the cost of the related asset.

As in fiscal 2019, no significant impairment losses were recognized on property, plant, and equipment in 2020.

## 18. Leases

Since 2019, lease accounting follows IFRS 16, Leases. A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. For the financing structure of the Group, leases are not of high relevance. The main considerations in relation to leases are therefore generally of a practical nature, for example, with regard to the management of IT hardware or the fleet management. Accordingly, leases of IT hardware and cars represent the major part of the Group's lease contracts. The lease term of such leases is generally fixed and extends typically over 3 to 5 years. However, those leases of the Group in which the lessor is a related party that is an entity controlled by the ultimate parent, Sartorius AG, are generally of a short-term nature providing both contract parties with operational flexibility. Furthermore, at some sites, the Group has long-term leases of buildings. The lease contracts are managed by the local management and may contain extension options which are included in the lease term according to IFRS 16 when the Group is reasonably certain that the option will be exercised. The Group does not act as a lessor to a material extent.

IFRS 16 introduces a standardized accounting model according to which leases are generally recognized on the lessee's statement of financial position. A lessee recognizes a right-of-use asset representing its right to use a lease asset, as well as a lease liability, which represents its obligation to make lease payments. There are exemptions for short-term leases and leases of low-value assets.

The Group makes use of the exemptions for short-term leases and leases of low-value assets and recognizes the corresponding lease payments as an expense generally on a straight-line basis over the particular lease term. Accordingly, no right-of-use assets and no lease liabilities are recognized for these leases. Furthermore, no right-of-use assets and no liabilities are recognized for leases between Group entities. The Group does not apply the standard to leases of intangible assets.

In the statement of financial position, the Group presents the right-of-use assets according to the nature of the underlying lease assets within "Property, plant and equipment." The right-of-use assets are recognized at cost less accumulated depreciation and any impairment losses. The cost of the right-of-use assets comprises the present value of the future lease payments, any payments paid upon or before commencement of the lease, any initial direct costs, and costs for dismantling or removing the lease asset. The right-of-use assets are typically depreciated over the lease term. If the transfer of legal ownership of the lease asset is planned at the end of the lease term, the right-of-use asset is depreciated over the economic useful life of the lease asset. In the statement of profit or loss, depreciation is recognized within functional costs.

The lease liabilities are presented separately on the face of the statement of financial position. Lease liabilities are initially recognized at an amount equal to the present value of the future lease payments. The lease payments do generally not include any payments in relation to non-lease components. In general, the incremental borrowing rate of the Group is used for discounting. Subsequently, the carrying amount of the lease liabilities is increased by interest expenses and reduced by lease payments. Interest expenses are reported in the financial result and, to the extent they are paid, in the financing section of the cash flow statement.

As of December 31, 2020, lease liabilities stood at €58.0million (2019: €55.1million). The maturities of the future lease payments are presented in note 38. The composition of the right-of-use assets included in "Property, plant and equipment" as of the reporting date and as of the preceding reporting date and the main changes during the period are presented in the table below.



€ in K	Land, buildings and improvements	Technical machinery and equipment	Factory and office equipment and other equipment	Total
<b>Gross book values at Jan. 1, 2019</b>	<b>47,060</b>	<b>2,078</b>	<b>3,003</b>	<b>52,142</b>
Currency translation	669	25	41	734
Business combinations	3,661	0	245	3,906
Acquisitions	8,567	720	2,732	12,018
Disposals	-670	0	-177	-846
Transfers	0	0	0	0
<b>Gross book values at Dec. 31, 2019</b>	<b>59,287</b>	<b>2,823</b>	<b>5,845</b>	<b>67,955</b>
<b>Depreciation at Jan. 1, 2019</b>	<b>-4,939</b>	<b>0</b>	<b>-94</b>	<b>-5,033</b>
Currency translation	-125	-7	-10	-142
Depreciation	-8,110	-857	-1,699	-10,666
Disposals	670	0	80	750
Transfers	0	0	0	0
<b>Depreciation at Dec. 31, 2019</b>	<b>-12,505</b>	<b>-865</b>	<b>-1,722</b>	<b>-15,091</b>
<b>Net book values at Dec. 31, 2019</b>	<b>46,782</b>	<b>1,958</b>	<b>4,123</b>	<b>52,864</b>

€ in K	Land, buildings and improvements	Technical machinery and equipment	Factory and office equipment and other equipment	Total
<b>Gross book values at Jan. 1, 2020</b>	<b>59,287</b>	<b>2,823</b>	<b>5,845</b>	<b>67,955</b>
Currency translation	-2,224	-31	-92	-2,347
Business combinations	616	0	0	616
Additions	13,051	64	2,467	15,582
Disposals	-562	-12	-317	-890
Transfers	0	0	-31	-31
<b>Gross book values at Dec. 31, 2020</b>	<b>70,168</b>	<b>2,844</b>	<b>7,872</b>	<b>80,884</b>
<b>Depreciation at Jan. 1, 2020</b>	<b>-12,505</b>	<b>-865</b>	<b>-1,722</b>	<b>-15,091</b>
Currency translation	532	17	43	592
Depreciation	-9,557	-824	-2,120	-12,501
Disposals	555	0	145	700
Transfers	0	0	18	18
<b>Depreciation at Dec. 31, 2020</b>	<b>-20,975</b>	<b>-1,672</b>	<b>-3,636</b>	<b>-26,283</b>
<b>Net book values at Dec. 31, 2020</b>	<b>49,193</b>	<b>1,172</b>	<b>4,237</b>	<b>54,601</b>

The interest expenses presented in the financial result, the total cash outflows for existing leases, and the expenses recognized for short-term leases and leases of low value assets in the reporting period and the comparative period are presented in the table below. No material expenses were recognized for variable lease payments in the reporting period.

€ in K	2020 12 months	2019 12 months
Interest expenses for leases	2,180	2,069
Expenses for leases of low value assets	1,477	699
Expenses for short-term leases	1,652	2,614
<b>Total cash-outflow for leases</b>	<b>16,522</b>	<b>15,644</b>

## 19. Deferred Tax

€ in K	Deferred Tax Assets		Deferred Tax Liabilities	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Intangible assets	0	0	102,858	46,419
Tangible assets	0	0	6,009	5,299
Inventory	14,922	11,542	0	0
Receivables and other current assets	1,701	697	0	0
Provisions	12,516	7,966	0	0
Liabilities	9,545	6,272	0	1,081
<b>Gross amount</b>	<b>38,684</b>	<b>26,476</b>	<b>108,868</b>	<b>52,799</b>
Carry forward of taxable losses	984	984	0	0
Tax on undistributed earnings of subsidiaries	0	0	1,900	1,400
Offset	-12,187	-9,134	-12,187	-9,134
<b>Net amount</b>	<b>27,481</b>	<b>18,326</b>	<b>98,581</b>	<b>45,065</b>
<b>Change</b>	<b>9,156</b>	<b>3,501</b>	<b>-53,517</b>	<b>3,837</b>
<b>thereof recognized in profit or loss</b>	<b>10,253</b>	<b>3,450</b>	<b>7,702</b>	<b>291</b>

Deferred tax assets or liabilities are determined based on temporary differences between the carrying amounts and the tax base of assets and liabilities (except in special cases provided for by IAS 12) including loss carryforwards and tax credits. Measurement is based on the tax rates expected to be effective in the period in which an asset is realized or a liability is settled.

For this purpose, the tax rates and tax rules are used that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognized for deductible temporary differences and tax losses and unused tax credits only to the extent that it is probable that the Group will have future taxable income against which they can be charged.

### Deferred Tax Assets

On the reporting date, the Group had unused tax loss amounts carried forward of €10.6 million to be deducted from future taxable profits (€11.4 million in 2019). A deferred tax asset was reported on losses amounting to €3.2 million (€0.0 million in 2019).

Deferred tax assets in the amount of €1.4 million (€0.0 million) relate to companies that reported losses in this year under review or in the previous reporting period.

### Deferred Tax Liabilities

The deferred tax liabilities in connection with intangible assets refer to assets acquired in business combinations and consequently are mainly linked to customer relationships and technologies.

The Group did not record deferred tax liabilities on approx. €1,073 million (€815 million) in cumulative undistributed earnings of subsidiaries because these earnings are intended to be reinvested in these operations. When the dividends are paid out, an amount of 5% of the dividends will be taxed under the French and German taxation rules and, if applicable, with withholding tax. Furthermore, additional income tax consequences could arise in the case of an intermediate holding company.

In fiscal 2020, as in the previous years, the tax effect of hedging instruments, and the deferred tax assets from the recognition of the remeasurements of defined benefit liabilities (assets) were recognized in other comprehensive income. The income taxes recognized in other comprehensive income are disclosed in the table below:

€ in K	2020	2019
Cash flow hedges	-2,759	948
Remeasurements of the net defined benefit obligations	918	2,284
<b>Total</b>	<b>-1,841</b>	<b>3,232</b>

The change in deferred tax assets and liabilities can be reconciled as follows:

€ in K	Deferred Tax Assets	Deferred Tax Liabilities
Balance at Jan. 1, 2019	14,490	39,150
Currency translation	-107	92
Change in the scope of consolidation	1	8,131
Recognized in profit or loss	1,822	-213
Recognized in other comprehensive income	1,136	-2,096
<b>Balance at Dec. 31, 2019</b>	<b>17,342</b>	<b>45,065</b>

€ in K	Deferred Tax Assets	Deferred Tax Liabilities
<b>Balance at January 1, 2020</b>	<b>17,342</b>	<b>45,065</b>
Currency translation	-480	-298
Change in the scope of consolidation	0	59,332
Recognized in profit or loss	10,253	-7,725
Recognized in other comprehensive income	366	2,207
<b>Balance at December 31, 2020</b>	<b>27,481</b>	<b>98,581</b>

## 20. Inventories

€ in K	Dec. 31, 2020	Dec. 31, 2019
Raw materials and supplies	124,152	81,368
Work in progress	143,911	103,925
Finished goods and merchandise	197,596	141,083
Payments on account	6,646	2,643
<b>Total</b>	<b>472,305</b>	<b>329,019</b>

€ in K	Dec. 31, 2020	Dec. 31, 2019
Gross amount inventories	499,164	345,785
Write-downs	-26,858	-16,766
<b>Net Amount Inventories</b>	<b>472,305</b>	<b>329,019</b>

Raw materials and supplies, including merchandise, are reported under "Inventories" at average cost. In principle, finished goods and work in progress are reported at the cost of conversion. This cost includes direct costs that can be allocated to these materials and the appropriate portion of production and materials handling overheads, general administrative expenses and non-current assets at normal depreciation and/or amortization rates, based on the normal production capacity, provided that these expenses are caused by production.

Inventories must be measured at the lower of cost and the net realizable value. The net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary for marketing, sales, and distribution. Where inventory risks exist, such as the risk of reduced shelf life as a result of storage periods or limited usability, inventories are marked down accordingly.

## 21. Issued Capital

Sartorius Stedim Biotech S.A.'s share capital consists of 92,180,190 shares with a par value of €0.20 per share.

As of December 31, 2019, and December 31, 2020, there were no dilutive instruments. Shares registered in the name of the same owner for at least four years benefit from a double voting right.

	Dec. 31, 2020	Dec. 31, 2019
Number of shares at the beginning of the period	92,180,190	92,180,190
<b>Number of shares at the end of the period</b>	<b>92,180,190</b>	<b>92,180,190</b>
Nominal value per share (in €)	0.20	0.20
<b>Issued capital amount (€ in K)</b>	<b>18,436</b>	<b>18,436</b>

### Dividends

The Board of Directors will submit a proposal to the Annual General Shareholders' Meeting for payment of a dividend for the year ended December 31, 2020, as follows: payment of a net dividend of €0.68 per share (2019: €0.34), i.e., a total distribution of 62,681,786.00€ (excluding treasury shares; 2019: 31,340,168.00€).

## 22. Non-Controlling Interest

The non-controlling interests recognized in the statement of financial position amounting to €22,876 K relate to the subsidiaries Sartorius Korea Biotech and Biological Industries. The Group's interest in Sartorius Korea Biotech is 69%, the remaining 31% are subject to an exercisable call option. The purchase price for this non-controlling interest is variable and depends on the future performance of the entity.

The Group's interest in Biological Industries was increased by 20% to slightly more than 70% in fiscal 2020. In exchange for the additional 20% stake in Biological Industries, the Group paid an amount of about €22.5 million in cash to the non-controlling shareholders. The financial liability that had been recognized for the corresponding put option of the non-controlling interest amounting to €19.8 million has been reclassified to retained earnings. The impact on the non-controlling interest and the equity attributable to the owners of the parent is presented in the statement of changes in equity.

€ in K	Dec. 31, 2020	Dec. 31, 2019
Sartorius Korea Biotech Co. Ltd.		
Sales revenue	111,566	72,737
Net result	7,659	5,271
Total assets	69,894	44,049
Attributed profit or loss	2,374	1,634

There are no significant restrictions on the Group's ability to access or use the assets or settle the liabilities of the above entity.

## 23. Pension and Employee Benefits Provisions

### Pension Obligations

Pension provisions and similar obligations are recognized in the consolidated financial statements of Sartorius Stedim Biotech Group in accordance with actuarial principles. IAS 19, Employee Benefits, stipulates the projected unit credit method as the method of measurement. In addition to known pensions and life expectancies, this expected cash value method takes into account future salary and pension increases.

All remeasurements of the net defined benefit obligation are recognized in other comprehensive income (pension reserves) in accordance with IAS 19.

### Defined Contribution Plans

Most of the Sartorius Stedim Biotech Group companies make payments under defined contributions plans, primarily related to government-run pension plans. In 2020, the total expense recognized for the defined contribution plans amounted to €22,613 K (2019: €22,830 K).

### Defined Benefit Plans

The remeasurements of defined benefit liabilities (asset) are presented in other comprehensive income according to IAS 19. The actuarial losses, which were transferred to the pension reserves, essentially resulted from a change in the discount rate and totaled €-3,016 K (€-7,906 K in 2019).

An amount of €30,204 K relates in particular to pension provisions for retirement pension plans in Germany. These provisions totaled €28,545 K in 2019 and primarily relate to direct commitments under defined benefit pension plans. Under these commitments, the employees earn benefits for each year of service rendered to the company. The benefits earned depend on the salary level and the age of the respective employees. The pension benefits are generally not funded with assets.

The assumed discount rates reflect the interest rates payable on the reporting date for high-quality corporate bonds with matching maturities and denominated in the relevant currencies (mainly euro). If such corporate bonds are not available with matching long-term maturities or are insufficiently available, their matching interest rates are determined by extrapolation.

Measurement of the post-employment benefit obligations is based on the following actuarial assumptions:

#### For Germany:

in %	Dec. 31, 2020	Dec. 31, 2019
Discount rate	0.45	0.89
Future salary increases	3.00	3.00
Future pension increases	2.00	2.00

With regard to the assumptions for mortality and disability the tables "Richttafeln (RT) 2018 G" by Klaus Heubeck were applied.

#### For France:

in %	Dec. 31, 2020	Dec. 31, 2019
Discount rate	0.50	0.70
Future salary increases	2.00	2.00
Future pension increases	2.00	2.00

The amounts reported in the statement of profit or loss and other comprehensive income consist of the following:

€ in K	2020	2019
Current service cost	-2,264	-2,240
Past service cost	720	394
Net interest expenses	-296	-591
<b>Components of defined benefit costs recognized in profit or loss</b>	<b>-1,840</b>	<b>-2,437</b>
Return on plan assets (excl. interest)	58	12
Remeasurements	-3,074	-7,908
<b>Components of defined benefit costs recognized in other comprehensive income</b>	<b>-3,016</b>	<b>-7,896</b>
<b>Total</b>	<b>-4,856</b>	<b>-10,334</b>

In the statement of profit or loss, the current service cost is disclosed according to the assignment of employees to the respective functions.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of defined benefit plans is as follows:

€ in K	Dec. 31, 2020	Dec. 31, 2019
Present value of the obligations	63,822	57,861
Fair value of the plan assets	-16,429	-13,739
<b>Net Liability</b>	<b>47,393</b>	<b>44,123</b>

The present value of the defined benefit obligation developed as follows:

€ in K	2020	2019
<b>Present value of the obligations as of Jan. 1</b>	<b>57,861</b>	<b>46,459</b>
Current service cost	2,264	2,240
Past service cost	-720	-394
Interest cost	413	747
Remeasurements	3,079	7,906
Foreign currency translation differences	-129	438
Retirement benefits paid in the reporting year	-1,883	-1,220
Employee contributions	449	357
Contributions by plan participants	1,949	1,286
Other changes	538	42
<b>Present value of the obligations as of Dec. 31</b>	<b>63,822</b>	<b>57,861</b>

The remeasurements of the defined benefit liability (asset) can be allocated as follows:

€ in K	2020	2019
Experience adjustments	1,477	626
Changes in demographic assumptions	171	-408
Changes in financial assumptions	1,430	7,688
<b>Total</b>	<b>3,079</b>	<b>7,906</b>

**Plan Assets**

€ in K	2020	2019
<b>Plan assets as of Jan. 1</b>	<b>13,739</b>	<b>10,865</b>
Interest income	118	156
Return on plan assets (excl. interest)	58	12
Remeasurements	5	-2
Group contribution & payments	-1,718	-946
Foreign currency translation differences	-105	283
Employee contributions	449	357
Employer contributions	1,935	1,729
Contributions by plan participants	1,949	1,286
Other changes	0	0
<b>Plan assets as of Dec. 31</b>	<b>16,429</b>	<b>13,739</b>

**Composition of Plan Assets**

The plan assets primarily refer to insurance contracts in Germany and Switzerland, no major equity or debt investments are included. The subsidiary in South Korea has deposited an amount of €5.7 million (€3.6 million in 2019) to local banks as cash and cash equivalents.

**Sensitivity Analysis**

An increase|decrease of the actuarial assumptions would have the following impacts on the defined benefit obligations (a positive sign (+) means an increase in the obligation):

2019:

€ in K		
<b>Demographic assumptions</b>		
Life expectancy	+1 year	-1 year
Effect	2,393	-2,333
<b>Financial assumptions</b>		
Discount rate	+100 bps	-100 bps
Effect	-7,508	8,671
Future salary increases	+50 bps	-50 bps
Effect	2,327	-2,157
Future pension increases	+25 bps	-25 bps
Effect	2,242	-2,139

2020:

€ in K

<b>Demographic assumptions</b>		
Life expectancy	+1 year	-1 year
Effect	2,629	-2,562
<b>Financial assumptions</b>		
Discount rate	+100 bps	-100 bps
Effect	-8,124	9,370
Future salary increases	+50 bps	-50 bps
Effect	2,685	-2,303
Future pension increases	+25 bps	-25 bps
Effect	2,425	-2,314

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that changes in assumptions occur in isolation of one another. Furthermore, the present value of the defined benefit obligation was calculated using the same method that was applied in calculating the defined benefit obligation liability recognized in the statement of financial position (projected unit credit method).

### Maturity Analysis

The undiscounted cash flows from defined benefit obligations can be allocated to maturities as follows:

€ in K	Dec. 31, 2020	Dec. 31, 2019
< 1 year	2,559	1,968
1 - 5 years	9,686	9,000
6 - 10 years	16,588	14,404
>10 years	88,789	86,825
<b>Total</b>	<b>117,621</b>	<b>112,196</b>

The weighted average duration of the defined benefit obligations is 17.2 years (2019: 17.8 years).

## 24. Other Provisions

A provision is recognized when a present legal or constructive obligation to third parties arising from past events has been incurred, an outflow of resources is probable and the amount of the obligation can be reasonably estimated. The amount recognized as a provision represents the best estimate of the obligation at the reporting date.

Restructuring provisions are recognized in connection with programs that materially change the scope of business performed by a segment or business unit or the manner in which business is conducted. In most cases, restructuring expenses include termination benefits and compensation payments due to the termination of agreements with suppliers and dealers. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.



### Other Non-current Provisions

€ in K	Payments to employees on early retirement plan		Total
		Other	
Balance at Jan. 1, 2019	1,873	1,004	2,877
Currency translation	0	6	6
Consumption	-953	-48	-1,001
Reversals	0	-76	-76
Additions	945	589	1,534
<b>Balance at Dec. 31, 2019</b>	<b>1,865</b>	<b>1,475</b>	<b>3,340</b>

€ in K	Payments to employees on early retirement plan		Total
		Other	
Balance at Jan. 1, 2020	1,865	1,475	3,340
Change in the scope of consolidation	0	2,744	2,744
Currency translation	0	-17	-17
Consumption	-938	-89	-1,027
Reversals	0	-179	-179
Additions	1,232	396	1,628
Reclassification	0	0	0
<b>Balance at Dec. 31, 2020</b>	<b>2,159</b>	<b>4,329</b>	<b>6,488</b>

The non-current provisions comprise mainly provisions for partial retirement and employee anniversary bonuses (included in the item "other"). These obligations arise mainly in German Group companies. The partial retirement plans allow employees to work part-time for 3-5 years before their actual retirement.

Under IAS 19, these obligations are treated as severance payments to be earned in future periods and are therefore recognized in profit or loss over the respective period of service. Actuarial gains and losses, as well as past service costs, on these obligations are recognized as income or expense.

Non-current provisions are reported at their present value on the reporting date. The discount rate for employees on the early retirement plan is -0.3% (2019: 0.0%).

### Current Provisions

During fiscal 2019 and 2020, current provisions changed as follows:

€ in K	Warranties	Other	Total
Balance at Jan. 1, 2019	6,364	5,919	12,283
Currency translation	50	13	63
Consumption	-108	-1,136	-1,244
Release	-3,101	-2,873	-5,974
Additions	2,072	3,412	5,484
<b>Balance at Dec. 31, 2019</b>	<b>5,277</b>	<b>5,335</b>	<b>10,612</b>

€ in K	Warranties	Other	Total
Balance at Jan. 1, 2020	5,277	5,335	10,612
Change in the scope of consolidation	474	1,400	1,874
Currency translation	-90	-19	-109
Consumption	-239	-576	-815
Release	-1,251	-1,166	-2,417
Additions	4,495	7,107	11,601
<b>Balance at Dec. 31, 2020</b>	<b>8,665</b>	<b>12,081</b>	<b>20,746</b>

Warranty provisions contain expenses for replacement deliveries and repairs. Specific risks are recognized when occurrence is more likely than not. General warranty risks are considered on the basis of past experience. The other provisions contain onerous contracts, uncertain liabilities to employees and provisions for interest in connection with tax risks.

## 25. Other Financial Obligations | Contingent Assets and Liabilities

As was the case in previous years, there are no significant contingent liabilities or contingent assets to be reported.

### Financial Instruments | Financial Risks

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The following sections give an overview of the impact of financial instruments on the financial statements of the Sartorius Stedim Biotech Group and provide additional information on items in the statement of financial position that contain financial instruments.

Financial assets of the Group mainly include cash and cash equivalents, trade and loan receivables and derivative financial instruments with a positive fair value.

Financial liabilities of the Group mainly comprise loans borrowed from Sartorius AG, contingent consideration according to IFRS 3, trade payables, lease liabilities and derivative financial instruments with a negative fair value. Financial liabilities other than derivative financial instruments and those arising from contingent consideration agreements are measured at amortized cost.

## 26. Financial Instruments: Significant Accounting Policies

IFRS 9 includes guidelines for classification and measurement of financial instruments, including a model of expected credit losses for the calculation of impairments of financial assets, as well as guidelines on hedge accounting. This standard also contains guidance on the recognition and derecognition of financial instruments.

Under IFRS 9, the classification and measurement approach for financial assets reflects both the entity's business model (held-to-collect, held-to-collect-and-sell, other) within the scope of which assets are held and the contractual cash flow characteristics ("SPPI" criterion: solely payments of principal and interest). There were no reclassifications of financial instruments during the reporting period.

With regard to the impairment of financial assets, IFRS 9 includes a so-called expected-loss model. Financial assets are generally regarded as credit-impaired when there are objective indications that cast doubt about the full collection of the cash flows of the respective financial assets. With regard to the financial assets of the Group, the simplified approach which is applied to trade receivables is of particular relevance.

Besides trade receivables, cash and cash equivalents are the most material financial assets on the Group's statement of financial position as of the reporting date, December 31, 2020. No impairment is recognized for these financial assets due to materiality considerations.

As on the last reporting date, for the remaining financial assets that are measured at amortized cost, no impairment is recognized as of December 31, 2020, for the 12-month expected credit losses, given the Group's immaterial historical losses.

Derivatives are measured at fair value determined according to the mark-to-market method in which recognized mathematical methods are used. The fair values are based on the market data available at the time the value of these derivatives is calculated and reflect the estimates of the market conditions at the end of the year. Those instruments that are not designated as hedging instruments and to which no hedge accounting is applied, are classified as held for trading. Changes in the fair values of derivative financial instruments are either recognized in profit or loss or, in case of hedging relationships, in other comprehensive income.

The Group applies the hedge accounting rules of IFRS 9. The Group uses forward transactions to hedge cash flow risks that result from changes in foreign exchange rates in relation to sales of products and the production activities, and designates only the spot element of the hedging instrument.

## 27. Cash and Cash Equivalents

The Group considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. This mainly includes deposits in banks. Cash and cash equivalents are measured at cost. For purposes of the consolidated cash flow statement, cash and cash equivalents include cash and cash equivalents as defined above. As of December 31, 2020, cash and cash equivalents amounted to €59,762 K (2019: €28,166 K).

## 28. Current Trade Receivables | Other Receivables

€ in K	Dec. 31, 2020	Dec. 31, 2019
Trade receivables from third parties	236,759	195,827
Amounts due from customers for contract work <sup>1</sup>	6,159	8,530
Receivables from subsidiaries of the Sartorius AG Group	13,975	16,893
<b>Trade receivables</b>	<b>256,894</b>	<b>221,250</b>

<sup>1</sup> Contract assets according to IFRS 15.

The book values of trade receivables and other receivables are representative of their fair value considering the maturity date and the credit risks. The contract assets are recognized in connection with customer-specific construction contracts that meet the requirements for revenue recognition over time according to IFRS 15 (see note 9). The amount of trade receivables presented as of December 31, 2020 was reduced by €100.3million (2019: €27.5million) as result of a sale of trade receivables because substantially all risks and rewards in relation to the financial assets sold were transferred to the buyer and the respective receivables were fully derecognized. In particular, credit risks as well as any risks arising from foreign exchange rates were completely transferred to the buyer under the current factoring programme. The programme is organized by the Treasury department of the Sartorius AG Group. All participating Sartorius AG Group companies can sell receivables with a combined volume of €100million and US\$ 100million under the programme.

The "Receivables from subsidiaries of the Sartorius AG Group" item refers to other companies of the Sartorius Group (please refer to note 42). Impairment losses on trade and other receivables are recognized using separate allowance accounts. For details on the determination of the impairment allowances see note 0.

## 29. Other Financial Assets

€ in K	Dec. 31, 2020	Dec. 31, 2019
Derivative financial instruments	10,127	1,277
Other financial assets	10,856	18,768
<b>Current financial assets</b>	<b>20,983</b>	<b>20,045</b>

The amount shown as derivative financial instruments represents the fair value of foreign currency hedging instruments, mainly forward contracts (for details refer to note 36).

Other financial assets are measured at amortized cost using the effective interest method less any impairment losses. The item "Other financial assets" includes loan receivables to other entities of the Sartorius AG Group in the amount of €1,013 K (2019: €10,391 K).

## 30. Loans and Borrowings

€ in K	Balance at Dec. 31, 2020	of which current Dec. 31, 2020	Balance at Dec. 31, 2019	of which current Dec. 31, 2019
Liabilities to banks	9,545	9,308	31,857	31,857
Loans from Sartorius AG	515,420	0	49,602	9,602
Other loans from Sartorius Group companies	3,804	3,804	2,086	2,086
<b>Total loans and borrowings</b>	<b>528,769</b>	<b>13,112</b>	<b>83,544</b>	<b>43,544</b>

Sartorius Stedim Biotech Group has signed loan agreements with its parent company Sartorius AG mainly to finance the acquisitions of the Life Science Assets from Danaher and BIA Separations (see note 8). The interest rates are fixed with a credit margin based on arms'-length principles.

In addition, the financing of the Sartorius Stedim Biotech Group is secured by a credit line from its parent Sartorius AG (see note 38).

The non-current loans and borrowings do not include liabilities to the sellers in connection with acquisitions which are presented in the caption "other non-current liabilities".

## 31. Other Non-current Liabilities

The other non-current liabilities mainly include the liabilities resulting from the contingent consideration agreements in connection with the acquisitions of BIA Separations and WaterSep BioSeparations LLC in 2020 (see note 8 for details). Furthermore, this position includes the liabilities in connection with the possible acquisition of the non-controlling interests in Biological Industries due to the put options of the current holder amounting to €35.6 million as well as the remaining liability for phantom units that was incurred in connection with the acquisition of the non-controlling interests in AllPure Technologies, LLC (€5.0 mn).

The liability for AllPure depends on future sales revenue and is due 2022 at the latest. Considering the continued positive development, the expected payments are determined by considering future revenue at an annual growth rate of about 20% on average. An increase (decrease) in sales revenue by 10% in each of the following years would lead to an increase (decrease) in the liability by €0.6 million (€0.6 million).

## 32. Trade Payables

€ in K	Dec. 31, 2020	Dec. 31, 2019
Payments received on account of orders <sup>1</sup>	132,239	80,574
Trade payables to third parties	156,633	107,253
Payables to participations	832	193
Payables to subsidiaries of the Sartorius AG Group	17,268	9,651
<b>Total</b>	<b>306,972</b>	<b>197,670</b>

<sup>1</sup> Contract liabilities according to IFRS 15.

## 33. Other Current Financial Liabilities

€ in K	Dec. 31, 2020	Dec. 31, 2019
Derivative financial instruments	1	667
Other liabilities	29,240	40,013
<b>Total</b>	<b>29,241</b>	<b>40,680</b>

Derivative financial instruments refer to the fair values of foreign currency hedging transactions such as forward contracts (mainly related to the U.S.\$).

"Other liabilities" as of December 31, 2020 include the current portion of the liabilities in connection with the possible acquisition of the non-controlling interests in Biological Industries (€5.9 million). The amount reported here at the preceding reporting date in relation to the acquisition of non-controlling interests in Biological Industries was derecognized in fiscal 2020 in the course of the acquisition of an additional 20% interest in Biological Industries (see note 22).

### 34. Carrying Amounts and Fair Values of Financial Instruments according to Categories

The following table shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument according to IFRS 9 as of December 31, 2020, and as of December 31, 2019:

	Category acc. to IFRS 9	Carrying amount Dec. 31, 2020	Fair value Dec. 31, 2020 € in K	Carrying amount Dec. 31, 2019	Fair value Dec. 31, 2019 € in K
Investments in non-consolidated subsidiaries and associates	n/a	7,009	7,009	7,082	7,082
Financial assets	Equity instruments at fair value through profit or loss	49	49	50	50
Financial assets	Debt instruments at fair value through profit or loss	1,062	1,062	864	864
Financial assets	Measured at amortized cost	5,377	5,377	6,431	6,431
<b>Financial assets (non-current)</b>		<b>13,497</b>	<b>13,497</b>	<b>14,427</b>	<b>14,427</b>
Amounts due from customers for contract work	n/a	6,159	6,159	8,530	8,530
Trade receivables	Measured at fair value through other comprehensive income	105,443	105,443	24,586	24,586
Trade receivables	Measured at amortized cost	145,291	145,291	188,134	188,134
<b>Trade receivables</b>		<b>256,894</b>	<b>256,894</b>	<b>221,250</b>	<b>221,250</b>
Receivables and other assets	Measured at amortized cost	10,856	10,856	18,768	18,768
Derivative financial instruments designated as hedging instruments <sup>1</sup>	n/a	10,127	10,127	1,110	1,110
Derivative financial instruments	Held for trading	0	0	167	167
<b>Other financial assets (current)</b>		<b>20,983</b>	<b>20,983</b>	<b>20,045</b>	<b>20,045</b>
<b>Cash and cash equivalents</b>	<b>Measured at amortized cost</b>	<b>59,762</b>	<b>59,762</b>	<b>28,166</b>	<b>28,166</b>
<b>Loans and borrowings</b>	<b>Financial liabilities at cost</b>	<b>528,769</b>	<b>532,939</b>	<b>83,544</b>	<b>83,609</b>
Trade payables	Financial liabilities at cost	174,733	174,733	117,097	117,097
Trade payables   payments received for orders	n/a	132,239	132,239	80,574	80,574
<b>Trade payables</b>		<b>306,972</b>	<b>306,972</b>	<b>197,670</b>	<b>197,670</b>
Derivative financial instruments designated as hedging instruments <sup>1</sup>	n/a	1	1	667	667
Other financial liabilities	Financial liabilities at fair value through profit or loss	258,772	258,772	0	0
Other financial liabilities	Financial liabilities at cost	73,787	73,895	91,534	91,380
<b>Other financial liabilities</b>		<b>332,560</b>	<b>332,668</b>	<b>92,201</b>	<b>92,047</b>

<sup>1</sup> The amounts include the non-designated part of the contracts.

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 that can be derived 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.

Besides the liabilities arising from contingent consideration agreements (Level 3, see note 8 for details), the financial instruments to be recognized at fair value on the reporting date are mainly derivatives in the form of forward contracts. They were measured on the basis of their quoted exchange rates and market yield curves (Level 2).

The fair values to be disclosed for financial liabilities recognized at amortized cost, especially liabilities to banks, were measured on the basis of the market interest rate, 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. 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 has occurred. In the current reporting period, there were no transfers between the levels.

## 35. Net Gains and Losses from Financial Instruments

The net gains and losses of the various categories of financial instruments are presented in the following table:

Categories according to IFRS 9 € in K	2020 12 months	2019 12 months
Financial assets measured at amortized cost	-9,774	-1,693
Financial assets and liabilities measured at fair value through profit or loss	38,064	-590
Financial liabilities measured at amortized cost	-6,779	-3,660

The net result from financial assets measured at amortized cost mainly includes the effects of currency translation and changes in allowances.

The net result from financial assets and liabilities measured at fair value through profit or loss predominantly comprises changes in the fair value of derivative financial instruments as well as interest income and interest expenses for these financial instruments and in 2020 the changes of the financial liabilities arising from contingent consideration agreements (see also note 8).

The net result from liabilities measured at amortized cost mainly comprises the effects of foreign currency translation.

Total interest income and expenses for financial assets and liabilities that are not measured at fair value through profit or loss were as follows:

€ in K	2020 12 months	2019 12 months
Interest income	763	506
Interest expenses	-7,318	-4,882

## Capital and Financial Risk Management

### Capital Risk Management

In the Sartorius Stedim Biotech Group, capital is managed in order to maximize earnings of those participating in the company by optimizing the ratio of equity to liabilities. Furthermore, we ensure that all Group companies operate under the premise of the going-concern principle.

The financial liabilities detailed above are regarded as managed capital and, furthermore, so are the cash and cash equivalents as well as equity capital.

### Goals of Financial Risk Management

The Treasury Department of the Sartorius Stedim Biotech Group is centrally located at Sartorius Corporate Administration GmbH, a subsidiary of Sartorius AG. This centralized Treasury Department performs services for all companies of the Sartorius Group, including the Sartorius Stedim Biotech Group, and coordinates access to national and international financial markets. In addition, the Treasury Department monitors and controls financial risks by internal risk reporting, which analyzes risks according to their degree and scope. Essentially, these risks entail currency, interest rate and liquidity risks as well as credit risks.

The Sartorius Stedim Biotech Group strives to minimize the impact of currency and interest rate risks using appropriate primary or derivative financial instruments. Hedging transactions and their control are carried out by different staff members. Moreover, the Group's Internal Auditing Department regularly monitors the use of such financial instruments. Derivative financial instruments are traded for hedging purposes only.

## 36. Management of Exchange Rate Risks and Hedge Accounting

The Group is exposed to currency risks as more than one third of sales revenue is generated in U.S. dollars or currencies linked to the U.S. dollar and, to a lesser extent, in other foreign currencies. At the same time, the Group is able to compensate the major part of the revenues denominated in foreign currencies with costs incurred in the same currencies due its global production network. The share of revenues generated in foreign currencies that exceeds such costs, the so-called net currency exposure, is hedged with derivative financial instruments to a certain extent (generally 50% to 80%). The Group generally follows a rolling hedging strategy of up to 12 months in advance. Also, the hedging measures are reviewed at regular intervals in order to adapt them to currency fluctuations.

For currency hedging, forward contracts are used. Forward contracts secure the right, and simultaneously create the obligation, to sell an established foreign currency amount on the exercise date at a specific exchange rate against the euro, independently of the exchange rate on that date. The profit or loss resulting from the difference between the current and the previously established exchange rate is generally recognized as income or expense in the statement of profit or loss.

At the reporting date, forward contracts had been carried out in an amount of \$150 million (2019: \$120 million) to hedge against the risk of fluctuation in the EUR|USD exchange rate. This amount covers roughly half of the expected net exposure for the U.S. dollar within the period of 12 months. Furthermore, other foreign currencies were hedged in smaller volumes.

Moreover, the currency risk associated with the financing of the acquisition of selected Danaher Life Science businesses was hedged by purchasing currency options in a nominal amount of \$180 million. The fair value of the derivatives as of the preceding reporting date, December 31, 2019, amounted to €166 K.



The following table shows the forward transactions as of the reporting date:

Dec. 31, 2019	Currency	Volume	Maturity	Fair value € in K
Forward contract	USD	120,000	2020	335
	<b>USD</b>	<b>120,000</b>		<b>335</b>
Forward contract	JPY	1,400,000	2020	151
	<b>JPY</b>	<b>1,400,000</b>		<b>151</b>
Forward contract	AUD	4,000	2020	-44
	<b>AUD</b>	<b>4,000</b>		<b>-44</b>
Forward contract	GBP	1,500	2020	8
	<b>GBP</b>	<b>1,500</b>		<b>8</b>
Forward contract	SEK	9,000	2020	-5
	<b>SEK</b>	<b>9,000</b>		<b>-5</b>

Dec. 31, 2020	Currency	Volume	Maturity	Fair value € in K
Forward contract	USD	150,000	2021	9,543
	<b>USD</b>	<b>150,000</b>		<b>9,543</b>
Forward contract	JPY	850,000	2021	80
	<b>JPY</b>	<b>850,000</b>		<b>80</b>
Forward contract	CAD	2,000	2021	11
	<b>CAD</b>	<b>2,000</b>		<b>11</b>
Forward contract	GBP	38,000	2021	492
	<b>GBP</b>	<b>38,000</b>		<b>492</b>

Derivative financial instruments are measured at the time of acquisition at cost and at fair value on subsequent balance sheet dates. The changes in value of the derivative financial instruments are generally recognized in the statement of profit or loss on the reporting date.

If the derivative financial instruments serve to hedge against cash flow risk arising from exchange rate risks and a qualified hedging relationship exists based on the criteria of IFRS 9, the valuation adjustments of the effective portion of the instrument are recognized in other comprehensive income (cumulative amount in 2020: €10.8 million; 2019: €1.6 million). Only the spot element of the forward contracts used to hedge the cash flow risks is designated as hedging instrument. The amounts recognized in equity are reclassified to profit or loss in the period in which the hedged transactions affect profit or loss. The changes of the hedging reserves are shown below and in the statement of changes in equity. The non-designated or ineffective portion of the hedging instruments is recognized in the financial result in profit or loss.

The economic relationship between hedging instrument and hedged item and the effectiveness of the hedge relationship is determined based on consistency of the significant contractual features of the transactions ("Critical Terms Match"). In this regard, the Group performs a qualitative assessment. Hedge ineffectiveness may possibly arise when the timing of future transactions deviates from the original assumptions or the credit risk of the counterparties of the hedging instrument changes.

The following table presents the effects of the hedging instruments related to exchange rate risks on the financial position and performance of the Group:

Currency	Carrying amount (asset) as of Dec. 31, 2019	Carrying amount (liability) as of Dec. 31, 2019	Hedge ratio	Change in value of hedging instruments	Change in value of hedged item	Nominal amount	Maturity: 1-6 months	Maturity: 7-12 months	Average exercise price
	€ in K	€ in K		€ in K	€ in K	in K of respective currency			
USD	1,346	188	100%	1,158	1,158	120,000	85,000	35,000	1.13
JPY	151	0	100%	151	151	1,400,000	1,400,000	0	120.44
GBP	7	0	100%	7	7	1,500	1,500	0	0.85
SEK	0	5	100%	-5	-5	9,000	9,000	0	10.44
AUD	0	40	100%	-40	-40	4,000	4,000	0	1.63

Currency	Carrying amount (asset) as of Dec. 31, 2020	Carrying amount (liability) as of Dec. 31, 2020	Hedge ratio	Change in value of hedging instruments	Change in value of hedged item	Nominal amount	Maturity: 1-6 months	Maturity: 7-12 months	Average exercise price
	€ in K	€ in K		€ in K	€ in K	in K of respective currency			
USD	10,300	0	100%	10,300	10,300	150,000	95,000	55,000	1.14
CAD	11	0	100%	11	11	2,000	2,000	0	1.55
JPY	83	0	100%	83	83	850,000	850,000	0	124.90
GBP	449	0	100%	449	449	38,000	18,000	20,000	0.91

Hedging instruments that have a positive fair value are shown in the line item "financial assets (non-current)" or "other financial assets (current)" in the statement of financial position. Hedging instruments that have a negative fair value are shown in the line item "other financial liabilities (non-current)" or "other financial liabilities (current)" in the statement of financial position.

The amounts that are recognized in the reporting period in connection with the cash flow hedges in other comprehensive income as well as those amounts that were reclassified from other comprehensive income to profit or loss (in the line item "other income and other expense" from 2020 on) are presented in the statement of other comprehensive income and the statement of changes in equity.

If the U.S. dollar would have depreciated 10% against the euro, the other comprehensive income would have increased by €11.1million (2019: increase by €9.6million), the impact on the result would have been -€6.6million (2019: -€3.4million). Vice versa, if the U.S. dollar would have appreciated 10% against the euro, the resulting impact on the result would have been €8.1million (2019: +€15.8million) and on the other comprehensive income -€13.6million (2019: -€11.8million).

## 37. Interest Risk Management

Sartorius Stedim Biotech is mainly financed through its parent company Sartorius AG. The major loans are taken out at fixed interest rates (see note 30); therefore the Group is currently not significantly exposed to interest rate risks. To control the interest risk, an appropriate ratio between fixed and variable loans is generally maintained. As of December 31, 2020, the Group has no open interest rate derivative contracts to hedge the risk of increasing interest rates.

As of December 31, 2020 there are no loans with variable interest rates (2019: €50million). If the market interest rate had been 1.0 percentage point higher, the interest expenses in the statement of profit or loss would have been €0million (2019: €0.5million) higher. With regard to a decrease in interest rates a base interest rate of 0% has been considered. The impact on the financial result would have been €0million (2019: +€0.5million).

## 38. Liquidity Risk Management

The maturity of the financial liabilities excluding derivative financial instruments shows the following pattern:

€ in K	Carrying amount	Cash Flow	< 1 year	1 - 5 years	> 5 years
	Dec. 31, 2019	Dec. 31, 2019			
Loans and borrowings	83,544	83,613	43,613	40,000	0
Finance Leases	55,056	71,101	12,108	28,090	30,903
Trade payables	117,097	117,097	117,097	0	0
Other liabilities (excluding derivatives)	91,534	93,059	40,013	36,470	16,575
<b>Financial Liabilities</b>	<b>347,231</b>	<b>364,870</b>	<b>212,831</b>	<b>104,560</b>	<b>47,478</b>

€ in K	Carrying amount	Cash Flow	< 1 year	1 - 5 years	> 5 years
	Dec. 31, 2020	Dec. 31, 2020			
Loans and borrowings	528,769	528,784	13,125	515,659	0
Finance Leases	58,015	75,113	12,828	32,723	29,562
Trade payables	174,733	174,733	174,733	0	0
Other liabilities (excluding derivatives)	332,559	331,546	29,337	184,528	117,681
<b>Financial Liabilities</b>	<b>1,094,076</b>	<b>1,110,176</b>	<b>230,023</b>	<b>732,909</b>	<b>147,243</b>

The cash flows shown in the above tables include the undiscounted expected payments in connection with the respective financial liabilities including the associated interest payments based on the interest rates as of the reporting date.

The loans and borrowings include the loan raised from the parent company Sartorius AG. The other liabilities include the liabilities from the contingent considerations agreements in connection with the acquisitions of BIA Separations and WaterSep BioSeparations LLC, the liability for the phantom units in AllPure as well as the liabilities in connection with the possible acquisition of the non-controlling interests in Biological Industries.

The following tables illustrate the liquidity analysis for derivative financial instruments based on undiscounted cash flows:

€ in K	Carrying amount Dec. 31, 2019	Cash Flow Dec. 31, 2019	< 1 year	1 – 5 years	> 5 years
<b>Gross fulfilment</b>					
<b>Forward contracts</b>	<b>667</b>	<b>667</b>	<b>667</b>	<b>0</b>	<b>0</b>
Payment obligation		47,705	47,705	0	0
Payment claim		-47,038	-47,038	0	0
<b>Derivatives</b>	<b>667</b>	<b>667</b>	<b>667</b>	<b>0</b>	<b>0</b>

€ in K	Carrying amount Dec. 31, 2020	Cash Flow Dec. 31, 2020	< 1 year	1 – 5 years	> 5 years
<b>Gross fulfilment</b>					
<b>Forward contracts</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
Payment obligation		1,977	1,977		
Payment claim		-1,977	-1,977		
<b>Derivatives</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

The Group controls liquidity risks by maintaining credit lines and additional facilities with banks, by continuously tracking the forecasted and actual cash flows and by managing the maturity profiles of financial assets and liabilities. It is not expected that the cash outflows will occur at significantly different times or in significantly different amounts.

The credit line provided by Sartorius AG with a total amount of up to €260 million at variable interest rates had been utilized by an amount of €0 million as of December 31, 2020 (2019: €94.5 million). In addition, the Group had further short-term bilateral credit lines at variable interest rates at the reporting date amounting 41 million (2019: €35.2 million) which were used to the extent of €7 million (2019: €30.8 million).

Local cash funds in certain countries (e.g. China, India) are only available to the Group for cross-border transactions subject to exchange controls.

## 39. Credit Risk Management

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from cash and cash equivalents and trade receivables. In addition to that, the Group is exposed to credit risks arising from derivative financial instruments with positive fair values and, to a small extent, from contractual cash flows from debt securities.

Credit risk is controlled centrally for the Group by the Treasury Management unit. For counterparties such as banks and financial institutions the creditworthiness is continuously monitored in order to recognize increases in credit risks at an early stage. If no new information is obtained, the Group assumes that the related financial assets still have a low credit risk.

Customers are assigned risk limits that principally depend on the business volume, past experience and the financial position of the customer. Compliance with the limits is regularly reviewed by the management responsible. In some cases, the Group receives advance payments in order to avoid credit risks. There are no significant concentrations of credit risks from individual customers or regions.

For some trade receivables the Group may have collateral such as guarantees that can be used within the contractual agreements in case the counterparty does not meet its contractual payment obligations.

### Impairment of Trade Receivables and Contract Assets

The impairment model of IFRS 9, which requires recognition of expected credit losses, is of particular relevance for the Group's trade receivables and contract assets according to IFRS 15. The Group applies the simplified approach according to IFRS 9 to trade receivables and contract assets. Accordingly, lifetime expected credit losses are recognized for these assets. The starting point of the impairment model is an analysis of the actual historical credit loss rates. These are adjusted, taking into consideration forward-looking information and the effects of current changes in the macroeconomic environment, if significant. Due to the immaterial level of historical credit losses the Group currently determines the expected credit losses for the Group's portfolio of trade receivables as a whole. However, historical loss rates are analyzed regularly in more detail in order to apply different loss rates to different portfolios, where appropriate. In 2020, no significant change regarding the credit risk of the Group's portfolio of biopharma customers was observed in line with the notion that the industry is not much affected by the pandemic crisis.

The contract assets are related to projects for typical customers of the Group. Therefore, it is assumed that the loss rates applied to trade receivables are appropriate approximations for the loss rates of the contract assets. Accordingly, there is no further differentiation between trade receivables and contract assets.

On this basis, the allowances for trade receivables and contract assets were determined as follows as of December 31, 2020 and as of December 31, 2019:

December 31, 2020		1 - 30 days	31 - 60 days	61-90 days	More than 90	
€ in K	Not due	overdue	overdue	overdue	days overdue	Total
Gross carrying amount of trade receivables	222,059	7,493	2,375	4,498	24,476	260,900
Gross carrying amount of contract assets	6,159	0	0	0	0	6,159
Impairment loss allowance	251	241	702	218	8,753	10,166
December 31, 2019		1 - 30 days	31 - 60 days	61-90 days	More than 90	
€ in K	Not due	overdue	overdue	overdue	days overdue	Total
Gross carrying amount of trade receivables	152,745	22,384	15,954	7,189	20,673	218,946
Gross carrying amount of contract assets	8,530	0	0	0	0	8,530
Impairment loss allowance	82	12	524	158	5,450	6,226

The expected credit losses are determined based on a loss rate of 0.05%. In addition, impairments are determined on the basis of individual assessments. Days overdue are one essential criterion in this context.

A default is generally presumed when there is no reasonable expectation of recovering a financial asset. In such a case, the respective receivables are derecognized.

The movements in the allowance for impairment in respect of trade receivables and contract assets are presented below:

€ in K	2020 12 months	2019 12 months
Valuation allowance at the beginning of the year	-6,226	-3,617
Increase during the year	-5,391	-3,662
Derecognition and consumption	338	103
Recoveries of amounts previously impaired	2,353	981
Foreign currency translation differences	147	-10
Business combinations	-1,388	-22
<b>Valuation allowance at the end of the year</b>	<b>-10,166</b>	<b>-6,226</b>

#### Impairment of Other Financial Assets

Besides trade receivables, cash and cash equivalents are the most material financial assets on the Group's statement of financial position as of the reporting date, December 31, 2020. The expected credit losses are monitored at regular intervals. Due to the high creditworthiness of the counterparties and the short maturities, the impairment which would have to be recognized for these financial assets is immaterial. Therefore, no impairment is recognized for cash and cash equivalents.

For the other financial assets measured at amortized cost no impairment is recognized as of December 31, 2020 for the twelve months expected credit losses due to immaterial historical credit losses. In the event of a significant increase in credit risk, which is generally presumed when a payment is more than 30 days past due, the lifetime expected credit losses are recognized for the respective financial asset. A default is generally presumed when there is no reasonable expectation of recovering a financial asset. This is generally presumed when payments are more than 90 days past due. As of the reporting date, there are no indications of increases in credit risk to a material extent. The carrying amounts of the financial assets reflect the maximum credit loss for these assets at the end of the reporting period.

## 40. Other Risks Associated with Financial Instruments

As of the reporting date, the Sartorius Stedim Biotech Group was not exposed to the risk of volatility in share prices. The only exception is related to the financial liability as a result of the contingent consideration agreement in connection with the acquisition of BIA Separations which depends on the share price development of Sartorius Stedim Biotech S.A. as a valuation parameter (see note 8).

## 41. Share-based Payments

On the level of Sartorius Stedim Biotech's majority shareholder Sartorius AG, share-based payments exist in the form of so-called phantom stock units. Under this plan the respective board member is granted a certain number of phantom stocks each year that represent an agreed amount of money. The exercise of these stocks is not possible before four years and is depending on certain requirements regarding the performance of the Sartorius AG shares.

When the stocks are paid out the amount is based on the share price at the exercise date. The payment is capped at an amount of 2.5 times the share price at the time these virtual options were granted. For further details please refer to the Remuneration Report.

The fair value of the phantom stock units is disclosed as follows:

	Number of phantom stock units	Subscription price in €	Fair value when granted on Jan. 1 of the particular year € in K	Fair value at year-end on Dec. 31, 2020 € in K	Paid out € in K	Exercisable
Tranche of phantom stock units for 2016	3,484	57.41	200	0	-500	
Tranche of phantom stock units for 2017	2,950	70.51	208	520	0	no
Tranche of phantom stock units for 2018	2,685	80.32	216	539	0	no
Tranche of phantom stock units for 2019	2,884	113.78	328	821	0	no
Tranche of phantom stock units for 2020	1,818	190.30	1,062	2,067	0	no
<b>Total</b>	<b>13,821</b>			<b>3,947</b>	<b>-500</b>	

# Other Disclosures

The consolidated financial statements were prepared on a going concern basis.

## Material Events after the Reporting Date

No material events occurred after the reporting date.

## Number of Employees

The average workforce employed during the year 2020 was 6,900 (5,996 in 2019).

## 42. Related Parties

### General

The majority shareholder of Sartorius Stedim Biotech S.A. is Sartorius AG, which holds a controlling interest in the company of 74.3% in equity capital – and 84.5% of the voting rights. The Sartorius Group itself is organized in two divisions: Bioprocess Solutions (mainly run by the Sartorius Stedim Biotech Group) and Lab Products & Services (mainly run by the other companies of Sartorius Group). This structure leads to the fact that the Group holds two subsidiaries in most of the countries and these companies partially share space, staff and other resources. Furthermore, the German group companies carry out various central functions and accordingly deliver services to the worldwide entities (e.g. IT support). Sartorius Corporate Administration GmbH, a 100% subsidiary of Sartorius AG, has incorporated numerous Group functions such as Group Finance, HR, IT, Investor Relations and Legal. These services are charged within the Group and to a significant extent also to Sartorius Stedim Biotech.

The described structures give rise to a number of relations and transactions with related parties. Transactions between Sartorius Stedim Biotech S.A. and its subsidiaries (presented in note 7) were eliminated on consolidation and are not disclosed under this note. Details of transactions between the Group and other related parties, belonging to the Sartorius Group, are disclosed below.

### Sales, Purchases and Commissions

In certain business areas members of the Sartorius Group act as contract manufacturers for the Sartorius Stedim Biotech Group and vice versa. The respective transactions are carried out at arms' length principles and are disclosed in the table below as "sales revenue" and "purchases".

€ in K	Sales revenue 2020	Purchases 2020	Receivables Dec. 31, 2020	Payables Dec. 31, 2020
Related parties of Sartorius Group	83,703	14,361	18,123	536,492

€ in K	Sales revenue 2019	Purchases 2019	Receivables Dec. 31, 2019	Payables Dec. 31, 2019
Related parties of Sartorius Group	83,025	11,458	30,687	61,339

Certain product groups of the Sartorius Stedim Biotech portfolio are sold through the sales force of other Sartorius entities. For the arranging of the sale the Sartorius Stedim Biotech Group has paid commissions in the amount of €2.7million (€0.4million in 2019). These commissions are typically calculated as a percentage of the generated sales revenue.



### Management Fees and Other Shareholder Costs

The Executive Board of Sartorius AG, the German parent company of Sartorius Stedim Biotech, is to a large extent also managing Sartorius Stedim Biotech Group. Two of Sartorius Stedim Biotech S.A.'s board members are also members of the Sartorius AG Executive Board. For their services to Sartorius Stedim Biotech a portion of the remuneration is charged to Sartorius Stedim Biotech S.A. (€1.4 million in 2020; €1.0 million in 2019) and charged to Sartorius Stedim Biotech GmbH (€2.0 million in 2020; €1.2 million in 2019).

The use of the Sartorius brand by Sartorius Stedim Biotech entities is subject to a brandname fee. In 2020 an amount of €7.8 million was charged. Other shareholder functions, such as Group Financial Reporting, Compliance, and Investor Relations, are performed by the above-mentioned Sartorius Corporate Administration GmbH in Germany. These services were charged to Sartorius Stedim Biotech S.A. in the amount of €1.3 million (2019: €1.2 million).

### Shareholder Loan

Sartorius Stedim Biotech Group's loans raised from its parent company Sartorius AG are described in note 30. The interest rates are based on an arms'-length basis.

### Administration Charges and Shared Costs

As described above, the companies in most countries share certain functions and costs. The underlying contracts include mainly agreements to share office space and central administrative functions, such as accounting and controlling, human resources management and IT. In this respect, the relevant companies charge rent, salaries, social security costs and other expenses for such services, as well as a pro-rated profit margin for the services they provide.

The most significant contract in this context is the one between Sartorius Stedim Biotech GmbH, Germany, and Sartorius Corporate Administration GmbH. This company provides all central service and administrative functions to Sartorius Stedim Biotech GmbH and other Group companies. The calculation for service fees typically includes a surcharge of 3% on total costs. 3% is a surcharge compliant with arm's length principles for routine tasks, following OECD and EU guidelines. In 2020, services for approx. €66.6 million were provided to Sartorius Stedim Biotech GmbH (€56.6 million in 2019). This amount covers the following functions:

- Marketing Communication, e-Business, Business Development
- Environment, Health & Security, Factory Maintenance
- Finance, Human Resources, Information Technology
- Central Services & General Organization.

### Compensation of Key Management Personnel

In 2019 and 2020, the Executive Board Management received the following remuneration:

€ in K	Total	Short-term benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments
2020 <sup>1</sup>	4,376	2,178	311	218	0	1,669
2019 <sup>1</sup>	3,519	2,076	270	201	0	972

<sup>1</sup> For more information please refer to the chapter Corporate Governance (see pages 73 to 124)

# Statutory Auditors' Report on the Consolidated Financial Statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2020

To the Shareholders of SARTORIUS STEDIM BIOTECH S.A.,

## Opinion

In compliance with the assignment entrusted to us by your shareholders' meetings, we have audited the accompanying consolidated financial statements of Sartorius Stedim Biotech S.A. for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the audit committee.

## Basis for Opinion

### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the statutory auditors' Responsibilities for the audit of the consolidated financial statements section of our report.

### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

## Justification of Assessments - Key Audit Matters

The global crisis linked to the Covid-19 pandemic gives rise to specific conditions for the preparation and audit of the accounts of the year. Accordingly, this crisis and the exceptional measures taken in the context of the state of sanitary emergency give rise to numerous consequences for companies, particularly over their operations and financing, together with increased uncertainty surrounding future prospects. Certain measures, such as travel restrictions and distance working, have also had an impact on the internal organisation of companies and on the performance of audits.

It is in this complex and developing context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French commercial code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

## Goodwill valuation - Impairment test

### Identified risk

As of 31 December 2020, goodwill amounts to 875.2 M€, or 39.9% of total consolidated assets.

As described in Note 5 to the consolidated financial statements, Sartorius Stedim Biotech S.A. is an "integrated solution provider" for its customers, and as a result there is only one operating segment from a product and customer perspective: "Biopharm". In addition, as indicated in Note 16 to the consolidated financial statements, because of the interdependence of the market in which your group operates, the lowest level at which goodwill can be allocated is the Biopharm segment. The goodwill has therefore been fully allocated to the Cash Generating Unit (C.G.U.) corresponding to the Biopharm segment.

Goodwill is subject to an annual impairment test and whenever there are indicators of impairment in accordance with the methods and assumptions described in Notes 3 and 16 to the consolidated financial statements. In particular, in view of what has been described above, the impairment test is carried out at the level of the Biopharm segment.

We considered that the determination of the value of goodwill is a key point of our audit given its significance in the consolidated financial statements of your group, and because the determination of the recoverable amount taken into account in the impairment test on the basis of the value in use of the C.G.U. requires the use of estimates and assumptions (in particular in respect of future cash flows, perpetual revenue growth rates and the discount rate) that require significant management judgment.

### Responses obtained during our audit

We obtained the impairment test from the C.G.U. group corresponding to the Biopharm segment as well as the forecasts underlying the calculation (4-year plan).

We reviewed the compliance of the company's methodology with applicable accounting standards.

We also performed a critical analysis of how the company has implemented this methodology, including the following procedures:

- Assessed the reasonableness of the key assumptions used to determine the cash flow of the Biopharm segment as well as that used for the perpetual growth rate;
- Assessed, with the support of our valuation specialists, the discount rate used by management. We compared this rate with our own estimates and analysed its various constituent components;
- Checked the arithmetical accuracy of the impairment test performed by your group.

We have also obtained and assessed the sensitivity analyses carried out by management, as shown in Note 16 of the notes to the consolidated financial statements. As a result, we were able to verify that only an extremely large change in the main assumptions could lead to the recognition of an impairment of goodwill.

Lastly, we verified the appropriateness of the information provided in Notes 3, 4 and 16 to the consolidated financial statements.

## Business combinations – Acquisitions of Danaher Corporation and BIA Separations

### Identified risk

As indicated in notes 3 and 4 to the consolidated financial statements and in accordance with accounting standard IFRS 3 « business combinations », identifiable assets acquired and liabilities assumed are recorded at their respective fair values at the date of acquisition. For significant acquisitions, the Group uses independent experts to assist in the valuation of the acquired assets and liabilities and the determination of the purchase price allocation.

As indicated in note 8 to the consolidated financial statements, the Group has carried out several business combinations of which the two most significant are:

**Danaher Corporation.** On 30 April 2020, the Group finalised the acquisition of certain life science activities of Danaher Corporation. The purchase price of 216.2 million euros resulted in the final recording of intangible assets for 138 million euros and goodwill of 45.2 million euros.

**BIA Separations.** On 2 November 2020, the Group acquired 100% of the shares in the Slovenian purification specialist BIA Separations. The purchase price is comprised of an amount of 366.9 million euros plus an additional amount evaluated at 285.5 million euros. The valuation of assets acquired and liabilities assumed is provisional at 31 December 2020 due to the recent acquisition date. The resulting preliminary goodwill amounts therefore to 390.9 million euros. The additional acquisition amount will be paid in shares of Sartorius Stedim Biotech S.A. This estimated amount is based on future expected sales determining the number of shares to be transferred, together with the variation in the share price.

We have determined that the accounting and presentation in the notes to the consolidated financial statements of these transactions are a key audit matter by virtue of their significance to the consolidated

financial statements of your Group, and because the assessment of the accounting measurements carried out requires the use of estimates and assumptions (forecasts over acquired activities and businesses) involving significant management judgment.

## Responses obtained during our audit

We have obtained the contracts relating to the acquisitions, the reports of independent experts and management analyses on the accounting treatment of these acquisitions.

We have examined the conformity of the applied accounting treatment with applicable accounting standards.

We have also performed an analysis of the methods of identification, measurement and allocation of identifiable assets and liabilities acquired and of the purchase price, focusing in particular on:

- Legal matters relating to these acquisitions, particularly the understanding of the transactions and how the main contractual clauses have been taken into account in the determination of the accounting treatment of the transaction;
- The correct application of the requirements of the accounting standard IFRS 3 (in particular the determination of the purchase price including any additional components, the identification and measurement of assets and liabilities, and the determination of resulting goodwill) with the assistance of our valuation specialists;
- The competency, experience and objectivity of independent experts which assisted the Group;
- Assessing, with the assistance of our business valuation specialists, the appropriateness of key assumptions retained in the determination of the fair value of financial assets and liabilities acquired, together with the determination of the components of the purchase price in the context of the business combinations.
- The appropriate nature of information disclosed in notes 3, 4 and 8 to the consolidated financial statements.

## Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's management report of board of directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

## Other verifications or information prescribed by legal and regulatory requirements

### Presentation format of consolidated accounts to be included in the annual financial report

In accordance with section III of article 222-3 of the AMF general rules, the management of your company has informed us of its decision to postpone the application of the unique electronic information format as defined in the European rule n° 2019/815 of 17 December 2018 to accounting periods commencing 1 January 2021. In consequence, this report does not include a conclusion on the compliance of this format in the presentation of the consolidated accounts destined to be included in the annual financial report mentioned in section I of the article L. 451-1-2 of the monetary and financial code.

### Appointment of the Statutory Auditors

We were appointed as statutory auditors of Sartorius Stedim Biotech S.A. by the annual general meeting held on 7 April 2015 for KPMG S.A. and on 19 May 2006 for Deloitte & Associés.

As at 31 December 2020, KPMG S.A. was in its 6th year of the audit mandate without interruption and Deloitte & Associés was in its 15th year.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the board of directors.

# Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

## Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French commercial code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial

statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

## Report to the Audit Committee

We submit a report to the audit committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the audit committee with the declaration provided for in Article 6 of regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French commercial code (code de commerce) and in the French code of ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the audit committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Marseille, 15 February 2021

The Statutory Auditors

French original signed by

KPMG Audit  
A division of KPMG S.A.

Deloitte & Associés

John Evans

Philippe Battisti





# Annual Financial Statements

## Parent Company Balance Sheet: Assets

€ in K	Gross at Dec. 31, 2020	Depreciation, amortization and provisions Dec. 31, 2020	Net at Dec. 31, 2020	Net at Dec. 31, 2019
Intangible assets	552	-174	378	407
Property, plant and equipment	20,799	-13,688	7,111	7,649
Financial investments	129,141	0	129,141	128,931
<b>Total non-current assets</b>	<b>150,491</b>	<b>-13,862</b>	<b>136,630</b>	<b>136,987</b>
Inventories and work in progress	0	0	0	0
Trade receivables to third parties	50	0	50	227
Other receivables	51,224	0	51,224	87,008
Deposits and cash equivalents	43		43	106
<b>Total current assets</b>	<b>51,317</b>	<b>0</b>	<b>51,317</b>	<b>87,341</b>
Prepaid expenses	177	0	177	197
Currency translation adjustment	0	0	0	0
<b>Total assets</b>	<b>201,986</b>	<b>-13,862</b>	<b>188,124</b>	<b>224,525</b>

## Parent Company Balance Sheet: Liabilities

€ in K	At Dec. 31, 2020	At Dec. 31, 2019
Share capital	18,436	18,436
Share premium	12,609	12,609
Reserves	2,434	2,434
Retained earnings carried forward	56,817	31,325
Profit for the period	81,227	56,834
Regulated provisions	4,088	4,088
<b>Total equity</b>	<b>175,611</b>	<b>125,726</b>
Provisions for liabilities and charges	0	0
<b>Total provisions for liabilities and charges</b>	<b>0</b>	<b>0</b>
Loans and borrowings	0	0
Trade payables	1,273	918
Tax and social charges payable	63	156
Liabilities for non-current assets	40	181
Other liabilities	11,137	97,544
<b>Total liabilities</b>	<b>12,512</b>	<b>98,799</b>
Currency translation adjustment	0	0
<b>Total equity and liabilities</b>	<b>188,124</b>	<b>224,525</b>

## Parent Company: Income Statement

€ in K	At Dec. 31, 2020	At Dec. 31, 2019
Sales revenue	1,877	2,116
Inventory movements	0	0
Capitalized production costs	0	0
Depreciation or amortization reversals	0	482
Other operating income and expense reallocation	4	6
Purchases consumed	0	0
External charges for services	-4,785	-3,626
Tax and duties	-457	-487
Personnel costs	0	0
Additions to amortization, depreciation and provision	-884	-839
Other operating expenses	-378	-259
<b>Operating profit (EBIT)</b>	<b>(4,623)</b>	<b>(2,607)</b>
Net financing income   (expense)	85,043	58,925
<b>Profit   (loss) from ordinary activities</b>	<b>80,420</b>	<b>56,319</b>
Exceptional income   (expense)	106	72
Income tax	701	443
<b>Net profit   (loss)</b>	<b>81,227</b>	<b>56,834</b>

### 1. Materiel Events during the Year

None

### 2. Materiel Events after the Reporting date

None

### 3. Accounting Principles and Methods

The parent company's financial statements for the year ended December 31, 2020, were prepared and presented in accordance with French accounting rules in compliance with the principles of prudence, reporting on distinct financial years and the presumption of going concern.

The annual financial statements have been prepared in accordance with the clauses of the CRC Regulation 2014-03 of September 8, 2014 on the French chart of accounts.

Sartorius Stedim Biotech S.A. is listed in Compartment A of the Euronext Paris Stock Exchange (ISIN FR code 0000053266) and also prepares consolidated financial statements in accordance with IFRS standards, as adopted by the European Union on December 31, 2019. Sartorius Stedim Biotech S.A. is consolidated by Sartorius A.G.

#### 3.1. Non-current Assets

Non-current intangible and tangible assets are valued at their acquisition costs, excluding costs incurred for their acquisition.

For intangible assets and property, plant and equipment, the Company applied the French Regulation CRC No. 2002-10, recodified by Article 2-4 of Regulation CRC No. 2004-06 relative to the amortization, depreciation and impairment of assets according to the "Component approach."

### 3.1.1. Intangible Assets

The following is thus valued under this heading: incorporation costs, patents and software.

All these assets are amortized on a straight-line basis using the following indicative useful lives:

Incorporation costs:	One to five years
Software:	One to three years
Patents:	Twenty years
Leasehold:	Eighteen years (Based on the period of use).

As part of the implementation of integrated software, the direct labor costs concerned are included in the amount capitalized as cost, as a function of the time elapsed.

Intangible assets are valued at acquisition cost less amortization and impairments reported, on an ongoing basis.

### 3.1.2. Property, Plant and Equipment

Property, plant and equipment (PPE) are recognized at their acquisition value, including the installation cost of these assets.

Depreciation is calculated over the standard and economic life of the assets using the straight-line method.

All these non-current assets are depreciated on a straight-line basis using the following indicative periods of use:

- Buildings: Twenty to forty years
- Improvements, fixtures and fittings: Ten to fifteen years
- Plant and equipment: Four to ten years
- Office and IT equipment: Three to five years
- Motor vehicles: Four to five years

Property, plant and equipment are valued at acquisition cost less depreciation and impairments reported, on an ongoing basis.

### 3.1.3. Financial Investments

Investments relate mainly to shareholdings in subsidiaries and other treasury shares held within the scope of the share buyback program; they are recorded at their acquisition cost, including fees linked to their acquisition.

An impairment provision may be recorded to take into account, in particular, either the stock exchange price or the underlying assets of these subsidiaries, their financial position and their prospects.

Shareholdings in subsidiaries are subject to impairment tests.

### 3.2. Receivables and Payables

Receivables and payables are recorded at their nominal value.

Receivables whose collection is doubtful are subject to a provision for doubtful debts.

## 4. Non-Current Assets

### 4.1. Intangible Assets

Gross values in thousands of €	At Dec. 31, 2019	Increase in 2020	Decrease in 2020	At Dec. 31, 2020
Incorporation costs	4	0	0	4
Patents	0	0	0	0
Software, licenses	0	0	0	0
Business goodwill	548	0	0	548
Intangible assets in progress	0	0	0	0
<b>Total</b>	<b>552</b>	<b>0</b>	<b>0</b>	<b>552</b>
Amortization and depreciation in thousands of €	146	28	0	174
<b>Net amount</b>	<b>406</b>	<b>-28</b>	<b>0</b>	<b>378</b>

### 4.2. Property, Plant and Equipment

Gross values in thousands of €	At Dec. 31, 2019	Increase in 2020	Decrease in 2020	At Dec. 31, 2020
Land	496	0	0	496
Buildings	15,758	0	0	15,758
Plant and equipment	0	0	0	0
Other	3,079	639	0	3,718
Property, plant and equipment in progress	1,149	323	-645	827
<b>Total</b>	<b>20,482</b>	<b>962</b>	<b>-645</b>	<b>20,799</b>
Amortization and depreciation in thousands of €	At Dec. 31, 2019	Addition	Release	At Dec. 31, 2020
Buildings	11,381	460	0	11,841
Plant and equipment	0	0	0	0
Other	1,451	395	0	1,847
<b>Total</b>	<b>12,832</b>	<b>856</b>	<b>0</b>	<b>13,688</b>
<b>Property, plant and equipment, net</b>	<b>7,650</b>	<b>106</b>	<b>-645</b>	<b>7,111</b>

The increase in tangible assets includes fixtures and fittings for a net amount of €639 K (including a transfer from assets under construction) and assets under construction for an amount of €323 K.

### 4.3. Financial Investments

Investments in thousands of €	At Dec. 31, 2019	Increase in 2020	Decrease in 2020	At Dec. 31, 2020
Shareholdings	127,977	5	0	127,982
Write-down of shareholdings	0	0	0	0
Deposits and guarantees	110	0	-23	87
Treasury shares	844	228	0	1,072
Write-down of treasury shares	0	0	0	0
Other non-current assets	0	0	0	0
<b>Total</b>	<b>128,931</b>	<b>233</b>	<b>-23</b>	<b>129,140</b>

The following is included under "Financial investments":

- 99.99% of the share capital of Sartorius Stedim Bioprocess SARL, a Tunisian company;
- 100% of the share capital of Sartorius Stedim Biotech GmbH, a company governed by German law, following the merger of the Sartorius and the Stedim Groups in June 2007;
- 100% of the share capital of Sartorius Stedim Aseptics S.A.S., a French company acquired in 2004;
- 100% of the share capital of Sartorius Stedim FMT S.A.S., a French company created in connection with the Contribution Assets transfer in 2013;
- 100% of the share capital of Sartorius Stedim Chromatography Resins S.A.S., a French company acquired the 1<sup>st</sup> of June 2020;
- Other investments: €1.0 K.

The amount now corresponds to the share of Sartorius Stedim Biotech in the Russian company Sartorius Stedim RUS.

A liquidity contract between the entity Sartorius Stedim Biotech S.A. and the brokerage company Gilbert Dupont began on April 20, 2018 and was in place on the reporting date <sup>1</sup>. Therefore, Sartorius Stedim Biotech holds 1,093 shares of SSB S.A. in portfolio at the closing.

<sup>1</sup> Any buyback program for liquidity purposes is not to be continued during a takeover bid

## 5. Trade Receivables

### Maturity of Receivables at Year-end

Type of receivable € in K	Net amount	Less than 1 year	More than 1 year
Deposits and guarantees	1,158	1,158	
<b>Non-current assets</b>	<b>1,158</b>	<b>1,158</b>	<b>0</b>
Advance payments on account	740	740	0
Trade receivables	50	50	0
Personnel	0	0	0
Social security	0	0	0
Taxes and duties	1,825	1,825	0
Group	48,659	48,659	0
Other receivables	0	0	0
<b>Current assets</b>	<b>51,274</b>	<b>51,274</b>	<b>0</b>
Prepaid expenses	197	197	0
<b>Total receivables</b>	<b>52,630</b>	<b>52,630</b>	<b>0</b>

The "Group" item for receivables from Group subsidiaries (€48,659 K) relates to current account cash advances provided to Sartorius Stedim France, Sartorius Stedim Aseptics, Sartorius Stedim FMT and Sartorius Stedim Bioprocess Tunisia.

The "Taxes and duties" (€1,825 K) captions primarily includes the net tax receivable relating to the tax grouping system.

## 6. Maturity of Liabilities at Year-end

Type of liability € in K	Net amount	Less than 1 year	Between 1 and 5 years	More than 5 years
Loans and borrowings from credit institutions				
Originally less than 2 years	0	0	0	0
Originally more than 2 years	0	0	0	0
Current bank overdrafts and accrued interest	0	0	0	0
Trade payables	1,273	1,273	0	0
- including bills of exchange	0	0	0	0
Advances and payments on account for orders	0	0	0	0
Tax and social security payable	63	63	0	0
Liabilities for non-current assets	40	40	0	0
Group and associates	10,549	10,549	0	0
Other	588	588	0	0
<b>Total liabilities</b>	<b>12,512</b>	<b>12,512</b>	<b>0</b>	<b>0</b>

The "Group" item for liabilities from Group subsidiaries (€10,549 K) relates to cash-pooling liabilities and current account cash advances provided by Sartorius AG, Sartorius Stedim Biotech GmbH, Sartorius Stedim France S.A.S., Sartorius Stedim FMT S.A.S. and Sartorius Stedim Aseptics S.A.S.

Accrued expenses included in these accounts represented €1,019 K and concerned the following items:

Type of expense € in K	At Dec. 31, 2020
Accrued banking charges	0
Suppliers' invoices to be received	1,019
Paid vacation including social charges	0
Bonuses, including social charges and profit sharing	0
Social security payable	0
Taxes payable	0
Employee profit sharing	0
<b>Total charges payable</b>	<b>1,019</b>

## 7. Parent Company Statement of Changes in Equity (in thousands of €)

### 7.1. Equity

At December 31, 2019, the share capital was €18,436 K, comprising 92,180,190 shares of a €0.20 par value.

At December 31, 2020, the share capital is €18,436 K, comprising 92,180,190 shares of a €0.20 par value.

The Annual General Shareholders' Meeting on June 2020, the 24<sup>th</sup>, approved the appropriation of the net profit for the year of €56,834 K, as follows:

- Allocation to the retained earnings carried forward: + €25,493 K
- Paid into the legal reserves: None

A dividend total of €31,341 K, or a net dividend per share of €0.34, was paid.

	Appropriation of profit in 2019			Movements 2020		Equity before appropriation of profit in 2020
	Before	Changes	After	Increases	Decreases	Total
Number of shares:	92,180,190		92,180,190			92,180,190
Share capital	18,436		18,436			18,436
Share premium	0		0			0
Merger premium	12,609		12,609			12,609
Legal reserve	1,844		1,844			1,844
Other reserves	591		591			591
Balance carried forward	31,325	25,493	56,818			56,818
Dividends paid	0	31,341	31,341		(31,341)	0
Net profit to be appropriated	56,834	(56,834)	0			0
Profit for the reporting year			0	81,227		81,227
Regulated provisions	4,088		4,088			4,088
<b>Total</b>	<b>125,727</b>	<b>0</b>	<b>125,727</b>	<b>81,227</b>	<b>-31,341</b>	<b>175,613</b>

### 7.2. Stock Options

None



## 8. Risks and Provisions

### 8.1. Provisions

Type of provision € in K	Provisions at Dec. 31, 2019	Additions 2020	Releases 2020	Provisions at Dec. 31, 2020
<b>Regulated provisions</b>				
Accelerated amortization and depreciation	4,088	0	0	4,088
<b>Subtotal (1)</b>	<b>4,088</b>	<b>0</b>	<b>0</b>	<b>4,088</b>
<b>Provisions for liabilities and charges</b>				
Exchange risk	0	0	0	0
Other costs	0	0	0	0
Taxation	0	0	0	0
<b>Subtotal (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total = (1) + (2)</b>	<b>4,088</b>	<b>0</b>	<b>0</b>	<b>4,088</b>

### 8.2. Market Risk Exposure

#### 8.2.1 Operating Cash Flow risks

At December 31, 2020, there are no impacts on net amount in foreign currency in current assets and liabilities.

#### 8.2.2 Current and Future Tax Position

As of January 1, 2008, the company chose to adopt the French tax integration regime within the framework of a tax group. The lead company of this group is Sartorius Stedim Biotech S.A. The other member companies of this tax integration group for tax relief are Sartorius Stedim Aseptics S.A.S., Sartorius Stedim France S.A.S. and Sartorius Stedim FMT S.A.S.

The member companies report income tax as if there were no integration tax regime. The parent corporation benefits from tax relief related to consolidating the gains and losses of the other members companies.

For 2020, the net impact according to the consolidation rules of the French tax integration regime for tax relief is an income of €701K. Taking into account the tax credits not yet compensated, the company SSB holds a receivable from the State of €1,750 K.

## 9. Operating Income (in thousands of €)

### 9.1. Sales Revenue by Operating Segment

Operating segment	At Dec. 31, 2020	%	At Dec. 31, 2019	%
Services	1,877	100%	2,116	100%
<b>Total</b>	<b>1,877</b>	<b>100%</b>	<b>2,116</b>	<b>100%</b>

## 9.2. Sales Revenue by Geographical Region

Geographical region	At Dec. 31, 2020	%	At Dec. 31, 2019	%
France	1,877	100%	2,116	100%
Export	0		0	0%
EU and other countries	0		0	
North American continent	0		0	
<b>Total</b>	<b>1,877</b>	<b>100%</b>	<b>2,116</b>	<b>100%</b>

The Sale revenue corresponds to the rent invoiced to the entity Sartorius Stedim FMT S.A.S. for the use of premises located in Aubagne within its operational activity.

## 10. Breakdown of Income Tax

€ in K	At Dec. 31, 2020			At Dec. 31, 2019		
	Profit before tax	Income tax charge	Profit after tax	Profit before tax	Income tax charge	Profit after tax
Gross taxable income	80,420	0	80,420	56,319	0	56,319
Exceptional income   (expense)	106	0	106	72	0	72
French tax integration relief	0	701	701	0	443	443
<b>Net taxable income</b>	<b>80,526</b>	<b>701</b>	<b>81,227</b>	<b>56,391</b>	<b>443</b>	<b>56,834</b>

## 11. Information on Directors' Remuneration

Remuneration allocated and paid to members of the Board of Directors as directors' meeting fees amounted to €299.2 K. These fees related to the 2019 fiscal year and were paid in 2020.

No meeting fees were paid by Sartorius Stedim Biotech S.A. to the general management of the company in fiscal 2020. A Part of the Executive Board's remuneration has been recharged by Sartorius AG to Sartorius Stedim Biotech S.A. for an amount of €1.370 K.

## 12. Off-Balance Sheet Commitments

Type of commitment	Comment	At Dec. 31, 2020	At Dec. 31, 2019
€ in K			
Commitments given			
Guarantees for bilateral credit lines		0	0
Guarantees for currency hedging contracts		0	0
Commitments from renting / leasing		0	0
Commitments received			
Contractual loan capacity from credit institutions		0	0

The commitments in connection with the lease are summarized in the following table:

Leasing	< 1 year € in K	1-5 years € in K	> 5 years € in K	Total	Buy-back value
<b>Tangible Assets</b>					
Buildings and Improvements	281	215	0	496	0
<b>Total</b>	<b>281</b>	<b>215</b>	<b>0</b>	<b>496</b>	
Leasing	Historical value	Payments for the Year	Cumulatives Payments	Depreciation for the Year	Cumulative Depreciation
<b>Tangible Assets</b>					
Buildings and Improvements	2,391	281	2,060	257	1,187
<b>Total</b>	<b>2,391</b>	<b>281</b>	<b>2,060</b>	<b>257</b>	<b>1,187</b>

The building has been operational from the 1st of January 2015.

### 13. Information on Related Parties

Affiliates are its parent company, Sartorius AG, and the companies owned by Sartorius Stedim Biotech S.A., and are Sartorius Stedim FMT S.A.S., Sartorius Stedim Bioprocess SARL, Sartorius Stedim Aseptics S.A.S. and Sartorius Stedim Biotech GmbH.

The company Sartorius Stedim Biotech S.A. is consolidated in the financial statements of Sartorius AG, Otto-Brenner-Strasse 20, 37079 Goettingen (Germany).

In the following, you will find the table of the main amounts with the related parties:

Items € in K	At Dec. 31, 2020	At Dec. 31, 2019
Investments	127,982	127,977
Trade receivables	50	0
Other receivables	48,659	83,083
Trade payables	0	0
Other liabilities	10,549	97,295
Income from investments	85,892	60,000
Other financial income	35	150
Finance expense	1,111	1,445

In the following, you will find the table of subsidiaries and shareholdings:

At Dec. 31, 2020	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held		Loans outstanding and advances granted	Changes in deposits and pledges	Sales (ex-VAT) - for the financial year	Net profit	Dividends received
				Gross	Net					
<b>Sartorius Stedim Biotech GmbH</b>										
			100.00%							
(Euros)	6,000	617,504		79,949	79,949	12,133	0	927,024	172,427	75,000
<b>Sartorius Stedim FMT S.A.S.</b>										
			100.00%							
(Euros)	42,940	28,538		42,940	42,940	7,142	0	342,481	23,642	0
<b>Sartorius Stedim Bioprocess SARL</b>										
			99.99%							
(Dinars)	5,950	21,747				37,274		150,728	9,696	0
(Euros)				3,132	3,132	11,249	0	47,112	3,031	0
<b>Sartorius Stedim RUS</b>										
			100.00%							
(Rubles)	8,000	113,351						1,604,240	95,939	73,763
(Euros)	87	1,235		109	109	0	0	19,089	1,160	892
<b>Sartorius Stedim Aseptics S.A.S.</b>										
			100.00%							
(Euros)	448	2,255		1,848	1,848	18,070	0	22,073	7,604	10,000
<b>Sartorius Stedim Chromatography Resins S.A.S.</b>										
			100.00%							
(Euros)	5	5		5	5	0	0	11,001	-4,309	0

At Dec. 31, 2019	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held		Loans outstanding and advances granted	Changes in deposits and pledges	Sales (ex-VAT) - for the financial year	Net profit	Dividends received
				Gross	Net					
<b>Sartorius Stedim Biotech GmbH</b>										
			100.00%							
(Euros)	6,000	539,318		79,949	79,949	-81,984	0	658,843	228,661	60,000
<b>Sartorius Stedim FMT S.A.S.</b>										
			100.00%							
(Euros)	42,940	4,897		42,940	42,940	7,142	0	214,876	8,038	0
<b>Sartorius Stedim Bioprocess SARL</b>										
			99.99%							
(Dinars)	5,950	11,195				19,139		88,989	8,799	0
(Euros)				3,132	3,132	7,870	0	27,116	2,771	0
<b>Sartorius Stedim RUS</b>										
			100.00%							*
(Rubles)	8,000	87,412						629,337	49,120	0
(Euros)	114	1,250		109	109	0	0	8,375	712	0
<b>Sartorius Stedim Aseptics S.A.S.</b>										
			100.00%							
(Euros)	448	5,145		1,848	1,848	8,070	0	13,515	3,287	0

The previous list contains only information on transactions in Company shares received in accordance with the Article 19 MAR (Operations realized by Executive Directors). Therefore, we are not aware of all transactions whose cumulative trade volumes have remained below the notification threshold of €20,000 per calendar year.

# Statutory Auditors' Report on the Financial Statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of SARTORIUS STEDIM BIOTECH S.A.,

## Opinion

In compliance with the assignment entrusted to us by your shareholders' meetings, we have audited the accompanying financial statements of Sartorius Stedim Biotech S.A. for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

## Basis for Opinion

### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

## Justification of Assessments - Key Audit Matters

The global crisis linked to the Covid-19 pandemic gives rise to specific conditions for the preparation and audit of the accounts of the year. Accordingly, this crisis and the exceptional measures taken in the context of the state of sanitary emergency give rise to numerous consequences for companies, particularly over their operations and financing, together with increased uncertainty surrounding future prospects. Certain measures, such as travel restrictions and distance working, have also had an impact on the internal organisation of companies and on the performance of audits.

It is in this complex and developing context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

We determined that there were no key audit matter to report.

## Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

## Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code (Code de commerce).

## Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the

information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

## Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

## Report on Other Legal and Regulatory Requirements

### Presentation format of annual accounts to be included in the annual financial report

In accordance with section III of article 222-3 of the AMF general rules, the management of your company has informed us of its decision to postpone the application of the unique electronic information format as defined in the European rule n° 2019/815 of 17 December 2018 to accounting periods commencing 1 January 2021. In consequence, this report does not include a conclusion on the compliance of this format in the presentation of the annual accounts destined to be included in the annual financial report mentioned in section I of the article L. 451-1-2 of the monetary and financial code.

### Appointment of the Statutory Auditors

We were appointed as statutory auditors of Sartorius Stedim Biotech S.A. by the annual general meeting held on 7 April 2015 for KPMG S.A. and on 19 May 2006 for Deloitte & Associés.

As at 31 December 2020, KPMG S.A. was in its 6th year of the audit mandate without interruption and Deloitte & Associés was in its 15th year.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.



# Statutory Auditors' Responsibilities for the Audit of the Financial Statements

## Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Marseille, 15 February 2021

The Statutory Auditors

French original signed by

KPMG Audit  
A Division of KPMG S.A.

Deloitte & Associés

John Evans

Philippe Battisti



# Other Information of a Legal Nature

## General Information on the Issuer

### Corporate Name

The corporate name of the company is: "Sartorius Stedim Biotech".

In all legal deeds and documents issued by the company, this is always preceded or followed by the words "société anonyme" or the abbreviation "S.A." and a statement of the share capital (Company bylaws, Article 1).

### Registered Office

The registered office is in Aubagne (13400), France, Z.I. Les Paluds, avenue de Jouques. Phone number: +33 (0)4 42 84 56 00.

This office may be transferred to another location in the same "département" [French county or state] or an adjacent county or state by simple decision of the Board of Directors subject to ratification by the next Annual General Shareholders' Meeting and anywhere else in France by a decision taken by an Extraordinary General Shareholders' Meeting.

If the Board of Directors decides to transfer the registered office, it is authorized to revise the bylaws as a result (Company bylaws, Article 4).

### Legal Form and Applicable Law

The company is a public limited liability company or joint stock company [société anonyme], subject to the French legislation, particularly to the French Commercial Code.

### Date of Incorporation – Duration

The company was incorporated on September 28, 1978, as a "société anonyme." The company's duration is for 99 years, effective upon registration in the French trade and commercial register ("registre du commerce et des sociétés"), unless subject to dissolution or extension provided by the present company bylaws (Article 1 and 5).

### Corporate Purpose

In France and abroad, the company's purpose is:

- to purchase, develop, administrate and manage a portfolio of equity security, securities, voting rights and other social rights in all companies regardless of their activity and this, by all means including by way of setting up of new companies, contribution in kind of any types of social rights, subscription rights, mergers, purchases of other social rights or incorporation of companies;

- to manage, conduct and coordinate the activities of its subsidiaries and affiliates; when applicable, to provide to said companies all services of an administrative, financial, accounting and legal nature and any opinion and advise or to order any studies or researches that are necessary for their development or growth;
- and more generally, all financial, commercial, industrial, personal and real property operations linked, directly or indirectly, to the above-mentioned corporate purpose or to all other complementary, related or similar purposes, which may promote the development or accomplishment thereof (Company bylaws, Article 2).

### Trade and Commercial Register – APE Code

The company is registered with the “registre du commerce et des sociétés” of Marseille, under the number RCS B 314 093 352. Its economic activity code (APE) is 6420Z (Holding company activity).

## Inspection of Legal Documents at the Registered Office of the Company

The Universal Registration Document may be viewed at the registered office of the company, on its website and on the website of the AMF. During the validity of the present Universal Registration Document, the bylaws, the Statutory Auditors' reports and the financial statements of the last three fiscal years, although with reports, mails and other documents, historical financial information of the company and its subsidiaries of the last three fiscal year, evaluation and declarations made by an expert, when these documents are statutory and any other statutory document, can be found at the registered office.

## Financial Year

The financial year, also referred to as fiscal year, covers a period of twelve months, beginning on January 1 and ending on December 31 of each year (Company bylaws, Article 7).

## Share capital

As of 31 December 2020, the share capital of the Company amounts to €18,436,038, divided in 92,180,190 shares of €0.20 fully paid; 73.8% of which are held by Sartorius AG.

## Specific Clauses in the Company Bylaws

### Form of Shares

Shares may be in nominative or bearer form according to the shareholder's choice. These shares are entitled to be recorded in an account in accordance with French law (Company bylaws, Article 10).

### Appropriation of Profits

The income statement that summarizes the income and expenses of the reporting year discloses by difference, after deduction of amortization, depreciation and provisions, the profit for said reporting year. At least 5% must be deducted from the annual profit reduced, where appropriate, by prior losses, to set up the

legal reserve. This deduction ceases to be obligatory when the legal reserve amounts to one tenth of the share capital. This obligatory deduction resumes when, for whatever reason, the legal reserve falls below this one tenth. The distributable profit comprises the profit for the reporting year less prior losses and amounts transferred to reserves, pursuant to French laws and the company bylaws, and increased by profit brought forward. This profit is distributed among all shareholders in proportion to the number of shares each one holds. The Annual General Shareholders' Meeting may decide to distribute amounts taken from reserves available to it by expressly indicating the reserve from which the transfers are made. However, dividends are disbursed by way of priority from the annual profit for the reporting year. Except for a reduction in capital, no distribution may be made to shareholders when the equity falls below, or would consequently fall below, the amount of the capital together with the reserves that French laws or the company bylaws do not permit to distribute. Revaluation surplus is not distributable. It may be incorporated in full or part into the company's capital. However, after transferring the amounts to the reserves, pursuant to French law, the Annual General Shareholders' Meeting may transfer any amount it considers necessary to all available reserves, ordinary or extraordinary reserves, or carry it forward (Company's bylaws, Article 24).

## Shareholders' Meetings (Company's bylaws, extract of Article 22)

(Description under normal circumstances, to the exclusion of a Covid 19 pandemics)

### Convening

Annual (or Ordinary) General Shareholders' Meetings are those convened to take all decisions that do not result in a revision of the bylaws. Extraordinary General Shareholders' Meetings are those called to decide or authorize direct or indirect revisions to the bylaws. Special Meetings bring together the holders of a specific class of share to consider revisions to the rights of this class of share. Decisions made at the General Meetings are binding for all shareholders, even those who are absent, dissenting or legally incapable or incapacitated. General Meetings are convened by the Board of Directors or, by default, the independent auditors or a person thus empowered. General Meetings are held at the registered office or any other place stated in the notice of convocation. The forms and timescale of the notice of convocation are governed by French laws.

### Agenda

The notices and letters of call shall indicate the indications required by the law, particularly the agenda, the company electronic address where written questions of Shareholders may be sent and, eventually the mention of the obligation to collect the opinion or the prior approval of the mass of securities Shareholders giving access to the share capital.

The meeting may only deliberate on the matters placed on the agenda. It may, however, remove one or more directors at any time.

One or more shareholders representing the percentage of share capital required by law may, under the conditions and time limits set forth by law, require the inclusion on the agenda of draft resolutions.

In accordance to the Articles R 225-71 to R 225-74 of the Commercial Code, requests made by the Shareholders to register draft resolutions on the agenda and written questions are sent to the Headquarters by registered letter with recorded delivery beginning on the publication of the Meeting announcement and until 25 days before the General Meeting, or in a delay of 20 days beginning on the publication of the Meeting announcement, when this one is published more than 45 days before the General Meeting (date of reception of the request by the company will be taken into account).

The request of a new item on the agenda must be motivated. The request to register draft resolutions is provided with the text of draft resolutions, which may have a short explanation of reasons. These requests are subject to justification of possession or representation of required Share capital, in accordance to regulatory rules

If the meeting has been unable to make a valid decision due to a lack of the required quorum, the second meeting and, where appropriate, the second meeting adjourned are called at least ten days in advance in the same form as the first meeting

### **Admission to Meetings – Powers**

Every shareholder has the right to attend General Meetings and to participate in the discussions, in person or by proxy, regardless of the number of shares held, on simple proof of identity and the ownership of shares. The right to participate in a General Meeting is subject to the condition that the shares must be recorded, in the name of the shareholder or the shareholder's appointed broker, either in the nominative share accounts held by the company or in the bearer share accounts held by the authorized broker, by zero hours, Paris time, on the second working day prior to the meeting. The recording or registration of the shares in the bearer share accounts held by the authorized broker must be confirmed by a share certificate provided by the broker. This share certificate must be attached to the postal voting form, the proxy form or the application for an admission pass, issued in the name of the shareholder or on behalf of the shareholder represented by the appointed broker. A certificate must also be supplied to shareholders who wish to attend the General Meeting in person but who have not received an admission pass by zero hours, Paris time, on the second working day prior to the meeting.

A Shareholder may be represented by another Shareholder, his or her spouse or by the partner with who he or she signed a Civil Partnership. Furthermore, he or she may be represented by any other moral or physical person of his choice in accordance to the Articles L. 225-106 to -106-3 of the Commercial Code; in that aim, the representative must present valid proof of proxy.

The legal representatives of shareholders who are legally incapable or incapacitated and individuals representing corporate shareholders take part in meetings, whether or not they are shareholders.

All Shareholders may also have a postal voting, using a registration form and sent to the company according to the law and regulations; to be acceptable this registration must be received by the company three days before the date of the Meeting.

In case of remote voting using an electronic vote, or a proxy vote given by electronic signature, this vote is made according to the conditions of the current regulations.

All legal documents relative to legal information for shareholders are made available to them at the registered office of the company.

### **Board of Directors (Company bylaws, extract of Article15)**

1. Subject to legal exemptions, the Company is directed by a Board of Directors composed of a minimum of three members and a maximum of eighteen.

The composition of the Board of Directors is made with a balance number of men and women.

2. During the duration of the company's existence, directors shall be appointed or renewed in office by the ordinary general meeting. However, in case of merger, directors may be appointed by the extra-ordinary general meeting deciding on the transaction.

3. Each director must, during his entire term of office, own at least one share.
4. Directors have a term of office of three years.

Directors' duties shall cease at the end of the ordinary general meeting deciding on the accounts of the financial year elapsed, held in the year when the term of office of the director concerned expires.

Directors may be renewed in office. They may be removed from office at any time by the ordinary general meeting.

5. No person may be appointed director if, having reached the age of 75, his appointment would result in more than one third of the members of the board of directors exceeding that age. If that proportion is exceeded, the oldest director shall automatically be deemed to have resigned at the end of the ordinary general meeting approving the accounts of the financial year when exceeded.
6. Directors may be individuals or legal entities. Directors who are legal entities are required, upon their appointment, to appoint a permanent representative who is subject to the same conditions and obligations and who incurs the same liability as though personally a director, without prejudice to the several liability of the legal entity represented.

When the legal entity who is a director terminates the mandate given to its permanent representative, it shall promptly notify the Company, by registered letter, of its decision as well as the identity of its new permanent representative. The same applies in the event of death or resignation of the permanent representative.

7. If one or more directors' seats become vacant between two general meetings due to death or resignation, the board of directors may proceed to make appointments on an interim basis so as to fill the seats on the Board. These appointments must be made within three months of the vacancy, when the number of directors has fallen below the minimum under the articles of association but without falling below the statutory minimum.

Interim appointments made in this manner by the Board are subject to ratification by the next ordinary general meeting. Failing ratification, the decisions taken or the acts accomplished shall nonetheless remain valid.

When the number of directors falls below the statutory minimum, the directors remaining in office are required to immediately call an ordinary meeting so as to fill the vacant seats on the Board.

A director appointed in replacement of another shall only remain in office for the remaining term of office of his predecessor.

8. Directors who are individuals cannot concomitantly hold more than five seats on the board of directors or supervisory boards of sociétés anonymes having their registered office in metropolitan France, subject to the exceptions provided by law.
9. A Company employee may not be appointed a director unless his employment agreement corresponds to effective employment. He shall not lose the benefit of his employment agreement. The number of directors bound to the Company by an employment agreement may not exceed one third of the directors in office.
10. In accordance with the applicable law, there shall be one director representing employees when the number of directors is equal to or less than 8. The director representing employees is:



- elected by the employees of the company and its direct or indirect subsidiaries which have their registered office located in France under the conditions provided in this article, or
- appointed by the trade union organisation that obtained the most votes during the first round of the elections mentioned in Articles L. 2122 -1 et L. 2122 -4 of the French Labour Code in the Company and its direct or indirect subsidiaries which have their registered office located on France, or
- appointed by the works council.

When the number of directors is more than 8, a second director representing employees is:

- elected by the employees of the company and its direct or indirect subsidiaries which have their registered office located in France, or
- appointed by the trade union organisation that obtained the most votes during the first round of the elections mentioned in Articles L2122 -1 et L2122 -4 of the French Labour Code in the Company and its direct or indirect subsidiaries, of which the registered offices are located in France, or
- appointed by the works council; or
- appointed by the European works committee.

The absence of the appointment of one or more directors representing employees in application of the applicable law and the present constitution shall not entail the invalidity of the deliberations of the board of directors.

11. Directors representing employees are not included in the minimum number and maximum number of directors specified in Articles L.225 -17 and L.225 -18 -1 of the French Commercial Code.
12. Directors representing employees must have an employment contract with the Company or with one of its direct or indirect subsidiaries which have their registered office located in France predating their appointment by at least two years and relating to an actual employment.
13. Directors representing employees are elected for 3 years. The term of office of the director thus appointed shall end during the ordinary shareholder's Meeting of the closing of the accounts, held the year of the end of the term of the office.
14. The termination of the employment contract shall end the office of the directors representing employees.

Directors representing employees may not be dismissed other than for fault in the performance of their office by order of the judge of the Tribunal Judiciaire territorially competent, ruling by way of summary proceedings at the request of the majority of the members of the board of directors.

15. In the event of vacancy of an office of a director representing employees due to death, resignation, dismissal, breach of employment contract or for any reason whatsoever, the vacant office shall be filled pursuant to Article L.225 - 34 of the French Commercial Code.

### **Organization and management of the Board of Directors (Company bylaws, Article 16)**

1. The Board of Directors elects a Chairman from among its members who are individuals and determines his remuneration. It sets the duration of the Chairman's term of office, which may not exceed his office as director.
2. No person may be appointed Chairman of the Board of Directors if over the age of 75. If the Chairman in office exceeds that age, he shall be deemed to have automatically resigned.
3. The Chairman represents the Board of Directors. He organizes and directs its work, and reports on it to the general meeting. He ensures the proper operation of the Company's decision-making bodies and ensures, in particular, that the directors are themselves in a position to fulfill their duties.
4. In case of absence or impediment affecting the Chairman, the Board of Directors appoints an acting Chairman of the meeting.
5. The Board of Directors appoints a secretary who may be chosen, either from among the directors or outside them. The secretary shall be replaced by simple decision of the Board.

### **Meetings and decisions of the Board (Company bylaws, Article 17)**

1. The Board of Directors meets, upon the call of its Chairman, as often as required by the interest of the Company. However, directors representing at least one third of the members of the Board of Directors may, by precisely indicating the meeting's agenda, call a Board if it has not met within the last two months.

The CEO, if not chairing the Board of Directors, may request the Chairman to call a Board meeting with a specified agenda.

2. The meeting shall take place at the registered office or in any other location indicated in the notice of call. The call to meeting, indicating the agenda, should be sent at least 7 days beforehand by letter, telegram, telex or fax. The call may be verbal and the meeting may be held immediately if all of the directors are in agreement.
3. For the Board of Directors to validly deliberate, at least one half of the directors are required to be present or represented.

The Board's decisions are taken at a majority of the members present or represented.

The acting Chairman has a casting vote.

4. An attendance sheet shall be held and signed by directors participating in the Board meeting.
5. The internal regulations established by the Board of Directors may provide that directors participating in a Board meeting by videoconference in accordance with the applicable regulations are deemed present for the purposes of calculating quorum and majority.

This provision shall not apply for the adoption of the following decisions:

- appointment, remuneration, removal of the Chairman, CEO and Executive Vice Presidents;
- closing of annual accounts, consolidated accounts and preparation of management report and report on the management of the group.

6. The Board of Directors' deliberations are recorded in minutes held in accordance with the applicable laws. The minutes are signed by the acting Chairman and by one or two directors.

Copies or excerpts of the minutes of the Board of Directors' deliberations shall be validly certified by the Chairman or by the CEO.

#### **Powers of the Board of Directors (Company bylaws, Article 18)**

1. The Board of Directors determines the Company's business guidelines and ensures that they are implemented. Subject to the powers expressly granted by law to shareholders' meetings and within the limit of its corporate objects, it deals with any matter relating to the proper running of the Company and by its deliberations governs the affairs of the company.

In its dealings with third parties, the Company is bound even by acts of the Board of Directors that are outside its corporate purpose, unless it can prove that the third party knew that that act was ultra vires or could not reasonably have been unaware thereof in view of the circumstances, it being specified that mere publication of the articles of association does not suffice to establish proof thereof.

2. The Board of Directors shall carry out any controls and verifications it deems appropriate.

Each director shall receive the information necessary to the performance of his duties and may obtain all documents he considers useful from the General Management.

3. The Board of Directors may give all delegations of authority to the representatives of its choice within the limit of its authority under the law and under these articles of association.

The Board may decide on the creation of review committees in charge of studying the issues that the Board or its Chairman submits to it.

#### **General Management (Company bylaws, Article 19)**

##### **Mode of operation**

In accordance with Article L. 225-51-1 of the Commercial Code, the Company's General Management is ensured, under his responsibility, either by the Chairman of the Board of Directors or by any other individual appointed by the Board of Directors with the title of CEO.

The choice between these two modes of operation of General Management is made by the Board of Directors. The Board's decision concerning the choice of mode of operation of General Management is taken by majority vote of the directors present or represented. Shareholders and third parties are informed of the choice made by the Board of Directors under the conditions set forth by the applicable regulations.

The Board of Directors may modify the option chosen at any time.

A change in the mode of operation of General Management shall not entail any modification of the articles of association.

Depending on the mode of exercise chosen by the Board of Directors, the Chairman or a CEO shall ensure, under his responsibility, the General Management of the Company.

The CEO is appointed by the Board of Directors, which sets the duration of his term of office, determines his remuneration and, as applicable, the restrictions on his powers.

For the performance of his duties, the CEO must be under the age of 75. When this age limit is exceeded during the course of his term of office, the CEO shall be deemed to have automatically resigned and a new CEO shall be appointed.

The CEO may be removed from office at any time by the Board of Directors. Removal of a CEO who is not also the chairman may give rise to damages if decided without valid cause.

### **Powers of the CEO**

The CEO is vested with the broadest powers to act in all circumstances in the name of the Company. The CEO shall exercise these powers within the limit of the corporate objects, and subject to the powers expressly granted by law to shareholders' meetings and to the Board of Directors.

The CEO represents the Company in its dealings with third parties. The Company is bound even by those acts of the CEO that are outside its corporate objects, unless it can prove that the third party knew that that act was ultra vires or could not reasonably have been unaware thereof in view of the circumstances, it being specified that mere publication of the articles of association does not suffice to establish proof thereof.

### **Executive Vice Presidents**

Upon the motion of the CEO, whether this position is filled by the Chairman of the Board of Directors or by another person, the Board of Directors may name one or more individuals with responsibility for assisting the CEO with the title of Executive Vice Presidents.

The maximum number of Executive Vice Presidents may not exceed five.

In agreement with the CEO, the Board of Directors shall determine the scope and the extent of the powers granted to the Executive Vice Presidents and set their remuneration.

As regards third parties, the Executive Vice Presidents or the Executive Vice Presidents have the same powers as the CEO.

Upon the cessation of his duties or in case of impediment affecting the CEO, the Executive Vice Presidents shall retain, unless otherwise decided by the Board of Directors, their office and authority until the appointment of a new CEO.

The CEO may be removed from office at any time by the Board of Directors. Removal of a CEO who is not also the chairman may give rise to damages if decided without valid cause.

### **Conditions for the Exercise of Voting Rights – Majority Quorum**

At Annual and Extraordinary General Meetings, the quorum is calculated on the basis of the shares comprising the share capital and, in Special Meetings, on the basis of all the shares of the class concerned, net of shares not entitled to voting rights by virtue of the law.

In the event of postal voting, only the forms received by the company prior to the meeting will be considered when calculating the quorum, under the conditions and timeframe set by the decree.

The right to vote conferred to shares is proportional to the capital they represent. With an equal par value, every share in capital or income right carries the right to one vote.

In the event that the shares are pledged, the voting right is exercised by the holder of the securities. The issuing company may not validly vote with shares subscribed, acquired or taken in pledge by it; these shares are not taken into account to calculate the quorum.

The voting takes place and the votes are cast by show of hands, or by those sitting and standing, or by roll call, as decided by the officers of the meeting.

### Further Information on Voting Rights

There is no limit in the bylaws on voting rights.

A double voting right is conferred to the holders of registered shares that are fully paid up and that have been registered in the name of the same holder for at least four years.

In the event of conversion to bearer form, the converted share immediately forfeits its double voting right. In the event of a capital increase by incorporation of reserves, profits or share premium, this double voting right applies to new shares issued and allocated free of charge to a shareholder on the basis of existing shares that already carry this right. This revision to the bylaws was unanimously passed by the General Shareholders' Meeting in an extra-ordinary session on August 24, 1994. It may be cancelled by a General Shareholders' Meeting convened in an extraordinary session and after ratification by a Special Meeting of the beneficiary shareholders.

As of December 31, 2020, there were 68,351,770 shares with a double voting right out of a total of 92,180,190 shares. Thus, the total voting rights are 160,531,960.

The Annual General Shareholders' Meeting is held at least once a year, within six months of the year end, to consider the financial statements of that year, subject to an extension of this timeframe by a legal decision. The Annual General Shareholders' Meeting may only validly deliberate, upon the first convocation, if the shareholders present – represented or voting by post – hold at least one quarter of the shares with a right to vote. No quorum is required upon the second convocation. The meeting decides on the basis of the majority of votes held by shareholders present or represented, including shareholders voting by post.

## Shareholders' agreement

None

## Crossing Legal Thresholds

Any shareholder whose shareholdings cross the legal thresholds defined by French law, either upwards or downwards, must declare said crossing by notification of the Autorité des Marchés Financiers, pursuant to the law in force. The bylaws of the company do not provide for any additional threshold declarations.

## Identification of Shareholders

Within the legal and regulatory framework, the company is authorized to seek the identity of bearer shareholders.

## Payment of Dividends

The Annual General Shareholders' Meeting has the power to give every shareholder, for all or part of a dividend payable, the option of receiving this dividend in shares, as provided by French law, or in cash.

The terms of the payment of the dividend in cash are set by the General Meeting or, by default, the Board of Directors. Cash dividends must be paid within a maximum of nine months after the end of the reporting year, unless this timeframe is extended by legal authorization. However, this profit may be distributed as an interim dividend prior to the approval of the annual financial statements when a balance sheet prepared during or at the end of a financial year and certified by the independent auditors discloses that the company has realized a profit since the close of the previous financial year, after recognition of the necessary amortization, depreciation and provisions, as well as after deduction, where relevant, of prior losses and amounts to be transferred to the reserves, as required by French laws or the company bylaws. These interim dividends may not exceed the profit thus defined. No reimbursement of dividends may be required from shareholders unless the distribution was made in violation of legal provisions and the company determines that the beneficiaries were aware of the illegality of this distribution at the time it occurred or could not ignore this nature of the dividends. Where this occurs, the shares in reimbursement are time-barred three years after the payment of these dividends. Dividends not collected within five years of their payment are time-barred (Company bylaws, Article 25).

## Financial score

None

# Other Information on the Assets, Financial Position and Results for the Group

## Major Contracts

Several service agreements were entered into between entities of the divisions of the Sartorius Group and Sartorius Stedim Biotech Group, in order to enable the entities from both divisions to benefit from certain general administrative services under the same terms.

Among these service agreements, the service agreement with the highest volume and importance is in place between Sartorius Stedim Biotech GmbH and Sartorius Corporate Administration GmbH, a 100% subsidiary of Sartorius AG. Sartorius Corporate Administration GmbH provides general administrative services to Sartorius Stedim Biotech and the other entities of the Sartorius Group. Such services include, among others, accounting, treasury management, payroll accounting for human resources, IT systems and legal services. Sartorius Corporate Administration GmbH invoices its services on the basis of the internal and external costs incurred plus a margin of 3%. The services invoiced by Sartorius Corporate Administration GmbH to Sartorius Stedim Biotech GmbH in 2020 totalled €66.6 million against €56.6 million in 2019.

Apart from the above-mentioned service agreements, there are no other contracts with material obligations or commitments that have been concluded outside the ordinary course of the company's business or to which a member of the Sartorius Stedim Biotech Group is a party.

The strategy of the Sales and Marketing organization within the Sartorius Stedim Biotech Group towards customers is to create valuable long-term relationships. Therefore, for example, key account management endeavours to conclude long-term framework contracts with customers. As a total solution provider, Sartorius Stedim Biotech strives to use such contracts to cover the entire product portfolio of Sartorius Stedim Biotech that fits into the validated processes of the customer.

# Special Report of the Statutory Auditors on Related Party Agreements

This is a translation into English of the statutory auditors' Special report on related party agreements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

General meeting of shareholders to approve the financial statements for the year ended 31 December 2020.

To the Shareholders of SARTORIUS STEDIM BIOTECH S.A.,

As statutory auditors of your company, we present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions including the reasons justifying their benefit to the company, of the related party agreements that we have been informed of or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements. It is your responsibility, in accordance with article R. 225-31 of the French commercial code ('Code de Commerce'), to evaluate the benefits resulting from these agreements prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with article R. 225-31 of the French commercial code concerning the implementation, during the year, of the agreements already approved by the general meeting of shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French national auditing body ('Compagnie nationale des commissaires aux comptes') relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

## Related Party Agreements Submitted for Approval by the General Meeting of Shareholders

### Related party agreements authorized and concluded during the previous accounting period

We hereby inform you that we have not been advised of any agreements authorized and concluded during the previous accounting period to be submitted to the general meeting of shareholders for their approval in accordance with article L. 225-38 of the French Commercial Code.



## Related party agreements from prior years not approved by the General meeting of the shareholders

We hereby inform you that the following agreement, authorized and concluded during the year ended 31 December 2018, which was mentioned in our special report on related party agreements for the year ended 31 December 2019 and which was not approved by the general meeting of shareholders approving the financial statements for the year ended 31 December 2019.

- General Assistance and Administrative Services Agreement
- With the company, Sartorius AG (SAG) 73.8% shareholder of the company Sartorius Stedim Biotech S.A. (SSB S.A.)
- Persons concerned: Mr Joachim Kreuzburg (Chairman and Chief Executive Officer of SSB SA and Chief Executive Officer of the Executive Committee of SAG) and Mr René Fáber (Member of the Board of Directors of SSB S.A. and member of the Executive Committee of SAG)
- Nature and purpose: general assistance and administrative services agreement signed on 15 February 2018 with retrospective effect commencing 1 January 2015 for an indefinite duration. This agreement covers the recharging by SAG to SSB S.A. of a part of the remuneration of Mr Joachim Kreuzburg and Mr René Fáber in respect of the services they perform and provide within the company.
- Details: the recharge of the said services of the person concerned is calculated using an allocation based on work performed and time spent by the executives for the benefit of SSB S.A.

The amounts invoiced (excluding tax) by SAG to SSB S.A. for the years ended 31 December 2018, 2019 and 2020 is detailed below:

	Mr Joachim Kreuzburg	Mr René Fáber
Fiscal year 2020	€ 761,917	€ 608,400
Fiscal year 2019	€ 582,804	€ 410,004
Fiscal year 2018	€ 674,216	

## Related Party Agreements Already Approved by the General Meeting of Shareholders

We hereby inform you that we have not been advised of any agreements already approved by the general meeting of shareholders and which continued during the previous financial year.

Marseille, 15 February 2021

The Statutory Auditors  
French original signed by

KPMG Audit  
A division of KPMG S.A.  
John Evans  
Partner

Deloitte & Associés  
Philippe Battisti  
Partner

# Resolutions Submitted to the Annual Combined Shareholders' Meeting on March 24, 2021

## Agenda

### Ordinary Part

- Reading of the management report of the Board of Directors on the financial statements including the Group's report;
- Reading of the general meeting's proposed resolutions report of the Board of Directors;
- Reading of the corporate governance report of the Board of Directors;
- Reading of the Statutory Auditors' report on the Financial statements for the year ended 31 December 2020;
- Reading of the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2020;
- Reading of the Statutory Auditors' report on the regulated agreements covered by Article L.225-38 and subsequent of the French Commercial Code;
- Approval of Financial statements for the year ended 31 December 2020 and discharge to all directors; (Resolution N°1)
- Approval of the consolidated financial statements for the year ended 31 December 2020; (Resolution N°2)
- Assignment of the financial result for the year ended 31 December 2020; (Resolution N°3)
- Approval of regulated agreements and commitments covered by Article L.225-38 and subsequent of the French Commercial Code; (Resolution N°4)
- Setting of the annual Directors' fees; (Resolution N°5)
- Approval of the information mentioned in the Article L. 225-37-3 I of the French commercial code concerning the remuneration due or awarded to the corporate officers for the 2020 financial year; (Resolution N°6)
- Approval of the fixe, variable and extraordinary components of the remuneration and the benefits of all kinds due or awarded to the Chairman of the Board and Chief Executive Officer for the 2020 financial year; (Resolution N°7)
- Approval of the corporate officers' compensation policy; (Resolution N°8)

- Authorization granted to the Board of directors to enable the Company to trade in its own shares; (Resolution N°9)
- Renewal of the term of Ms. Anne-Marie Graffin as Director; (Resolution N°10)
- Renewal of the term of Ms. Susan Dexter as Director; (Resolution N°11)
- Renewal of the term of KPMG as statutory auditor; (Resolution N°12)
- End of the term of Salustro Reydel as alternate auditor; (Resolution N°13)
- Proxy to carry out formalities. (Resolution N°14)

## Extraordinary Part

- Reading of the general meeting's proposed resolutions report of the Board of Directors;
- Reading of the Statutory Auditors' special report;
- Delegation of authority granted to the Board of directors to reduce the capital in accordance with Article L. 225-2019 of the French Commercial Code (Resolution N°15);
- Proxy to carry out formalities. (Resolution N°16)

# Resolutions submitted to the Ordinary Shareholders' Meeting

## First resolution

*(Approval of financial statements for the year ended 31 December 2020 and discharge to all directors)*

The Shareholders' Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, after having considered the annual financial statements for the year ended 31 December 2020, the report of the Board of Directors and the Report of the statutory auditors concerning these financial statements, approved the financial statements for the year ended 31 December 2020, which disclosed a net profit of € 81 227 072,12 as presented, and the transactions reflected in these financial statements or summarized in these reports.

As a result, the Shareholders' meeting grants full and unreserved discharge to the Directors for the execution of their management duties for said reporting year.

The Annual Shareholders' meeting asserts that no overall expenses referred to in article 39, 4° of the French general tax code were noted.

## Second resolution

*(Approval of the consolidated financial statements for the year ended 31 December 2020)*

The Shareholders' Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings has, after having considered the corporate consolidated accounts for the year ended 31 December 2020, the report of the Board of Directors and the report of statutory auditors concerning these consolidated accounts, approved the consolidated financial statements for the year ended 31 December 2020, which disclosed a net profit of € 357,849 K as presented, and the transactions reflected in these financial statements or summarized in these reports.

## Third resolution

*(Assignment of the financial result for the financial year ended 31 December 2020)*

The Annual Shareholders' meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, has decided to assign as follows, the income for the year ended 31 December 2020:

- Income of the year : € 81,227 K
- Year-earlier profit carried forward: € 56,817 K
- Distributable profit: € 138,044 K
- Total amount of dividends to be disbursed to shareholders<sup>1</sup>: € 62,681 K (excluding treasury shares)
- Balance resulting from disbursement: € 75,363 K

<sup>1</sup> The amount of dividends was calculated on the basis of the total number of shares as of December 31, 2020 (92,180,190 shares).

Each share of the company with a nominal value of €0,20 will entitle its holder to a payment of a net dividend valued at €0,68.

The dividend will be paid as from March, 2021.

The Shareholders' Meeting notes that for individual shareholders domiciled for tax purposes in France, dividends received are subject, pursuant to Article 200 A, 1 A 1° of the French General Tax Code, to a single flat-rate withholding tax of 12.8%, at the shareholder's option, such income may be taxed at the progressive income tax rate. In the latter case, dividends are eligible for the 40% allowance referred to in Articles 158 3 2° and 243 bis of the French General Tax Code. In both cases, when dividends are paid, they are subject to a non-taxable withholding tax at the rate of 12.8% as an advance payment of income tax, which is deducted from the final tax due.

However, in accordance with the third paragraph of Article 117 quater of the French General Tax Code, individuals belonging to a tax household whose reference tax income is less than 50,000 euros for single, divorced or widowed taxpayers or € 75,000 for taxpayers subject to joint taxation, may request exemption from this 12.8% withholding tax under the conditions provided for in Article 242 quater of the French General Tax Code.

In addition, for individual shareholders domiciled in France for tax purposes, social security contributions are applied in all cases to dividends paid of 17.2%.

The Shareholders' meeting notes, in accordance with the provisions of Article 243 bis of the French General Tax Code, that the dividends paid in respect of the last three financial years were as follows:

The Shareholders' Meeting acknowledges, pursuant to Article 243 bis of the French general tax code, that the dividends paid for the last three financial years are the followings:

Exercise	Dividend <sup>1</sup>	Amount eligible for the 40% abatement	Amount not eligible for the 40% abatement	Dividend per shares <sup>1</sup>
Dec. 31, 2019	31,341,265	31,341,265	0	0.34 €
Dec. 31, 2018	52,540,761	52,540,761	0	0.57 €
Dec. 31, 2017	42,402,887	42,402,887	0	0.46 €

<sup>1</sup> Prior deduction of social contribution on the dividend paid to physical person.

## Fourth resolution

*(Approval of regulated agreements and commitments covered by Article L.225-38 and subsequent of the French Commercial Code)*

The Shareholders' Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, after having considered the report of the Board of Directors and the special report of the Statutory Auditors concerning regulated agreements and commitments as referred in Articles L.225-38 and subsequent of the French commercial code:

- takes notice of the conclusions of said report and approves the regulated agreement concluded in fiscal years prior to 2020 with execution continuing in 2020 between the Company and Sartorius AG covering the recharge of services of René Fáber performed to the benefit of Sartorius Stedim Biotech S.A., which is mentioned in the special report of the Statutory Auditors;
- takes notice of the conclusions of said report and approves the regulated agreement concluded in fiscal years prior to 2020 with execution continuing in 2020 between the Company and Sartorius AG covering the recharge of services of Joachim Kreuzburg performed to the benefit of Sartorius Stedim Biotech S.A., which is mentioned in the special report of the Statutory Auditors;
- takes notice of the conclusions of said report and approves the regulated commitments which are mentioned in such a special report, taken by Sartorius AG to the benefit of Mr. Joachim Kreuzburg, relating to a non-competition clause, an earlier departure severance, and a supplementary pension scheme and to the benefit of Mr. René Fáber, relating to a non-competition clause, and an earlier departure severance.

The Shareholders' Meeting takes note, pursuant to the provisions of the Article L. 225-40 of the French commercial code, that the shares of Sartorius AG, shareholders who have interest to the regulated agreement and commitments mentioned in the special report, are not taken into account for the calculation of the majority.

## Fifth resolution

*(Setting of the annual Directors' fees)*

The Shareholder's Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, approves the annual Director's fees allocated for the 2020 financial year and the followings years to come, until the Shareholders' Meeting decides otherwise, amounting to € 313 800.

The Shareholders' Meeting grants full powers to the Board of Directors for allowing such attendance fees among its members, in whole or in part, and on such terms as it may determine.

## Sixth resolution

*(Approval of the information mentioned in the Article L.225-37-3 I of the French commercial code concerning the remuneration due or awarded to the corporate officers for the 2020 financial year)*

The Shareholders' Meeting, pursuant to the article L. 225-100 II of the French commercial code, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, and after having considered the corporate governance report of the Board of Directors, approves the information mentioned in the Article L. 225-37-3 I of the French commercial code concerning the remuneration due or awarded to the corporate officers for the 2020 financial year as described in the corporate governance report of the Board of Directors.

## Seventh resolution

*(Approval of the fixed, variable and extraordinary components of the remuneration and the benefits of all kinds due or awarded to the Chairman of the Board and Chief Executive Officer for the 2020 financial year)*

The Shareholders' Meeting, pursuant to the article L. 225-100 III of the French commercial code, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, and after having considered the corporate governance report of the Board of Directors, approves the fixed, variable and extraordinary components of the remuneration and the benefits of all kinds due or awarded to Mr. Joachim Kreuzburg, Chairman of the Board and Chief Executive Officer, for the 2020 financial year.

## Eighth resolution

*(Approval of the corporate officers' compensation policy)*

The Shareholders' Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, after having considered the corporate governance report of the Board of Directors, pursuant to the article L. 225-37-2 of the French commercial code, approves the corporate officers' compensation policy as described in the corporate governance report of the Board of Directors.

## Ninth resolution

*(Authorization granted to the Board of Directors to enable the Company to trade in its own shares)*

The Shareholders' Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, having considered the report of the Board of directors, in compliance with the provisions of articles L. 225-209 et seq. of the French commercial Code, the directly applicable provisions of the European Commission regulation no. 2273/2003 of 22nd December 2003, the General regulation of the

Autorité des marchés financiers (AMF – Financial Market Authority), and the market practices accepted by the AMF:

1. authorizes the Board of Directors, having the right to sub-delegate in compliance with applicable laws and regulations, to make the Company acquire, hold, or transfer, on one or more occasions, shares of the Company in connection with the implementation of a share buyback program subject to the provisions of Articles L. 225-209 et seq. of the French commercial Code;
2. decides that the acquisition, sale or transfer of such shares may be achieved by any means on the market or over-the-counter, including through the acquisition of blocks of shares; these means include the use of any derivative financial instrument traded on a regulated market or over-the-counter or the delivery of shares as a result of the issuance of securities giving access to the Company's capital through conversion, exchange, redemption, exercise of a warrant or in any other manner either directly or through an investment service provider; the maximum share of the capital acquired or transferred in blocks may reach the entire program; these transactions may be carried out at any time, including during periods of public offer on the capital of the Company, in compliance with the regulations in force;
3. decides that the share buyback program will have, in order of priority, the following objectives:
  - to promote liquidity and stimulate the market price of the Company's shares under a liquidity contract in accordance with the AMAFI Code of Ethics recognized by the AMF;
  - the cancellation of all or part of the shares thus purchased, within the maximum legal limit of 10% of the total number of shares composing the capital, for a period of twenty-four (24) months, pursuant to the fifteenth (15th) resolution of this General Meeting and subject to the adoption of the fifteenth (15th) resolution;
  - the delivery of shares (for exchange, payment or otherwise) in the context of external growth, merger, demerger or contributions;
  - the delivery of shares upon the exercise of rights attached to securities giving access to the capital by redemption, conversion, exchange, exercise of a warrant or in any other manner;
  - the delivery of share to its corporate officers and employees as well as those of companies affiliated to it, under the conditions and in the terms provided for by law, particularly in the context of stock option plan, free granting plan of issued or to be issued shares or company or inter-companies saving plans;
  - the conservation of the shares for purposes of patrimonial and financial management.
4. decides that the terms and conditions of the share buyback program are the followings:
  - duration of the program: a maximum of 18 months, starting from the date of the Shareholders' Meeting of March 2021 and expiring on the date when any Shareholders' Meeting of the Company adopts a new share buyback program or, alternatively, on September 24, 2022;
  - maximum redemption percentage: 0.10% of the share capital, i.e. 92,180 shares on the basis of 92,180,190 shares making up the share capital at the date of this Shareholders' Meeting; being specified that this limit applies to an amount of the share capital of the Company, which may be adjusted by the Board of Directors to take account of transactions affecting the share capital after the date of the present Shareholders' Meeting, the acquisitions made by the Company can not in any case cause it to hold, directly or indirectly through its subsidiaries, more than 10% of its

share capital; when the shares are acquired within the frame of a liquidity contract concluded with an investment firm in order to encourage the liquidity of the Company's shares under the conditions defined by the AMF's general regulations, the number of shares taken into account for the calculation of this limit will correspond to the number shares purchased net of the number of shares resold during the term of the authorization;

- maximum unit purchase price (excluding fees and commissions): € 500, i.e. a maximum theoretical amount allocated to the share buyback program of € 46,090,000 on the basis of the maximum percentage of 0.10%, excluding trading costs, the maximum theoretical amount will be adjusted by the Board of Directors to take into account transactions affecting the share capital after the date of this Shareholders' Meeting.
5. decides that the dividends attached to the treasury shares of the Company shall be affected to the retained earnings account;
  6. grants all necessary powers to the Board of directors, with right to sub-delegate in compliance with applicable laws and regulations, to implement this authorization and in particular to establish the terms and conditions of the share buy-back program in compliance with applicable laws and with the present resolution, and notably to proceed, as the case may be, with any adjustment required by transactions on the share capital; to place any purchase order on the stock market; to enter any agreement, notably for the keeping of registers of sale and purchase of shares, to make any and all declarations to the AMF and any other organization, to carry out all formalities, and more generally, to take all appropriate measures.
  7. this delegation invalids, in the future, the delegation granted by the shareholders' general meeting of 24 June 2020 in its fortieth (9th) resolution.

## Tenth resolution

*(Renewal of the term of Ms. Anne-Marie Graffin as a Director)*

The General Meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having considered the report of the Board of Directors,

- takes note that the term of Ms. Anne-Marie Graffin as Director expires at the end of this General Meeting,
- decides to renew this term of duty for a period of three years, i.e. until the end of the General Meeting of 2024 convened to approve the financial statements for the year ended 31 December 2023.

## Eleventh resolution

*(Renewal of the term of Ms. Susan Dexter as a Director)*

The General Meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having considered the report of the Board of Directors

- takes note that the term of Ms. Susan Dexter as Director expires at the end of this General Meeting,



- decides to renew this term of duty for a period of three years, i.e. until the end of the General Meeting called of 2024 convened to approve the financial statements for the year ended 31 December 2023.

## Twelfth resolution

*(Renewal of the term of KPMG as statutory auditor)*

The General Meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having reviewed the Board of Directors' report,

- takes note that the term of KPMG as Statutory Auditor expires at the end of this General Meeting,
- decides to renew this term of duty for a period of six financial years, i.e. until the end of the General Meeting called of 2027 convened to approve the financial statements for the year ended 31 December 2026.

The General Meeting acknowledges having been informed that this Statutory Auditor has not been involved in any contribution or merger transactions involving the Company or controlled companies during the last two financial years.

## Thirteenth resolution

*(End of the term of Salustro Reydel as alternate auditor)*

The General Meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having considered the report of the Board of Directors,

- takes note that the term of Salustro Reydel as alternate auditor expires at the end of this General Meeting,
- decides not to renew this term and not to replace Salustro Reydel as alternate auditor.

## Fourteenth resolution

*(Proxy to carry out formalities)*

The Shareholders' Meeting gives full authority to the bearer of an original, a copy or an extract of the minutes from the present Annual Shareholders' Meeting to accomplish each necessary procedure.

# Resolutions submitted to the Extraordinary Shareholders' Meeting

## Fifteenth resolution

*(Delegation of authority granted to the Board of directors to reduce the capital in accordance with Article L. 225-2019 of the French Commercial Code)*

The Shareholders' Meeting, in accordance with the quorum and majority requirements applicable to extraordinary shareholders' meetings, having considered the Board of directors' report and the Statutory Auditors' special report, in accordance with the provisions of the Article L. 225-209 and seq. of the French Commercial Code:

- delegates its authority to the Board of directors, with the right to sub-delegate in accordance with applicable law and regulations, to reduce the social capital, in one or several times and at any time as it deems appropriate, through the cancellation of shares that the Company owns or shall buy pursuant to the implementation of the share buyback program authorized in this general meeting in its ninth (9th) resolution or any later resolution with the same object within the maximum limit of 10% of the capital of the Company and by periods of twenty-four (24) months, and to proceed in the corresponding proportions at a capital reduction, it being specified that this limit shall be adjusted, if necessary, in order to take into account the operations that would affect it after this General Meeting;
- gives the broadest powers to the Board of Director, with the right to sub-delegate in accordance with applicable law and regulations, to adopt the terms and conditions of the share buyback, charge the difference between the accounting value of the cancelled shares and their nominal value against reserves or share premium, or to amend the Bylaws subsequently to this authorization and to accomplish any necessary procedure.
- notes that this delegation invalids, in the future, the delegation granted by the General Meeting of June 24, 2020 in its eighteenth (18th) resolution.

This delegation of authority is granted for a period of eighteen (18) months as of the date of this Shareholders' Meeting.

## Sixteenth resolution

*(Powers for formalities)*

The General Meeting gives full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out any and all formalities that may be necessary.

# Report of the Board of Directors

## Board of Directors' Report on Resolutions submitted to the combined Annual General Shareholders' Meeting on 24 March 2021.

Dear Shareholders,

The Board of Directors has decided at its meeting on February 5, 2021, that the annual shareholder meeting will be held behind closed door, without the personal attendance of shareholders but will be fully live-streamed on the company's website, instead. This decision is due to the coronavirus pandemic persistence and the associated restrictions imposed on travels and in-person meetings restrictions. We have therefore convened you to an ordinary and extraordinary general meeting of Sartorius Stedim Biotech (hereinafter "the Company") on March 24, 2021 at 2:00 p.m. to deliberate on the following items:

### Ordinary Part

- Reading of the management report of the Board of Directors on the financial statements incorporating the Group's report;
- Reading of the general meeting's proposed resolutions report of the Board of Directors;
- Reading of the corporate governance report of the Board of Directors;
- Reading of the Statutory Auditors' report on the Financial statements for the year ended 31 December 2020;
- Reading of the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2020;
- Reading of the Statutory Auditors' report on the regulated agreements covered by Article L.225-38 and subsequent of the French Commercial Code;
- Approval of Financial statements for the year ended 31 December 2020 and discharge to all directors; (Resolution N°1)
- Approval of the consolidated financial statements for the year ended 31 December 2020; (Resolution N°2)
- Assignment of the financial result for the year ended 31 December 2020; (Resolution N°3)
- Approval of regulated agreements covered by Article L.225-38 and subsequent of the French Commercial Code; (Resolution N°4)
- Setting of the annual Directors' fees; (Resolution N°5)

- Approval of the information mentioned in the Article L. 225-37-3 I of the French commercial code concerning the remuneration due or awarded to the corporate officers for the 2020 financial year; (Resolution N°6)
- Approval of the fixe, variable and extraordinary components of the remuneration and the benefits of all kinds due or awarded to the Chairman of the Board and Chief Executive Officer for the 2020 financial year; (Resolution N°7)
- Approval of the corporate officers' compensation policy; (Resolution N°8)
- Authorization granted to the Board of directors to enable the Company to trade in its own shares; (Resolution N°9)
- Renewal of the term of Ms. Anne-Marie Graffin as Director; (Resolution N°10)
- Renewal of the term of Ms. Susan Dexter as Director; (Resolution N°11)
- Renewal of the term of KPMG as statutory auditor; (Resolution N°12)
- End of the term of Salustro Reydel as alternate auditor; (Resolution N°13)
- Proxy to carry out formalities. (Resolution N°14)

## Extraordinary Part

- Reading of the report of the Board of Directors on the proposed resolutions;
- Reading of the Statutory Auditors' reports;
- Delegation of authority granted to the Board of directors to reduce the capital in accordance with Article L. 225-209 of the French Commercial Code; (Resolution N°15)
- Proxy to carry out formalities. (Resolution N°16)

The purpose of this report is to present a general explanation of the draft resolutions proposed by the Board of Directors.

A description of the Company's operations is provided in the management report and the universal registration document prepared by the Company. In order to complete your information, we invite you to read these documents as well as the statutory auditors' reports at the General Meeting.

All documents related to the General Meeting, in particular the draft resolutions proposed to the General Meeting, the management report, the report of the Board of Directors on corporate governance, the universal registration document and the statutory auditors' reports are made available to you in the manner and within the time limits provided for by law. These documents are available on the Company's website ([www.sartorius.com](http://www.sartorius.com)).

### I. Details of Draft Resolutions submitted by the Board of Directors

#### I.1 Ordinary Part

**Approval of the financial statements and the consolidated financial statements for the financial year ending 31 December 2020 and discharge to the Directors (Resolution N° 1 and 2)**

In the first resolution, we propose that you take the following decisions:

- approval of the financial statements of Sartorius Stedim Biotech for fiscal year 2020, which show a profit of € 81,227 K and to grant discharge to the directors,
- taking note of the absence of expenses referred to in Article 39.4° of the General Tax Code.

In the second resolution, we propose that you approve the consolidated financial statements for the financial year 2020, which show a profit of € 357, 849 K.

The annual and consolidated financial statements for the year ended December 31, 2020 are reproduced in the management report and the universal document registration relating to the audit of the financial year. These documents are available on the Company's website.

### **Assignment of the financial result for the year ended 31 December 2020 (Resolution n°3)**

The annual accounts for the financial year ending 31 December 2020 show a net profit of €81,227 K, to which is added the previous retained earnings of €56,817 K, resulting in a distributable profit of €138,044 K.

We propose that you allocate this distributable profit by distributing €62,681 K as dividends and allocating the balance, i.e. €75,363 K, to the "Retained earnings" account.

The amount of the proposed dividend has been calculated on the basis of the number of shares entitled to dividends as of December 31, 2020, i.e. 92,180,190 shares. Thus, each share with a par value of € 0.20 would give rise to the payment of a net dividend of € 0.68.

The dividend would be paid as of March 31, 2021.

We would like to inform you that for individual shareholders who are tax residents in France, dividends received are subject, pursuant to Article 200 A, 1 A 1° of the French General Tax Code, to a single flat-rate withholding tax of 12.8%. At the shareholder's option, this income may be taxed at the progressive rate of income tax. In the latter case, the dividends are eligible for the 40% deduction mentioned in Articles 158 3 2° and 243 bis of the French General Tax Code. In both cases, when dividends are paid, they are subject to a non-discharging withholding tax at the source at the rate of 12.8%, as an interim income tax chargeable against the tax definitively due.

However, in accordance with the third paragraph of Article 117 quater of the French General Tax Code, individuals belonging to a tax household whose taxable income is less than 50,000 euros for single, divorced or widowed taxpayers or 75,000 euros for taxpayers subject to joint taxation, may request exemption from this 12.8% withholding tax under the conditions provided for in Article 242 quater of the French General Tax Code.

In addition, for individual shareholders who are tax residents of France, social security contributions are applied in all cases on the amount of dividends paid, up to a maximum of 17.2%.

Pursuant to the provisions of Article 243 bis of the French General Tax Code, we hereby inform you that the amounts distributed for the last three financial years were as follows:

Exercise	Dividend <sup>1</sup>	Amount eligible for the 40% abatement	Amount not eligible for the 40% abatement	Dividend per shares <sup>1</sup>
Dec. 31, 2019	31,341,265	31,341,265	0	0.34 €
Dec. 31, 2018	52,540,761	52,540,761	0	0.57 €
Dec. 31, 2017	42,402,887	42,402,887	0	0.46 €

<sup>1</sup> Before deduction, where applicable, of social security deductions from the dividend for individuals.

#### **Approval of regulated agreements covered by Article L.225-38 and subsequent of the French Commercial Code (Resolution 4)**

We submit to your approval the regulated agreements referred to in Articles L. 225-38 et seq. of the French Commercial Code, as described in the special report of the statutory auditors, which mentions, in particular, their financial terms and conditions and the amounts invoiced during the financial year ending December 31, 2020.

We invite you to take note of the statutory auditors' special report on regulated agreements, which will be read to you at the general meeting and which are made available to you in the manner and within the time limits provided for by law. These documents are available on the Company's website.

In accordance with the provisions of Article L. 225-40 of the French Commercial Code, the shareholders interested in these agreements will not take part in the vote on these resolutions. The shares held by the interested parties will not be taken into account for the calculation of the majority but will be taken into account for the calculation of the quorum.

#### **Setting of the annual Directors' fees (Resolution 5)**

We submit to your approval the overall annual amount of allocated to the Directors at 313,800 euros for the financial year ending December 31, 2020, as well as for each of the subsequent financial years, until a decision is made to the contrary.

The Board of Directors shall have full power to allocate all or in part of such fees among its members on such terms and conditions as it shall determine.

#### **Approval of the elements and information relating to the compensation of corporate officers for the financial year ended December 31, 2020 and to the compensation policy for such officers (Resolutions 6 to 8)**

In accordance with the applicable law, the Board of Directors has prepared its report on corporate governance which is integrated in the universal registration document. The report on corporate governance contains in particular all the information required by article L. 225-37-3 I of the French Commercial Code, details of the elements comprising the compensation of the Chairman and Chief Executive Officer for the financial year ending December 31, 2020, as well as the compensation policy for the Company's corporate officers.

We invite you to take note of the Board of Directors' report on corporate governance, which will be read to you at the General Meeting and which is made available to you in the manner and within the time limits provided for by law and regulations. It is available on the Company's website.

In this context, we submit to your approval:

- in the sixth (6th) resolution, in accordance with the provisions of article L. 225-100 II of the French Commercial Code, on the information mentioned in I of article L. 225-37-3 of the French Commercial Code as described in the Board of Directors' report on corporate governance,

- in the seventh (7th) resolution, in accordance with the provisions of article L. 225-100 III of the Commercial Code, on the fixed, variable and exceptional components of the remuneration and benefits of any kind due or allocated to Mr. Joachim Kreuzburg, Chairman of the Board and Chief Executive Officer, for the financial year ended December 31, 2020, as described in the Board of Directors' report on corporate governance,
- in the eighth (8th) resolution, in accordance with the provisions of article L. 225-37-2 of the French Commercial Code, on the compensation policy for corporate officers as described in the Board of Directors' report on corporate governance.

### **Authorization granted to the Board of Directors to enable the company to trade in its own shares (Resolution 9)**

We remind you that the General Meeting of June 24, 2020, in its ninth (9th) resolution, set up a share buyback program for a period of 18 months. The purpose of this program was to promote liquidity and stimulate the market price of the Company's shares under a liquidity contract, within the limit of 0.10% of the share capital and for a maximum buyback price of € 250 per share.

We invite you to renew this share buyback program and therefore we submit to your approval the authorization granted to the Board of Directors to enable the Company to acquire, hold, or transfer, its own shares, during a period of 18 months from the general meeting of March 24, 2021, up to a limit of 0.10% of the share capital.

The purpose of the share buyback program would be to promote liquidity and stimulate the market price of the Company's shares under a liquidity contract that complies with the code of ethics of the French Association of Financial Market ("Association Française des Marchés Financiers") recognized by the French Financial Market Authority ("Autorité des Marchés Financiers - AMF").

The share buyback program would have, in order of priority, the following objectives:

- to promote liquidity and stimulate the price of the Company's shares under a liquidity contract that complies with the ethical charter of the French Association of Financial Market ("Association Française des Marchés Financiers") recognized by the French Financial Market Authority ("Autorité des Marchés Financiers - AMF"),
- the cancellation of all or part of the shares thus purchased, within the maximum legal limit of 10% of the total number of shares composing the capital, for a period of twenty-four (24) months, pursuant to the fifteenth (15th) resolution the general meeting of March 24, 2021 and subject to the adoption of the fifteenth (15th) resolution,
- the delivery of shares (for exchange, payment or otherwise) in the context of external growth, merger, demerger or contributions,
- the delivery of shares upon the exercise of rights attached to securities giving access to the capital by redemption, conversion, exchange, exercise of a warrant or in any other manner,
- the delivery of share to its corporate officers and employees as well as those of companies affiliated to it, under the conditions and in the terms provided for by law, particularly in the context of stock option plan, free granting plan of issued or to be issued shares or company or inter-companies saving plans,
- the conservation of the shares for purposes of patrimonial and financial management.

The terms and conditions of the share buyback program would be as follows:

- Duration of the program: a maximum of 18 months, starting from the date of this General Meeting and expiring either on the day on which any General Meeting of the Company adopts a new share buyback program or, alternatively, on September 24, 2022,
- Maximum redemption percentage allowed: 0,10% of the share capital, i.e. 92,180 shares on the basis of 92,180,190 shares comprising the share capital as of the date of this Shareholders' Meeting; being specified that this limit applies to an amount of the Company's share capital which will be adjusted, if necessary, by the Board of Directors to take into account transactions affecting the share capital subsequent to this Shareholders' Meeting, and that the acquisitions made by the Company may not, under any circumstances, result in the Company holding, directly or indirectly through its subsidiaries, more than 10% of its share capital, when the shares are acquired in order to promote the liquidity of the Company's shares under the conditions defined by the general regulations of French Financial Market Authority (Autorité des Marchés Financiers), the number of shares taken into account for the calculation of this limit shall correspond to the number of shares purchased less the number of shares resold during the term of the authorization,
- Maximum unit purchase price (excluding fees and commissions): € 500, i.e. a maximum theoretical amount allocated to the share buyback program of € 46,090,000 on the basis of the maximum percentage of 0.10%, excluding trading fees, the maximum theoretical amount will be adjusted, if necessary, by the Board of Directors to take into account transactions affecting the share capital subsequent to this general meeting.

The dividends from those shares would be allocated to the retained earnings account.

We also propose that you grant full powers to the Board of Directors, with the option of sub-delegation under the conditions provided for by law and regulations, to implement this authorization, and in particular to determine the terms and conditions of the share buyback program in accordance with the law and this resolution, and, in particular, make any adjustments related to capital transactions, place any stock market orders, enter into any agreements, in particular for the keeping of registers of purchases and sales of shares, make any declarations to the French Financial Market Authority ("Autorité des Marchés Financiers") and any other body, complete any formalities and, in general, do whatever is necessary.

This authorization would render ineffective for the future the authorization granted by the Shareholders' Meeting of June 24, 2020 in its ninth (9th) resolution.

#### **Renewal of the terms of Ms. Anne-Marie Graffin and Ms. Susan Dexter as Directors (Resolution 10 and 11)**

The Ordinary and Extraordinary Shareholders' Meeting of April 3, 2018 renewed the terms of office of Anne-Marie Graffin and Susan Dexter for a period of three years, i.e. until the Shareholders' Meeting of March 24, 2021.

In view of the skills and contribution of these directors, we propose, in the tenth (10th) and eleventh (11th) resolutions respectively, to take note that these terms expires at the end of the general meeting of March 24, 2021 and to renew them for a period of three years, i.e. until the end of the shareholders' meeting to be held in 2024 and called to approve the financial statements for the fiscal year ending December 31, 2023.

In order to complete your information, we invite you to read the chapter Board of Directors and its Committees of the universal registration document containing all the information relating to Anne-Marie Graffin and Susan Dexter, in particular their corporate offices held.



**Renewal of the term of KPMG as statutory auditor (Resolution 12)**

KPMG was appointed as Statutory Auditor of the Company at the ordinary and extraordinary general meeting of April 7, 2015 for a term of six (6) years, i.e., until this General Meeting.

We invite you to take note that the term of KPMG as Statutory Auditor expires at the end of this General Meeting and to renew this term for a period of six (6) financial years, i.e. until the end of the General Meeting called of 2027 convened to approve the financial statements for the year ended December 31, 2026.

**End of the term of Salustro Reydel as alternate auditor (Resolution 13)**

Salustro Reydel was appointed as alternate auditor of the Company at the ordinary and extraordinary general meeting of April 7, 2015 for a term of six (6) years, i.e., until this General Meeting.

Pursuant to the provisions of Article L. 823-1 of the French Commercial Code as amended by Act no. 2016-1691 of December 9, 2016, the appointment of an alternate auditor is not mandatory in the event of the appointment of a legal entity as Statutory Auditor.

As a consequence of the renewal of KPMG as Statutory Auditor proposed in resolution twelve (12), we propose that you take note that the term of Salustro Reydel as alternate auditor expires at the end of this General Meeting, and decide not to renew this term and not to replace Salustro Reydel as alternate auditor.

**Proxy to carry out formalities (Resolution 14)**

We propose that you give full powers to the bearer of a copy or extract of the minutes of the meeting to carry out all legal formalities.

**I. 2 Extraordinary Part****Delegation of authority granted to the Board of directors to reduce the capital by cancelling shares acquired under buyback program (Resolution 15)**

We invite you to authorize the Board of Directors, pursuant to Articles L. 225-209 and seq. of the French Commercial Code, with the right to sub-delegate in accordance with applicable law and regulation, to reduce the social capital, in one or several times and at any time as it deems appropriate, through the cancellation of shares that the Company owns or shall buy pursuant to the implementation of the share buyback program authorized in this general meeting in its ninth (9th) resolution or any later resolution with the same object within the maximum limit of 10% of the capital of the Company and by periods of twenty-four (24) months, and to proceed in the corresponding proportions at a capital reduction, it being specified that this limit shall be adjusted, if necessary, in order to take into account the operations that would affect it after the Shareholders' meeting of March 24, 2021.

The purpose of this delegation is to provide the Board of Directors with an additional option in the conduct of its financial strategy and would enable it to ensure the preservation of your rights, particularly in periods of high financial volatility.

We also propose that you grant the Board of Directors the broadest powers, with the option to subdelegate such powers in accordance with the law, to set the terms and conditions for the cancellation of shares, to allocate the difference between the book value of the cancelled shares and their par value to any reserve or additional paid-in capital accounts, to make the amendments to the bylaws resulting from this authorization and to carry out all necessary formalities.

This delegation would render ineffective for the future the delegation granted by the Shareholders' Meeting of June 24, 2020 in its eighteenth (18th) resolution.

This delegation would be valid for a period of eighteen (18) months as from the Shareholders' Meeting of March 24, 2021.

**Proxy to carry out formalities (Resolution 16)**

We propose that you grant full powers to the bearer of an original, copy or extract of these minutes for the purpose of carrying out all filing, publication and other formalities provided for by the law and regulations in force relating to the decisions taken in the context of the Shareholders' Meeting of March 24, 2021.

We thank you for your trust and ask you to adopt the decisions that we submit to your vote.

Aubagne,  
February 5, 2021  
The Board of Directors

# Information on the URD and the Annual Financial Report

## Declaration of Responsibility for the Universal Registration Document and the 2020 Annual Financial Report

I hereby certify, that the information contained in the present Universal Registration Document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the company and all the activities included in the consolidation, and that the management report enclosed presents a fair review of the development and performance of the business and financial position of the company and of all the activities included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the auditors stating that they have audited the information contained in this Universal Registration Document about the financial position and financial statements and that they have read this document in its entirety.

February 17, 2021



Joachim Kreuzburg

Chairman of the Board and CEO

# Table of Reconciliation

In order to facilitate understanding of the present document concerning the presentation of Sartorius Stedim Biotech S.A., the table below has, on the left, the headings from Note 1 of European Regulation No. 809/2004 of April 29, 2004, of the European Commission and in the column on the right, the corresponding pages of the present document.

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# Glossary

## Industrial | Product-specific Terms

### **Antibody drug conjugates (ADC)**

New class of highly potent biological drugs built by attaching a small molecule anticancer drug or another therapeutic agent to an antibody, with either a permanent or a labile linker

### **Bags, single-use**

Plastic disposable bag used in bioreactors and for storing liquids, such as culture media, intermediate products and biopharmaceuticals

### **Biopharmaceuticals, also biologics or biological medical drugs**

Any pharmaceutical drug products manufactured using biotech means and genetically modified organisms

### **Bioprocessing technology**

Covers the process engineering aspects of biotech manufacturing operations. Such aspects include general planning and implementation of a production process, its monitoring and control, and all technologies required for these purposes

### **Bioreactor**

In English-speaking countries, a bioreactor is used as a vessel for cultivating animal or human cells in a culture medium. In non-English-speaking countries, this term is also used synonymously with “fermentor” that is a system in which microorganisms (bacteria, yeast, fungi) multiply. In any case, these vessels are used to obtain cells, parts of these or one of their metabolites.

### **CAR T cells**

New class of highly effective biopharmaceuticals used in cell and gene therapy in which the patient’s own T cells are collected from the blood and genetically modified so that they can identify and destroy cancer cells

### **Cell culture media**

Growth media that provide cells and organisms the nutrients needed to support their propagation in cultures

### **Cell line technology**

Covers various technologies used within the scope of analytical and process steps to develop stable and productive cell lines

### **Chromatography**

A key process step for downstream processing of active pharmaceutical ingredients of biopharmaceuticals; this step isolates the product from fermentation or cell culture broth (known as “capture”) and covers subsequent purification steps (referred to as “polishing”)

### **Downstream processing**

Collective term for the various steps that follow fermentation or cell cultivation in the production of biopharmaceuticals; for example separation, purification and concentration

### **EMA – European Medicines Agency**

European Union agency for the evaluation of medicinal products.

**FDA – Food and Drug Administration**

U.S. governmental agency responsible for monitoring foods and biotechnological, medical, veterinary and pharmaceutical products.

**Fermentation**

Technical process used to produce or transform intra- or extracellular substances with the help of microorganism

**Fluid management technologies**

Technologies and systems for use in handling sensitive biological liquids; for example single-use bags for the preparation, storage and transport of biopharmaceutical solutions, intermediates and final bulk products

**Life sciences**

Collective term for all natural sciences dealing with the study of processes or structures of living organisms or in which such organisms are involved. This term is often commonly used in relation with application-oriented fields of science that focus on manufacturing pharmaceuticals using biotechnology.

**Liquidity provider**

Investment service provider that is mandated by an issuer to improve the liquidity of shares

**Market Abuse Regulation (MAR)**

EU Regulation that aims to increase market integrity and investor protection by preventing insider dealing, the unlawful disclosure of inside information and market manipulation (market abuse) on European financial markets

**Membrane chromatography**

Selective separation of mixtures of substances by adsorption to specifically modified membranes (membrane adsorbers) in a flowing system

**Membrane (filter)**

Thin film or foil made of polymers; because of its porous structure, this film is used as core component for all filtration applications.

**Monoclonal antibodies**

Synthetic antibodies that are increasingly being used in medical diagnosis and treatment

**Purification**

In downstream processing, a step covering all process technologies used after cell harvesting to further separate an active pharmaceutical compound from other components present in fermentation or cell culture broth in order to obtain a pure and concentrated final product

**Single-use | Reusable product**

In biopharmaceutical production, the term “single-use” defines an item intended to be used only one time. Such an item consists of plastic and is disposed of after use. By contrast, reusable products are made of stainless steel or glass and entail time and effort to clean them afterwards for repeated use.

**Upstream processing**

Upstream processing is defined as the entire process from early cell isolation and cultivation, to cell banking and culture expansion of cells until final harvesting. It refers to the part of the bioprocess in which cells or cell lines are grown in bioreactors (see bioreactor).



**Validation**

Systematic checking of essential steps and facilities in research and development and in production, including testing pharmaceuticals, to ensure that the products manufactured can be made reliably and reproducibly in the desired quality

## Business | Economic Terms

**Amortization**

Amortization relates exclusively to potential reductions in the value of goodwill and the allocation of the purchase price to intangible assets acquired as carried out in accordance with IFRS 3.

**CAPEX ratio**

Investment payments in relation to sales revenue for the same period

**Cash pooling agreements**

The term “cash pooling” or “liquidity bundling” refers to intra-group liquidity balancing by a central financial management system, usually assumed by the parent company of a group, which withdraws excess liquidity from the group companies or offsets liquidity shortfalls by loans. It is an element of cash management.

**Cash flow**

Cash balance of inflows and outflows of funds, representing the operating activities of an organization. Alternative: Difference between the available cash at the beginning of an accounting period and that at the end of the period

**Constant currencies; currency-adjusted**

In the presentation of figures, identical exchange rates are used for each of the comparative periods.

**Derivative financial instruments**

Instruments for hedging against the risks of changes in market prices in foreign currencies

**EBIT**

Earnings before interest and taxes

**EBIT margin**

Ratio of EBIT (see EBIT) to sales revenue

**EBITDA**

Earnings before interest, taxes, depreciation and amortization.

**EBITDA margin**

Ratio of EBITDA (see EBITDA) to sales revenue

**Equity ratio**

The ratio of equity to the balance sheet total

**Extraordinary items**

Extraordinary items essentially cover one-time expenses for corporate projects and integration and acquisition related items.

**Factoring program**

Sale of trade receivables to a bank or a financial service institute

**Fixed assets**

Sum of intangible assets, property, plant and equipment and financial assets

**Free float**

Shares of a public company that are freely available to the investing public

**Goodwill**

Difference between the price paid for a company or business and its net assets. Goodwill is a form of intangible asset.

**Normalized financial result**

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

**Normalized income tax**

Normalized income tax based on the underlying profit before taxes and non-cash amortization

**Order intake**

All customer orders contractually concluded and booked during the respective reporting period

**Ratio of net debt to underlying EBITDA**

Quotient of net debt and underlying EBITDA over the past 12 months, including the pro forma amount contributed by acquisitions for this period

**Supply chain management**

Setup and coordinated control of integrated flows of materials, information and finances (supply chains) over the entire value-added process

**Treasury**

Short- and medium-term liquidity management

**Underlying EBITDA**

EBITDA (see EBITDA) adjusted for extraordinary items (see extraordinary items)

**Underlying EBITDA margin**

Ratio of operating EBITDA (see underlying EBITDA) to sales revenue

**Underlying (consolidated) net profit**

Profit adjusted for extraordinary items, non-cash amortization and based on the normalized financial result (see normalized financial result) as well as the corresponding tax effects for each of these items.

**Working capital**

Inventories, including trade receivables, minus trade payables

# Financial Schedule

Annual Shareholders' Meeting	March 24, 2021
Payment of dividends <sup>1</sup>	March 31, 2021
Publication of first-quarter figures for 2021	April 21, 2021
Publication of first-half figures for 2021	July 21, 2021
Publication of nine-month figures for 2021	October 20, 2021
Publication of preliminary figures for fiscal 2021	January 2022
Annual Shareholders' Meeting	March, 2022
Publication of first-quarter figures for 2022	April 2022

<sup>1</sup> Subject to approval by the Annual Shareholders' Meeting

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