Biotest

From Nature for Life

RESPONSIBILITY. EXPANSION. INNOVATION. | Annual Report 2021

KEY FIGURES

BIOTEST GROUP		2021	2020
Revenue	€ million	**515.6**	484.2
thereof:			
Germany	€ million	**140.5**	126.5
Rest of World	€ million	**375.1**	357.7
thereof:			
Therapy	€ million	**461.6**	430.5
Plasma & Services	€ million	**46.7**	46.7
Other Segments	€ million	**7.3**	7.0
EBITDA	€ million	**-16.0**	28.3
Depreciation & amortization	€ million	**31.1**	29.6
Operating result (EBIT)	€ million	**-47.1**	-1.3
EBIT in % of sales	*%*	***-0.1***	*-0.3*
Profit (loss) before taxes (EBT)	€ million	**-62.6**	-30.0
Profit (loss) (EAT)	€ million	**-63.4**	-31.4
Financing			
Cash flow from operating activities	€ million	**33.9**	-16.7
		31.12.2021	31.12.2020
Equity	€ million	**380.4**	441.6
Equity ratio	*%*	***34.4***	*39.0*
Total assets	€ million	**1,104.2**	1,131.3
Employees in FTEs	amount	**1,967.1**	1,928.2
Earnings per ordinary share	€	**-1.61**	-0.80

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DR. GEORG FLOß
Chief Operations Officer

DR. MICHAEL RAMROTH
Chief Executive Officer /
Chief Financial Officer

DR. JÖRG SCHÜTTRUMPF
Chief Scientific Officer

FOREWORD

Dear Shareholders,

For many of you, this form of address will soon no longer be correct. Based on the agreement that the Spanish company Grifols S.A. concluded in September 2021 with our previous majority shareholder on the acquisition of the Biotest share package from Tiancheng International Holdings, our current shareholders have tendered a further 6.22% of the ordinary shares and 42.24% of the preference shares to Grifols S.A. as part of the voluntary takeover bid. We expect that all necessary antitrust approvals will be obtained very soon and that the share transfer can then be legally completed. Grifols S.A. will then hold 96.2% of all ordinary shares and 43.2% of all preference shares and thus a 69.7% stake in the total share capital of our Company.

As the Board of Management, we welcome the change in shareholders because it will significantly increase our business opportunities in the USA again. We look forward to providing innovative products in the areas of haematology, clinical immunology and intensive care medicine to patients as part of the Grifols Group in the future. We see a chance for Grifols and Biotest to combine their existing resources in the blood plasma field to achieve greater resource availability and a broader product range, thus creating the conditions for sustainable business success.

Our employees were again put to the test by the COVID-19 pandemic in 2021. As a Company, we have pulled out all the stops to help contain the pandemic. To protect our employees from infection with COVID-19 and to ensure safe continuation of production, we have continued to maintain the strict safety precautions for company operations that were established at the beginning of the pandemic. We have made regular testing and vaccination offers to our workforce and most recently made booster vaccinations available. In addition to the many activities to protect against infection with the SARS CoV-2 virus, we started very early to research effective therapeutic approaches for patients suffering from COVID-19.

In doing so, we have seen that the novel therapeutic agent Trimodulin, which we developed and which has an anti-inflammatory effect independent of specific coronavirus antibodies, has considerable potential for a considerable number of hospitalised COVID-19 patients. This is based on the positive and medically relevant results we obtained in October 2021 in a phase II study. Analysis of the full dataset of the ESsCOVID (Escape from severe COVID-19) study suggests the efficacy of Trimodulin in a relevant sub-group of severely ill COVID-19 patients. 166 adult patients with severe COVID-19 disease were treated in this multinational study. They were patients with pneumonia or acute respiratory distress syndrome (ARDS) who were hospitalised with a dysregulated systemic inflammatory response.

Biotest considers the reduced progression of the disease and the reduction in mortality to be a relevant medical benefit that supports the continuation of the development of Trimodulin in this patient group. The Paul Ehrlich Institute has advocated continuing the clinical development of Trimodulin in a phase III study in the selected target population of patients with COVID-19 receiving oxygen support. In this context, following a thorough review of our Trimodulin development project, the German Federal Ministry of Education and Research and the German Federal Ministry of Health pledged funding of up to €29 million in November to accelerate the phase III clinical development of Trimodulin for the treatment of hospitalised patients with COVID-19.

We have also set the course for the positive development of our Company with the new production facilities of the Biotest Next Level (BNL) expansion project. At the beginning of July 2021, the facilities were successfully approved by the Darmstadt Regional Council and the Paul Ehrlich Institute and the manufacturing authorisation was granted in accordance with §13 German Medicines Act. The focus is currently on completing the approval of the new immunoglobulin "IgG Next Generation." This is to be manufactured at the Dreieich site, for which we are looking to hire 150 new employees.

We were also able to record another scientific success at the end of 2021. As part of the PreCyssion clinical trial, Biotest treated the first pregnant woman in Germany with Cytotect CP Biotest® to prevent the CMV infection of her unborn child. Infection of the foetus with the cytomegalovirus (CMV) is one of the most common connatal infections and can lead to severe developmental disorders and hearing loss in the new born. The results of an observational study show that the CMV transmission rate is significantly lower under therapy with a CMV hyperimmunoglobulin than without such treatment. This result will be confirmed in the ongoing clinical trial, which will include a total of around 80 women with confirmed primary CMV infection in early pregnancy. It is estimated that more than 50,000 babies with CMV infection are born each year in Europe and the United States. There is currently no approved therapy for this indication. Early treatment with a CMV hyperimmunoglobulin is intended to prevent the transmission of the virus from the mother to the unborn child in time. Biotest is seeking to extend the approval for Cytotect CP Biotest® on the basis of a successfully completed study.

Despite the challenges of the COVID-19 pandemic, the Biotest Group developed extraordinarily successfully in the past financial year. With the opening of five additional plasma collection centres in the Czech Republic and Hungary, we were able to broaden the basis for obtaining the raw material plasma, which is so important for us. In addition, we further expanded our international market presence and significantly increased revenues. At €516 million or 7%, revenues for financial year 2021 were significantly above the previous year's figure and even above our expectations shown in the outlook. Among other factors, the continuing high global demand for immunoglobulins and the market approval in France for the human intravenous immunoglobulin preparation Intratect® provide future growth potential. Biotest thus now has access to this large European immunoglobulin market with a sales volume of approximately € 550 million for the first time.

The write-off for existing inventories, which became necessary at the end of 2021, burdened the result by €40.1 million. The background to this is that the production of our preparations is a coupled production, in which the production of immunoglobulins always also produces the precursor of Factor VIII. However, the demand for coagulation factors cannot keep up with the enormous demand for immunoglobulins, especially since in the therapeutic area plasma proteins also compete for use with synthetically produced drugs such as recombinant, half-life extended factor concentrates or non-coagulation factor therapies. Without the non-recurring impairment effect, earnings before interest and taxes (EBIT) would amount to € - 7.0 million in 2021. Biotest thus achieved the EBIT forecast of € -5 to € -10 million, adjusted for the non-recurring effect.

Finally, we would like to express our special thanks to all those who have contributed to the Company's success under these challenging conditions. This thanks goes in particular to all plasma donors who, despite the difficult situation and uncertainty caused by COVID-19, have made their contribution to the supply of this important raw material. Likewise, our employees have more than impressed us with their great commitment, their perseverance in adhering to protective and safety precautions, as well as their loyalty – for this, we owe them our sincere thanks! Without the commitment of the plasma donors and the outstanding performance of our employees, it would not have been possible to produce lifesaving preparations for patients in this once again challenging financial year 2021. The fact that we were able to master this together again makes us feel proud!

Sincerely yours,

Dr Michael Ramroth
Chairman of the
Board of Management

Dr Georg Floß
Member of the
Board of Management

Dr Schüttrumpf
Member of the
Board of Management

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2021

A. GROUP PRINCIPLES

A.I. BUSINESS MODEL OF THE GROUP

The Biotest Group, headquartered in Dreieich, Germany, is an international supplier of biological medicines. Products currently on the market and new developments are obtained from human blood plasma or manufactured using biotechnology methods. The main therapeutic areas are haematology, clinical immunology and intensive care medicine.

The Biotest Group is engaged in research and development in all three therapeutic areas. Biotest covers all the material steps of the value chain, such as preclinical and clinical development of the preparations, plasma collection, production, worldwide marketing and sales.

A.I.1. CORPORATE STRUCTURE

The Consolidated Financial Statements include the parent company Biotest AG and 14 other fully consolidated companies.

All of Biotest's investments are listed in Section F9 of the Notes to the Consolidated Financial Statements. For detailed information regarding the Company's corporate structure, management and governance, please see the "Management Declaration" available on the Company website www.biotest.com.

On January 31, 2018 Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, an indirectly controlled subsidiary of Creat Group Co. Ltd., Nanchang, People's Republic of China (Creat), acquired an 89.88% share of the voting share capital in Biotest AG and 44.95% of the total share capital of Biotest AG.

Grifols, S.A., a Spanish pharmaceutical company in the plasma industry, announced on 17 September 2021 that it has decided to launch a voluntary public tender offer for all outstanding publicly traded ordinary and preference shares of Biotest AG at a price of € 43.00 per ordinary share and € 37.00 per preference share in cash. Grifols, S.A. has also announced that it has entered into a share purchase agreement with Tiancheng International Investment Limited to acquire 100% of the shares of Tiancheng (Germany) Pharmaceutical Holdings AG, the major shareholder of Biotest AG.

On 26 October 2021, Grifols, S.A. published the offer document according to Section 11 of the German Securities Acquisition and Takeover Act (WpÜG) for its voluntary public takeover offer to all shareholders of Biotest Aktiengesellschaft with its registered office in Dreieich, Germany. The acceptance period for the offer ended on 4 January 2022. The further acceptance period began on 8 January 2022 and ended on 21 January 2022.

On 26 January 2022, Grifols, S.A. disclosed that it holds an instrument pursuant to Section 38 (1) sentence 1 no. 2 relating to 17,783,776 ordinary shares, corresponding to approximately 89.88% of the voting rights in Biotest AG. Furthermore, Grifols, S.A. stated that the total number of shares in Biotest AG for which the takeover offer from Grifols, S.A. dated 26 October 2021 has been accepted by the expiration of the additional acceptance period on 21 January 2022, plus the voting rights resulting from the aforementioned instrument, corresponds to approximately 96.20% of the voting rights and approximately 48.10% of the share capital of Biotest AG. For the preference shares, this equates to a share of approximately 42.15% of all issued preference shares and of approximately 21.08% of the share capital of Biotest AG.

Execution of the offer and the share purchase agreement are subject to the condition precedent of approval by the antitrust authorities in Germany (or in the case of a referral by the European Commission), Spain (or in the case of a referral by the European Commission) and Turkey and must be fulfilled cumulatively by no later than 17 December 2022.

A.I.2. SEGMENTS OF THE BIOTEST GROUP

The Company's operations are divided into the segments Therapy, Plasma & Services and Other Segments. The Therapy segment includes products and development projects assigned to the three above-mentioned therapeutic areas. Plasma sales, toll manufacturing and know-how transfer are combined in the segment Plasma & Services. Biotest reports on its merchandise business and cross-divisional costs not allocated to the Therapy or Plasma & Services segments in Other Segments.

A.I.3. VALUE CREATION

The Biotest Group covers the essential stages of the value chain for the manufacture of its main products, plasma proteins, such as preclinical and clinical development of the preparations, plasma collection, production, worldwide marketing and distribution. Production is located at the German headquarters in Dreieich. In addition, Biotest maintains its own distribution operations in seven European countries and Brazil, which are responsible for marketing Biotest products in these countries. The Biotest Group is also active globally via local partners. The sales and distribution activities are centrally managed strategically from Biotest's headquarters in Dreieich.

Human blood plasma is the basis for manufacturing Biotest products. To obtain this raw material for its own production as well as for the purposes of selling some of it to contractual partners, Biotest currently operates 28 of its own collection centres in Europe. In these centres, blood is taken from qualified and strictly monitored healthy donors, and the required blood plasma is separated by plasmapheresis. The blood plasma is then processed further into the respective Biotest preparations at the Dreieich production site or, to a lesser extent, sold as an intermediate product. Furthermore, Biotest procures blood plasma from a variety of suppliers.

In addition to the focus area of blood plasma products, Biotest is also conducting research on new approaches to treating haemophilia.

In order to expand the product range and increase manufacturing capacity, Biotest started planning and implementing the Biotest Next Level (BNL) project in 2013. Further progress was made on this project in financial year 2021. In March 2021, another partial inspection was carried out by the Darmstadt Regional Council in the course of granting the manufacturing authorisation pursuant to Section 13 of the German Medicines Act. The focus of this inspection was on computer system validation and data management. The inspection was completed without any deficiencies. The production of the Process Performance Qualification (PPQ) batches began in the second quarter, from which, in addition to IgG Next Generation, the precursors for Albiomin®, Haemoctin® and Trimodulin are also produced. On the basis of these batches, proof is provided that IgG Next Generation (and in the future Albiomin and Haemoctin) is reliably produced in consistent quality at newly constructed production facilities. In addition, the PPQ batches demonstrate that the preparation from the new production facilities is comparable to that which was previously used in clinical research. The final acceptance by the Darmstadt Regional Council took place at the beginning of July 2021. The focus here was on the PPQ batches, whose production was inspected on site by the RP. The inspection was passed without any critical or serious findings and in the course of this, the manufacturing authorisation was granted in accordance with Section 13 of the German Medicines Act.

The last of the PPQ batches was successfully manufactured at the beginning of August 2021. With the achievement of this milestone, all prerequisites for the successful commercial production of IgG Next Generation have been created. All data collected will be compiled as part of preparing the dossier. The submission of the dossier to the Agency for the Evaluation of Medicinal Products for IgG Next Generation is planned for the spring of 2022. Approval for this and thus marketing authorisation for IgG Next Generation is expected at the end of 2022.

A.I.4. PRODUCT PORTFOLIO

Biotest's product range is divided into the therapeutic areas of haematology, clinical immunology and intensive care medicine. The portfolio contains products that are already on the market as well as development projects in various phases of product development. The following table provides an overview of the preparations and indications as well as the current development and distribution status.

PRODUCTS AND DEVELOPMENT PROJECTS OF THE BIOTEST GROUP

Product	Lead indication	Status as of 31 December 2021
Therapeutic area Haematology		
Haemoctin® SDH	Haemophilia A (acute therapy and prophylaxis)	Commercialisation in Europe, Asia, South America and the Middle East. Market launch of Haemoctin® 500 and 1000 with double concentration in Europe; other countries as well as the trade size Haemoctin® 250 and Haemoctin® 2000 will follow
Haemonine®	Haemophilia B (acute therapy and prophylaxis)	Commercialisation in Europe, North Africa and the Middle East
Vihuma®	Haemophilia A (acute therapy and prophylaxis)	Commercialisation in Germany and Austria
Therapeutic area Clinical Immunology		
Cytotect® CP Biotest	Prophylaxis of the clinical manifestation of cytomegalovirus (CMV) infection in patients undergoing immunosuppressive therapy In development*: Prevention of cytomegalovirus (CMV) infection of the foetus during pregnancy when the mother is infected with CMV	Commercialisation in Europe, Asia, South America, Africa and the Middle East Clinical development: phase III study approved
Fovepta®	Immunoprophylaxis of hepatitis B in neonates	Commercialisation in Asia, South America, Africa and the Middle East
Hepatect® CP	Prophylaxis of hepatitis B reinfectionfollowing liver transplantation as well as immunoprophylaxis of hepatitis B	Commercialisation in Europe, Africa, Asia and the Middle East
Intratect® 50 g/l (5 %)	Primary immune deficiency (PID) and secondary antibody deficiency syndromes (SID), autoimmune diseases (among others neurological indications CIDP, MMN and GBS, as well as ITP)**	Commercialisation in Europe, South and Central America, Asia and other regions
Intratect® 100 g/l (10 %)	PID and SID, autoimmune diseases (neurological indications CIDP, MMN and GBS, as well as ITP and Kawasaki syndrome)**	Commercialisation in Europe and the Middle East
IgG Next Generation*	EU/ROW: PID and SID, autoimmune diseases (including the neurological indications CIDP, MMN and GBS, as well as ITP) USA: PID	Clinical development; ongoing phase III studies completed Submission of dossier planned for Spring 2022, first marketing authorization expected for the end of 2022
Varitect® CP	Prophylaxis and treatment of varicella zoster virus infection	Commercialisation in Europe, South America, Asia and the Middle East
Zutectra®	Prophylaxis of hepatitis B reinfection following liver transplantation	Commercialisation in Europe
Therapeutic area Intensive Care Medicine		
Albiomin® (5% and 20%)	Restoration and maintenance of the circulating blood volume in the case of reduced circulating volume	Commercialisation in therapy in Europe, South America, China and Asia, Africa and the Middle East, including Israel Globally marketed as excipient: sold in Europe, South America, Asia, Africa and the Middle East Launch in Europe, Japan, the USA and Israel
Biseko®	Restoration and maintenance of the circulating blood volume in the case of reduced circulating volume	Commercialisation in Asia and the Middle East
Cofact®	Deficiency of coagulation factors	Commercialisation in Germany and Austria
Fibrinogen*	Congenital fibrinogen deficiency	Clinical development; phase I/III study completed
	Acquired fibrinogen deficiency	Clinical development; ongoing phase III study
Trimodulin (IgM Concentrate)*	Severe community-acquired pneumonia (sCAP) Severe COVID-19 disease	Clinical development; phase II trial (ESsCOVID) in COVID-19 patients completed; Phase III trials in COVID-19 and sCAP in preparation
Pentaglobin®	Severe bacterial infection with concomitant use of antibiotics	Marketing in Central and South America, Asia, Europe and the Middle East

* Preparations in the development phase (status as of 31 December 2021)

** Chronic Inflammatory Demyelinating Polyneuropathy (CIDP); multifocal motor neuropathy (MMN); secondary immune deficiency (SID); Guillain-Barré syndrome (GBS); Idiopathic thrombocytopenic purpura (ITP); Primary Immunodeficiency (PID)

A.I.5. HUMAN RESOURCES

Change in the number of employees

As of 31 December 2021, Biotest employed 1,967 persons expressed as full-time equivalents. This represents an increase of 2.0 % compared to 1,928 full-time equivalents at the end of 2020. As of 31 December 2021, 1,283 full-time equivalents (65.2 %, previous year: 67.7%) were assigned to Biotest AG. Around three out of four employees (76.6 %) worked in Germany (previous year: 79.6%).

A.I.6. EXTERNAL FACTORS INFLUENCING THE BUSINESS

Regulatory environment

Biotest's manufacturing facilities for plasma proteins are subject to supervision and approval by the Darmstadt Regional Authority, Germany, and the Paul Ehrlich Institute (PEI), Langen, Germany. These authorities also inspect the plants newly built at the Dreieich location as part of the Biotest Next Level project, regularly inspect the current facilities and issue the necessary manufacturing authorisation for Biotest. Furthermore, authorities in the international environment increasingly demand national approval of the Biotest manufacturing facilities. In the member states of the European Union, plasma proteins are approved through national authorisation procedures, the centralised marketing authorisation procedure or by mutual recognition of national marketing authorisations. In the international environment, marketing authorisations are issued by the respective national regulatory authorities. The legal and regulatory requirements for the marketing authorisation of Biotest preparations are subject to routine and event-driven changes. Quality requirements and marketing authorisation requirements are constantly being increased in the international environment. These developments led to rising costs for marketing authorisation procedures with national and international authorities in financial year 2021.

The situation regarding the COVID-19 pandemic

Over the course of financial year 2021 and at the time of publication of this Annual Report, the effects of the COVID-19 pandemic continued to shape the economic and social environment of the Biotest Group. Despite the vaccination programmes initiated in many countries at the turn of the year 2020/2021, there is still a high degree of uncertainty regarding the future course of the COVID-19 pandemic, among other things due to the occurrence of virus mutations.

In 2020, Biotest implemented measures to maintain business operations quickly and effectively while at the same time providing the best possible health protection for its employees. These measures – increased mobile working and the tightening of hygiene and safety precautions that are already strict in the pharmaceutical sector, for example – continue to apply. In addition, free COVID-19 rapid tests were offered to our employees from March 2020 until the end of 2021. From June to August 2021, Biotest operated its own vaccination centre at company headquarters in Dreieich. There, employees and their relatives living in the same household, as well as employees of companies who regularly work at the Dreieich site, were vaccinated by the company doctor team, provided they had not already received a vaccination elsewhere. The vaccination programme was restarted in December. First, second and booster vaccinations were offered. With the introduction of "3G rule" (geimpft, genesen oder getestet = vaccinated, recovered or tested) a new regulation in the workplace at the end of November, Biotest only allowed access to employees who had been vaccinated or had recovered. Employees who did not yet have (complete) vaccination protection were offered the opportunity to be tested directly at the site free of charge before starting work. With a negative test result, these employees could then also enter the company premises and go to their workplace. In order to provide an incentive for the first vaccination, non-vaccinated employees who were vaccinated by mid-December were paid a corona bonus of € 150 without any deduction of taxes and social security contributions. Employees with full vaccination coverage also received a corona bonus of € 150.

Since the beginning of the pandemic, the Biotest Group's business operations have continued at or above the previous year's level with few restrictions. Nevertheless, it cannot be ruled out that a worsening of the COVID-19 pandemic could have a negative impact on the Biotest Group's business performance.

The safety of Biotest preparations and the patients treated with them was also guaranteed at all times in the financial year 2021.

For research activities regarding therapeutic approaches for COVID-19 patients, please refer to chapter A.IV Research and development (general).

A.II. GROUP STRATEGY

The core element of Biotest's strategy is a clear focus on the commercialisation and development of plasma proteins. In addition to continuously advancing its own research and development pipeline, the Company's registration and marketing authorisation activities are focussed on the ongoing internationalisation and diversification of its portfolio.

The Biotest Group has been expanding its capacities at the Company's headquarters in Dreieich since 2013 in order to participate in global market growth in the future. The BNL project will expand the product portfolio and double fractionation capacities. In the future, five rather than three product lines will be obtained from the raw material plasma while at the same time increasing yields. This is intended to further strengthen the Company's profitability and thus its competitiveness on the global markets to lay the foundation for the further profitable growth of the Group.

Biotest is actively looking for development and/or distribution partnerships for selected plasma proteins.

The core element in implementing Biotest's corporate strategy is utilising internal resources to cover key parts of the value chain. These include in particular research and development, plasma collection, production, quality assurance and distribution. Its existing expertise, especially in the areas of plasma collection and fractionation, is also used to offer free capacities in toll manufacturing on the market.

A takeover by Grifols S.A. could result in a change in the Group's strategy. The details are listed in the Opportunities Report, chapter D.III.

A.III. BUSINESS PERFORMANCE MANAGEMENT

Biotest uses both financial and non-financial indicators to manage its business, the development of which influences the value of the Company in different ways. Financial and non-financial performance indicators are measured continuously and are part of the monthly reports to the Board of Management. These reports include an analysis of actual figures and their deviations from plan and previous years' figures by segment and company. Additional specific analyses are prepared on an event-driven basis.

Due to the presentation in € million, rounding differences of +/- one decimal place may arise when adding up the amounts stated below.

A.III.1. FINANCIAL PERFORMANCE INDICATORS

The financial indicators used to manage the business performance of the Biotest Group are shown in the table below:

KEY PERFORMANCE INDICATORS AT GROUP LEVEL

Indicator	Calculation method	Values as of 31.12.2021	Values as of 31.12.2020
Revenue in € million	See statement of income	515.6	484.2
Operating result EBIT in € million	See statement of income	–47.1	–1.3
Adjusted EBIT in € million	EBIT./.expenses for special items	29.4	78.4
Return on Capital Employed (ROCE)	EBIT/capital employed*	–5.1%	–0.1%
EBIT margin	EBIT/sales	–9.1%	–0.3%
EBT margin	EBT/sales	–12.1%	–6.2%
Contribution margin	(Sales - cost of sales) / sales	15.7%	26.9%
Cash flow from operating activities in € million	See cash flow statement	33.9	–16.7
Cost of sales ratio	Cost of sales/sales	84.3%	73.1%
Marketing and distribution expense ratio	Marketing and distribution costs /sales	9.9%	10.4%

* Capital employed is defined as total assets less the following items: liquid funds, medium- and long-term investments of funds, prepaid expenses, deferred taxes, trade payables.

The most important performance indicators are sales and operating profit (EBIT). This class of key performance indicators also includes Return on Capital Employed (ROCE), cash flow from operating activities and adjusted EBIT as additional performance indicators.

Adjusted EBIT describes the operating performance of the Biotest Group excluding special items. In the financial years 2021 and 2020, the special items related to expenses from the Biotest Next Level expansion project and, in the previous year, additionally to expenses for the development of monoclonal antibodies. This key figure is an alternative performance measure (APM) that is not defined in the IFRS (International Financial Reporting Standards).

The respective operating profit (EBIT) represents the key performance indicator at the segment level.

Other indicators include sales and contribution margin by product and by sales representative. The respective share that Biotest holds in the total market as well as in a specific market segment represents an important indicator in sales. In addition, the structure of receivables as well as their associated risks are continuously analysed. Inventories and the development of receivables are measured and verified on a monthly basis.

A.III.2. NON-FINANCIAL PERFORMANCE INDICATORS

Non-financial performance indicators within the Company as a whole are used in particular in production and relate to the degree of capacity utilisation, throughput and downtimes, quality parameters as well as the level of inventories along the production chain and the yield per unit volume of plasma. These are not as important as the financial performance indicators, however.

A.III.3. MANAGEMENT OF R&D PROJECTS

Regular portfolio analysis is performed for the management of research and development projects. Development time lines, costs, probabilities of success, risks, strategic importance and market size as well as the commercial potential are used, among other things, in the form of a net present value analysis are used for this. On the basis of the portfolio analysis, a Company-wide prioritisation of the projects and hence a focus of the organisation on the strategically important projects is achieved.

A.IV. RESEARCH AND DEVELOPMENT (GENERAL)

As part of the corporate strategy, research and development, among other areas, is the basis for the future growth of the Biotest Group. Substantial potential is offered by the ongoing development of existing products and the development of new products.

The focus in research and development projects is on plasma proteins. Research activities currently focus on the new products IgG Next Generation, Trimodulin and Fibrinogen. These form the core of the product portfolio intended for production in the new Biotest Next Level production facility.

In addition, existing products are also systematically developed to further increase patient benefits or to achieve new indications and approvals in additional countries.

A detailed list of the progress made in the research and development projects carried out in financial year 2021 is shown in the "Research and Development" section of the Business Report.

The Biotest Group's research and development costs amounted to € 52.3 million in financial year 2021 (previous year: € 55.8 million). These expenses amounted to 10.1 % of sales after 11.5% in the same period of the previous year. The number of employees (converted into FTEs) working in research and development has not changed as of December 31, 2021, compared with December 31, 2020, at 213 full-time equivalents.

For the first time, Biotest announces the Renate & Hans Schleussner Award for Scientific Research to promote scientific research and innovation in the field of hyperimmunoglobulins. With this award, Biotest wants to draw the interest of scientists from all over the world to the manifold potential of plasmatic specialty products. The overall aim is to increase innovation in this field, which is particularly important for Biotest.

B. ECONOMIC REPORT

B.I. BUSINESS AND GENERAL FRAMEWORK

After the global economy recovered from the consequences of the COVID-19 pandemic in the first half of 2021, a renewed increase in corona infections slowed economic activity in many parts of the world from autumn onwards, according to the Kiel Institute for the World Economy (IfW).[1] However, the incidence of infection is becoming less and less synchronised worldwide. The economic impact also varies; especially in countries with a high vaccination rate, higher incidences are also tolerated without containment measures being taken that would severely dampen the economy. In many Asian countries, an increased incidence of

1 Kiel Institute for the World Economy (2021), Economic reports from Kiel, World economy in winter 2021, p. 2

infection in the summer led to a significant slowdown in economic activity, while the impact on production in the United States and Europe was mostly low.[2]

Supply bottlenecks are also weighing heavy on the upswing in the industrialised nations, according to the IfW.[3] This was mainly due to capacity problems in logistics, especially in maritime transport. These manifested themselves not only in drastic increases in freight charges, but also in the fact that since the beginning of 2021, the share of freight on idle ships has risen sharply. In addition, the high demand could often no longer be met with the existing production capacities. For example, many industries are suffering from supply bottlenecks, such as semiconductors, whose manufacturers are currently unable to fill all of their orders within the usual deadlines.[4]

Despite these challenges, the global economy managed to grow by 5.7% in 2021 (2020: -3.1%) and regain momentum. For the coming years, the IfW expects a slight flattening of the growth rate.[5] For 2022, the economists expect an increase in global production of 4.5 % and further growth of 4.0% in 2023.[6] The reason given for this is the continuing impact of the pandemic and supply bottlenecks on the economy, although these should diminish over time.[7]

In Germany, the renewed flare-up of the pandemic and the resulting supply bottlenecks also halted the recovery of economic activity in the fourth quarter of 2021. According to the IfW, these effects will still be felt at the beginning of 2022, after which an economic easing should take place with decreasing case numbers in the summer months and a de-escalation of the supply chain problems.[8] Against this backdrop, the IfW expects German GDP to grow by 2.6% in 2021, following a 4.6% decline in 2020. For 2022 and 2023, the IfW forecasts an increase in German GDP of 4.0% and 3.3% respectively.[9]

The IfW also expects further subdued growth in the next few years after a strong recovery from 2020 to 2021 for the USA (2020: -3.4%; 2021: +5.6%; 2022: +4.4%; 2023: +2.9%), for the euro region as a whole (2020: -6.4%; 2021: +5.0%; 2022: +3.5%; 2023: +3.1%), for Asia (2020: -1.1%; 2021: +6.9%; 2022: +6.3%; 2023: +5.9%), for Latin America (2020: -6.8%; 2021: +6.6%; 2022: +3.3%; 2023: +3.1%) and for the UK (2020: -9.7%; 2021: +6.9%; 2022: +4.5%; 2023: +1.9%).[10]

Due to the high global medical demand for plasma protein products, the Biotest Group is dependent on global economic cycles only to a lesser extent. This assessment by management also applies under the current economic conditions. Nevertheless, effects on the operating business, in particular due to local crises and exchange rate changes, cannot be ruled out.

B.II. INDUSTRY-SPECIFIC FRAMEWORK

B.II.1. IMMUNGLOBULINS AND ALBUMIN

The Biotest Group is active in the global markets for immunoglobulins and albumin, which represented the strongest sales of the product range in the past financial year. Both the established markets such as the USA and Europe as well as other regions of the world continue to contribute to the positive development.

The long-term growth of the global albumin market is estimated at a compound annual growth rate of around 6%.[11] Industry experts expect the long-term target corridor to be an annual global increase in demand in the mid-single-digit percentage range for the immunoglobulin (IgG) market.[12] In the USA and Europe, the market volume for immunoglobulins remained stable in the first half of 2021 compared to the previous year.[13] Despite supply difficulties on the part of competitors, the German market, which is important to Biotest, managed to grow at high single-digit rates in the first nine months of 2021 compared to the previous year.[14]

As a result of the COVID-19 pandemic and related restrictions on the population, plasma donations in the USA in 2021 are expected to have been at the previous year's level.[15] Due to the importance of US plasma for the global market, a product shortage is expected in 2022, especially for IgG. The plasma volumes collected in the EU countries of Germany, Austria, the Czech Republic

2 Ibid. p.3.
3 Ibid. p.2.
4 Ibid. p.5.
5 Ibid. p.8.
6 Ibid. p.8.
7 Ibid. p.8.
8 Kiel Institute for the World Economy (2021), Economic reports from Kiel, German economy in winter 2021, p. 2.
9 Ibid. p.2, p. 4.
10 Kiel Institute for the World Economy (2021), Economic reports from Kiel, World economy in winter 2021, p. 8, p. 9, p. 25.
11 Markets and Markets (2020).
12 MRB (2021)
13 IQVIA (2021), PPTA (2021), Internal Biotest analysis
14 Insight Health (October 2021), IQVIA (October 2021).
15 PPTA (2021), Internal Biotest analysis

and Hungary, which are of importance to Biotest, are expected to remain at the 2019 level in 2021 despite the more difficult conditions.[16]

Prices for intravenous immunoglobulins (IVIG) in the EU remain well below the price level in the United States, while the average price is developing positively globally.

B.II.2. HAEMOPHILIA

In the treatment of haemophilia A, the recombinant sector is dominated by extended half-life Factor VIII preparations. The numerous treatment alternatives intensify competition and keep price pressure high in the overall market. The introduction of new alternatives to Factor VIII therapy, so-called non-Factor replacement therapies, is slowing the growth of the Factor VIII market, especially in the USA, Europe and other developed markets. In emerging markets, growth is still expected to be in the low to mid-single-digit percentage range due to the increasingly established Factor VIII therapies.[17] In many of these countries, haemophilia patients currently do not have access to coagulation factor therapy. While Europe, North and South America account for only around 29% of the world's population, they are responsible for about 82% of the global Factor VIII market volume. The US market plays a special role here.[18]

Despite regulatory hurdles, the expected market launch of gene therapies for the treatment of haemophilia A from 2022 will put further pressure on the developed Factor VIII markets and further strengthen the importance of markets outside the USA and Europe. While an overall development of -1% p.a. in the volumes of plasmatic Factor VIII preparations is forecast for the global market through 2024, a decrease in plasmatic FVIII volumes of approximately -10% to -12% p.a. is expected in the United States, the largest market for haemophilia preparations, and in the European market, which is of importance to Biotest. Volume increases in the low single-digit range are only expected in emerging markets. The simultaneous decrease in plasma FVIII prices in developed markets and the shift of the market to low-priced emerging markets leads to clearly negative expectations regarding sales of plasmatic FVIII products worldwide.[19]

B.II.3. TRANSPLANTATIONS

Against the backdrop of the COVID-19 pandemic, planned surgeries in 2021 were either postponed or cancelled altogether in many different countries. International transplant data shows that the number of procedures in 2021 remained at approximately the same level as in 2020, which was lower than in 2019.[20] Due to the renewed global increase in the number of corona infections since the fall of 2021 and the related permanent emergency situation for hospitals and intensive care units, a sustained negative impact on transplantation figures is expected. It is also expected that with the progress of international vaccination programmes, protective measures can be relaxed in the long term so that transplantation figures can reach the pre-COVID-19 level in the course of 2022.

B.III. BUSINESS PERFORMANCE

B.III.1. BIOTEST IN 2021

Goals for 2021: Forecast / actual comparison

The Board of Management forecast an increase in sales in the mid-single-digit percentage range for financial year 2021.

In financial year 2021, the Biotest Group generated sales of € 515.6 million, after € 484.2 million in the previous year. This equates to a 6.5% increase in sales (€ 31.4 million).

Biotest's sales in the Therapy segment developed very positively despite the ongoing corona crisis, growing at a rate of 7.2% compared to the year 2020. This is a consequence of the growth that was achieved in key sales markets due to the positive development of sales of the main product Intratect®.

[16] PPTA (2021), Internal Biotest analysis
[17] MRB (2019), Internal Biotest analysis
[18] Report on the Annual Global Survey 2020, World Federation of Hemophilia (2021)
[19] MRB (2019), Internal Biotest analysis
[20] Eurotransplant database, accessed on 26 November 2021.

EBIT amounted to € -47.1 million in financial year 2021, compared to € -1.3 million in the previous year. At the beginning of 2021, the Board of Management had forecast EBIT of € -5 million to € -10 million. This forecast was revised in December 2021 to EBIT of € - 43 million to € - 55 million. The reason for the adjustment was the necessary write-off for plasmatic coagulation Factor VIII due to the sales market situation.

The Group had forecast a return on capital employed (ROCE) of around -1% to -0.5%. ROCE for financial year 2021 was -5.1%, as EBIT was significantly below the originally forecast value.

At the beginning of the financial year, cash flow from operating activities was forecast to be between approximately € -45 million and € -50 million. At € 33.9 million, the forecast target value was clearly exceeded. This was mainly due to the positive cash flow from the change in working capital as a result of the reduction in inventories and trade receivables.

The Biotest Group's core business (adjusted EBIT) is clearly positive at € 29.4 million (previous year: € 78.4 million); the forecast was for an amount of € 65 to 80 million.

in Millionen €	2021	2020
EBIT	**-47.1**	**-1.3**
Expenses for Biotest Next Level	76.5	79.6
Expenses for monoclonal antibodies	0.0	0.1
Adjusted EBIT	**29.4**	**78.4**

The expenses for BNL were mainly allocated to the costs of sales of € 38.3 million (same period of the previous year: € 55.8 million) and the research and development costs of € 38.2 million (same period of the previous year: € 55.8 million) for products that can only be manufactured at the new facility.

Other events in the course of business

The COVID-19 pandemic

The business performance in 2021 in the countries in which the Biotest Group operates was significantly impacted by the effects of the measures aimed at containing the COVID-19 pandemic ordered by the various governments. Detailed information on this topic is provided in a separate section of chapter A.I Business model of the Group, subchapter 6. External factors influencing the business.

Virtual Annual General Meeting

At the 2021 Annual General Meeting, which was held as a virtual Annual General Meeting due to the prevailing COVID-19 pandemic, the shareholders of Biotest AG voted on 11 May 2021 to distribute a dividend of € 0.04 per preferred share. An amount of around € 0.8 million was thus distributed in total.

Personnel change on the Supervisory Board

Kerstin Birkhahn retired from the Biotest Supervisory Board as an employee representative on 30 September 2021. Dr. Salome Drechsler, who was elected as Mrs. Birkhahn's deputy, succeeded her on 1 October 2021.

Personnel change in the Board of Management

On 9 December 2021, the Supervisory Board of Biotest AG appointed Dr. Jörg Schüttrumpf to serve as an additional member of the Company's Board of Management with effect from 1 January 2022. As 'Chief Scientific Officer,' Dr. Schüttrumpf will be responsible for research and development within the Biotest Group, including drug safety regulatory affairs as well as project management.

Takeover offer by Grifols S.A.

Grifols S.A., a Spanish pharmaceutical company in the plasma industry, announced on 17 September 2021 its decision to launch a voluntary public takeover offer for all outstanding publicly traded ordinary and preference shares of Biotest AG. Further details can be found on page 1 of this Annual Report.

Group business strategy and implementation in financial year 2021

Internationalisation

The Biotest Group achieved sales growth in the most important countries in all regions and thus continued its international growth. In financial year 2021, the Biotest Group opened up new countries through additional approvals and thus further strengthened its international orientation. In financial year 2021, approvals included Intratect 50 g/l and Intratect 100 g/l in France, Fovepta® in Vietnam, Haemonine® 500 & 1000 in Turkey, Albiomin 20% in Bangladesh and Albiomin 5% in Iran as well as Bangladesh The products approved in the second half of the year included Albiomin 20% in Lithuania, Cytotect CP Biotest in Turkey and Pentaglobin in the Philippines.

Partnerships

Already in 2018, Biotest entered into a cooperation to support the construction of a plasma fractionation plant in Turkey as a technology supplier. As part of the project, Biotest has agreed milestone payments and royalties with the partner. During project development, Biotest will receive payments for the transfer of know-how, training and ongoing consulting. Following completion, royalty payments from ongoing production have been agreed.

In 2020, Biotest entered into an industry-wide collaboration as part of the CoVIg-19 Plasma Alliance with CSL Behring, LFB, Octapharma and Takeda, among other companies. The goal of the alliance was to develop a polyclonal hyperimmunoglobulin drug against SARS-CoV-2. After failing to meet the primary endpoint of a US publicly funded trial of hyperimmunoglobulins from different manufacturers in COVID-19 patients in which the alliance participated, the CoVIg-19 Plasma Alliance was disbanded. Biotest has suspended the programme to develop a COVID-19 hyperimmunoglobulin for the time being to await data from parallel studies by competitors in which patients are treated with a COVID-19 hyperimmunoglobulin earlier in the course of the disease.

In 2020, Biotest entered into a cooperation with a partner to contribute financially to the set-up of plasma centres in the future. The first payments toward establishing new plasma centres were made to the partner in 2021. In 2021, Biotest entered into a second cooperation with another partner to continue with the strategy. Within the framework of the partnership, Biotest has already contributed financially to the establishment of plasma centres that same year.

Research & Development

OVERVIEW OF CLINICAL STUDIES

Type of study	Study number	Dosage/study design	Number of study participants	Status as of 31 December 2021
Therapeutic area Clinical Immunology				
Cytotect CP Biotest				
Phase III - PreCyssion study Cytomegalovirus (CMV) infection	997	Multiple dosing in pregnant women with primary CMV infection to prevent the unborn child from being infected	80 planned	Patient recruitment in progress In August 2021, Biotest received approv-al for a phase III clinical trial in pregnant women for the prevention of CMV infections of the unborn child.
IgG Next Generation				
Phase III Primary immunodeficiency (PID)	991	Multiple dosing, 12-month treatment duration	67	Treatment of adults and children completed. The primary and secondary endpoints were met and the therapy was tolerated very well overall by all age groups.
Phase III immune thrombocytopenia (ITP)	992	Multiple dosing	34	Study completed; the data shows the expected good effectiveness and a good safety profile for the product.
Therapeutic area Intensive Care Medicine				
Fibrinogen				
Phase I/III Congenital fibrinogen deficiency	984	Phase I: single dose to determine pharmacokinetics, phase III: dosage and frequency of treatment of acute bleeds in case of therapy customised to each patient	36	Study completed; the results confirm high expectations regarding efficacy and safety.
Phase III Acquired fibrinogen deficiency	995/ ADFIRST	Treatment for severe blood loss during planned spinal or abdominal tumour surgery. Active-controlled, randomised study comparing frozen fresh plasma or cryoprecipitate.	200 planned	Patient recruitment in progress Phase III registration trial with additional patient group accelerated: For the treatment of severe bleeding in acquired fibrinogen deficiency (AdFIrst study no. 995), the first patients were treated with pseudomyxoma peritonei (PMP).
Trimodulin (IgM Concentrate)				
Phase III (ESsCAPE) Severe community-acquired pneumonia	996	Multiple dosing, placebo-controlled	In the planning stage	Coordination with the U.S. Food and Drug Administration (FDA), EMA and the Paul Ehrlich Institute has taken place. Phase III study and paediatric development plan are in preparation.
Phase II (ESsCOVID) in case of severe COVID-19 infection	998	Multiple dosing, placebo-controlled	166	As communicated in August 2021, the primary endpoints in the phase II clinical trial in patients with severe COVID-19 disease were not met. Biotest has since received the full dataset of the ESsCOVID study. However, the detailed post-hoc analyses of the full dataset showed a remarkable benefit in a relevant sub-group of hospitalised patients who were still in an early systemic inflammatory phase. In this subgroup of 96 COVID-19 patients, Trimodulin significantly reduced both the worsening of the condition and patient mortality compared to placebo-treated patients.
Phase III (TRICOVID) in hospitalised and oxygen-dependent COVID-19 patients	1001	Multiple dosing, placebo-controlled	ca. 350 planned	Study of the patient group identified in the ESsCOVID. The study design was discussed with the Paul Ehrlich Institute and the study is being funded by grants from the German Federal Ministry of Education and Research (BMBF) and the German Federal Ministry of Health (BMG).

The focus of research and development projects is on plasma proteins. Research activities are currently focused on the new products IgG Next Generation, Trimodulin and Fibrinogen. These form the core of the product portfolio intended for manufacture in the new Biotest Next Level production facility.

In addition, existing products are also systematically developed to further increase patient benefits or to achieve new indications and approvals in additional countries.

For example, Biotest published results of an observational study on the good tolerability and efficacy of Intratect® in primary and secondary immunodeficiencies.

In mid-2021, Biotest received approval for a phase III clinical trial in pregnant women for the prevention of CMV infections of the unborn child. The open-label, single-arm, prospective phase III clinical trial is investigating the efficacy and safety of Biotest's CMV hyperimmunoglobulin (CMVIG) Cytotect CP Biotest® for the treatment of pregnant women with CMV infection to prevent CMV transmission to the foetus. Cytomegalovirus causes a lifelong infection that is usually unproblematic in healthy individuals. However, women who first become infected with CMV during pregnancy ("primary infection") have a ~30-40% risk of transmitting the virus to the foetus, which can lead to neurological and developmental disorders. Currently, no drug is approved for the prevention of CMV transmission from mother to foetus.

Research activities with regard to the therapy of a COVID-19 infection

Due to the great similarity of the clinical picture to the patients treated in the CIGMA study with severe pneumonia acquired by patients outside the hospital, Biotest saw considerable potential in Trimodulin also for patients with severe pneumonia caused by a COVID-19 infection. The anti-inflammatory mechanisms of action of Trimodulin could also be demonstrated in laboratory tests in a coronavirus trial. Therefore, a phase II trial (ESsCOVID – Escape from severe COVID-19) was set up in COVID-19 patients to accelerate the development of Trimodulin in view of the current COVID-19 pandemic. Although the primary endpoint was not met in the trial, post-hoc analyses show a notable benefit in a relevant subgroup of hospitalised patients who were still in an early systemic inflammatory phase. In this subgroup of 96 COVID-19 patients, Trimodulin significantly reduced both worsening of the condition and patient mortality compared to placebo-treated patients. Biotest considers the reduced disease progression and mortality a relevant medical benefit that supports continued development of Trimodulin in this patient population. The study results were presented to the Paul Ehrlich Institute (PEI) in a scientific advisory meeting and the Institute also recommended continuing clinical development in a proposed phase III trial in COVID-19. This development is supported by the German Federal Ministry of Education and Research (BMBF) and the German Federal Ministry of Health (BMG) with public funds totalling € 29 million, of which € 0.2 million was recognized in profit or loss in fiscal year 2021.

The anti-SARS-CoV-2 hyperimmunoglobulin study of the CoVIg-19 Plasma Alliance was terminated. The CoVIg-19 Plasma Alliance was disbanded after the primary endpoint was not met. Biotest has initially suspended the programme to develop a COVID-19 hyperimmunoglobulin in order to await data from parallel studies conducted by competitors in which patients are treated with a COVID-19 hyperimmunoglobulin earlier in the course of the disease. The programme has been terminated in the meantime.

Biotest supports the treatment of COVID-19 patients with Pentaglobin® as part of academic-industrial cooperations (Investigator Initiated Studies). This is being done by the University Hospital of Bochum in a large international registry study and as part of the ACOVACT (Austrian Corona Virus Adaptive Clinical Trial) study initiated by the University Hospital of Vienna, an open, randomised, controlled, multicentre clinical platform study. Pentaglobin® is an established treatment option for patients with severe bacterial infections. It has been shown to significantly reduce mortality and shorten the duration of mechanical ventilation in patients with sepsis and septic shock. Preliminary observations suggest that Pentaglobin® may also lead to reduced mortality in certain COVID-19 patients.

Marketing & distribution

The Marketing and Distribution division covers the therapeutic areas of Clinical Immunology, Intensive Care Medicine and Haematology.

In addition, Biotest develops albumin in the non-therapeutic area. The expansion of this albumin business (excipient) is proceeding according to plan. Through the alliance with strong partners who use and market albumin in cell media for the ATMP (Advanced Therapy Medicinal Products) segment, Biotest is well positioned in the cell media and cryopreservation market segment. Biotest plans to expand into other market segments such as drug delivery (nanoencapsulation of chemotherapeutics).

In the fight against the COVID-19 pandemic, Biotest is involved in other supporting medical projects in addition to its research activities. For example, Biotest Italy is donating € 100,000 to the National Transplant Centre (NTC) with the goal of supporting organ and tissue donations during the COVID-19 pandemic. The funds will be used, among other purposes, to introduce a toll-free telephone number to bring patients into closer contact with transplant centres. Other goals include the implementation of telemonitoring (telemedicine) and the delivery of personal protective equipment to patients' homes.

Therapeutic area Clinical immunology

Financial year 2021 was characterised by a worldwide increase in demand for immunoglobulins and simultaneously rising prices. Some markets, even high-priced ones, are already reporting supply problems with immunoglobulins. In many countries, there are signs that there will be a product shortage in the months ahead. The reasons for this are the significant decline in plasma donations since 2020, especially in the United States, the supply situation of Biotest's competitors and the continuing increase in demand for immunoglobulins. Plasma collection volumes in the United States will remain at a low level in 2021, so that a short-term recovery of the IgG supply situation is not to be expected.

Intratect® was approved for the first time in France and is recording initial sales following a successful market launch. Furthermore, the Biotest subsidiary in the UK was able to significantly increase Intratect® prices and at the same time significantly increase sales volumes, thus gaining market share in an important market.

Volume increases for Intratect® were achieved in other key markets in Central Europe. In addition, sales price increases were achieved in many countries, including Germany, Austria, Hungary, the UK and Spain.

The hyperimmunoglobulin portfolio with the most important products Cytotect®, Hepatect® and Zutectra® was exposed to many difficulties this year. Besides strongly fluctuating transplantation numbers due to the corona pandemic and continuing declining numbers of hepatitis B infections, the continuously strong competition from antiviral therapies is the biggest challenge.

With the resumption of live and hybrid events, Biotest refocused on personal contact and proximity to the market and customers at scientific conferences. In the course of this, the International CMV (cytomegalovirus) Symposium was held for the first time as a hybrid event in Amsterdam. This scientific conference, which was conducted under the direction of internationally renowned experts, was aimed at physicians from the fields of solid organ and stem cell transplantation, where Biotest's hyperimmunoglobulin Cytotect® is approved and used for the prophylaxis of the clinical manifestation of a CMV infection. In total, more than 260 people participated on-site and online. In the fourth quarter, marketing authorization for Cytotect® was granted in Turkey. Sales are expected from mid-2022 following successful price registration.

Cytotect sales increased in the regions EASE (Eastern and Southern Europe) and ICON (Intercontinental) compared to the previous year.

The market situation for hepatitis B hyperimmunoglobulins (Hepatect®, Zutectra® und Fovepta®) remains difficult due to declining hepatitis B cases in developed markets and strong competition from antiviral therapies. The significant increase in sales of Hepatect® in the EASE region in 2021 and the positive sales development in certain other markets are therefore all the more pleasing. For example, Biotest was able to win tenders in Algeria and Iraq, whereby the volume of tenders won in Iraq rose compared to the previous year.

Similarly, the subcutaneous hepatitis B hyperimmunoglobulin Zutectra® even grew year-on-year in three regions (EASE, ICON and MEAF (Middle East, Africa and France).

Biotest received a new marketing authorisation for Fovepta® in Vietnam. In addition, further approvals are in preparation in order to further advance marketing in various countries in Asia, South America, Africa and the Middle East.

Therapeutic area Intensive Care Medicine

The development of Pentaglobin® (IgM preparation) was driven forward in 2021 through various collaborations, among other ways. Here, Biotest supports the scientific exchange of physicians who use the preparation as a treatment option for COVID-19 patients who also suffer from bacterial infections. Initial observations suggest that Pentaglobin® may also reduce mortality in certain COVID-19 patients. This treatment option was also discussed at a Biotest symposium at the largest international conference for intensive care physicians (ISICEM), which was held as a face-to-face event in September 2021. Biotest will use the experience gained with COVID-19 to expand the indication of severe community-acquired pneumonia.

The increased use of Pentaglobin® in the treatment of COVID-19 patients with secondary bacterial infection generated additional sales in 2021, particularly in Germany and Italy.

Biotest is active in the therapeutic area with Albiomin®. A reduced number of surgeries during the pandemic and the resulting declining albumin consumption combined with continued high production of immunoglobulins (within the co-production) led to increased inventories of albumin in the market at the beginning of the year and thus to falling prices for producers. Stable sales were achieved despite this difficult market environment. The first signs that stocks have been used up and demand for albumin is increasing can be seen in various countries. As global vaccination campaigns progress and planned treatments resume in hospitals, demand for albumin is not expected to increase significantly until the second half of 2022, however. In conjunction with the global shortage of plasma, the onset of an albumin shortage is also expected in the first half of 2022. Despite

the difficult situation, stable sales of Albiomin® were recorded in Turkey, Germany and many other countries with subsidiaries in 2021. A new approval was obtained for Albiomin® 5% in Iran (toll manufacturing). Likewise, a new approval was issued for Albiomin® 5% and 20% in Bangladesh.

Therapeutic area haematology

In the coagulation factor product portfolio, Factor VIII (Haemoctin®) and Factor IX products (Haemonine®) continued to be under pressure in 2021 due to the strong competitive situation with recombinant products and constantly falling prices.

In Germany, the new Nextaro transfer system was successfully introduced for Haemoctin® (Factor VIII) and has met with a positive response from customers. Nextaro is a transfer system for the reconstitution of lyophilised (freeze-dried) medicinal products. It allows the water bottle to be connected to the freeze-dried medicine so that it can be dissolved in the water and then be injected into the patient. The introduction of Haemoctin® with a halved solvent volume has now followed Germany in Switzerland and is being further advanced. Both projects support the customer-focussed strategy in the region. A symposium with renowned speakers was held on the occasion of the annual conference of the Society for Thrombosis and Haemostasis Research (GTH). The XXXIV Biotest Haemophilia Forum was held in Freising in September, with many internationally recognised experts in attendance.

An extension of the FVIII contract for substantial volumes of Haemoctin® was concluded in Algeria. Furthermore, sales in Vietnam and Turkey increased significantly. Sales declines of Factor VIII in the most important market Germany and in the sales regions ICON and MEAF could only be partially compensated for by sales in the sales region EASE.

B.IV. PRESENTATION OF EARNINGS, ASSET AND FINANCIAL POSITION

B.IV.1. EARNINGS POSITION

The Biotest Group achieved revenue of € 515.6 million in financial year 2021. This represents an increase of 6.5% compared to the previous year, in which revenue of € 484.2 million was reported.

The 7.2% (€ 31.1 million) increase in sales in the Therapy segment mainly resulted from the high demand for immunoglobulins and the marketing authorisation in France for the human intravenous immunoglobulin preparation Intratect®. The positive price development of Intratect® in the UK and France also had a significant effect. Sales in the Plasma & Services segment remained stable at € 46.7 million.

DEVELOPMENT OF SALES BY SEGMENTS

in € million	**2021**	2020	Change in %
Therapy	461.6	430.5	7.2%
Plasma & Services	46.7	46.7	–0.0%
Other Segments	7.3	7.0	4.4%
Biotest Group	**515.6**	**484.2**	**6.5%**

The Biotest Group is a globally active Company. In financial year 2021, 72.8% (previous year 73.9%) of sales revenue were generated outside Germany. Biotest reports in the four sales regions "Central Europe," "East and South Europe," "Intercontinental" as well as "Middle East, Africa and France." The Biotest Group achieved an increase in sales in all sales regions except "Intercontinental." In particular, the regions of East and South Europe as well as Middle East, Africa and France showed significant growth of +9.7% and +9.2% respectively. As in the previous year, the Central Europe region including Germany made the largest contribution to revenue with € 186.9 million. This resulted, among other factors, from the increased sales volumes of the important product Intratect®.

DEVELOPMENT OF SALES BY REGIONS

in € million	**2021**	2020	Change in %
Central Europe	186.9	174.9	6.9%
East and South Europe	127.8	116.5	9.7%
Intercontinental	81.9	83.9	-2.4%
Middle East, Africa and France	119.0	109.0	9.2%
Biotest Group	**515.6**	**484.2**	**6.5%**

The cost of sales increased disproportionately to the development of sales by 22.8% from € 354.1 million to € 434.9 million in financial year 2021. This disproportionate increase results in particular from the write off for the plasmatic coagulation Factor VIII in the amount of € 40.1 million as a consequence of the changed market environment and increased competition from synthetically produced drugs. The manufacturing process of Biotest preparations is a coupled production process in which the precursor of Factor VIII is always produced as part of the production of immunoglobulins. Part of this precursor, which contains the human coagulation factors, is no longer used by manufacturers worldwide for the production of drugs, as the demand for coagulation factors cannot keep pace with the strong increase in demand for immunoglobulins. As a result of these factors, Biotest will only produce Factor VIII in a sales-correlated manner in the future. In addition, significantly higher plasma procurement costs compared to the previous year contributed to the disproportionate increase in the cost of sales.

Marketing and distribution costs increased by 1.8% in 2021 compared to the previous year and thus developed significantly disproportionately compared to sales growth. They amounted to € 51.1 million in financial year 2021 (same period of the previous year: € 50.2 million). The increase is attributable to higher commissions paid to customers. The share of sales thus decreased by 0.5 percentage points from 10.4% to 9.9% in financial year 2021.

PRIMARY P&L ITEMS OF THE BIOTEST GROUP**

in € million	2021	in % of sales	2020	in % of sales
Revenue	515.6	100.0	484.2	100.0
Cost of sales	–434.9	–84.3	–354.1	–73.1
Marketing and distribution costs	–51.1	–9.9	–50.2	–10.4
Administrative expenses	–30.1	–5.8	–28.2	–5.8
Research and development costs	–52.3	–10.1	–55.8	–11.5
Other operating income and expenses	5.7	1.1	2.8	0.6
Financial result	–16.8	–3.3	–28.2	–5.8

** Expenses are marked with a negative sign.

Administrative expenses increased by 6.7% from € 28.2 million to € 30.1 million in financial year 2021. The increase was mainly due to consulting costs in connection with the take-over by Grifols S.A. The administrative expense ratio as a percentage of sales remained constant at 5.8% in financial year 2021.

Research and development costs decreased by 6.3% to € 52.3 million in financial year 2021 (same period of the previous year: € 55.8 million). As a percentage of sales, they amounted to 10.1% in the financial year (same period of the previous year: 11.5%). The reduced expenses resulted mainly from a research allowance of € 2.0 million for the Trimodulin project in accordance with the Research Allowance Act, which were taken into account in the research and development costs to reduce expenses.

Other operating expenses decreased from € 5.8 million in financial year 2020 to € 3.5 million in financial year 2021. This development is due to declining requests for laboratory services from Bio-Rad Medical Diagnostics GmbH, Dreieich, amounting to € 2.7 million. At € 9.2 million, other operating income in 2021 was € 0.6 million higher than in the previous year (same period of the previous year: € 8.6 million). The increase is mainly attributable to the change in valuation allowance on financial assets measured at amortised cost in the amount of € 2.1 million, increased compensation payments from supply contracts for insufficient deliveries in the amount of € 1.8 million, and a higher reversal of provisions in the amount of € 1.5 million. These effects were partially offset by lower income from service contracts amounting to € 5.3 million. In the previous year, this figure included a compensation payment of €5.0 million from a former supplier arising from the premature termination of a joint project.

The operating result (EBIT) for financial year 2021 was € - 47.1 million, compared to € - 1.3 million in the same period of the previous year. The EBIT margin for 2021 was thus -9.1% (previous year: -0.3%). Excluding the non-recurring effect of the impairment of Factor VIII inventories amounting to € 40.1 million, earnings before interest and taxes would have been € -7.0 million and the EBIT margin at -1.3%.

The financial result improved to € - 16.8 million in financial year 2021, compared to € - 28.2 million the previous year. The main reasons for this were expenses from exchange rate losses, which decreased by € 5.2 million, and expenses from value adjustments of the surrender claim against the trustee of shares in ADMA Biologics Inc., which decreased from € 7.0 million in the previous year to € 1.2 million in the financial year.

For the Biotest Group, there was an overall loss before taxes (EBT) of € - 62.6 million, compared to € - 30.0 million in the previous year.

Compared to the previous year, the tax expense for financial year 2021 decreased in the amount of € - 0.7 million (same period of the previous year: € 1.4 million). The Biotest Group's loss (EAT) for financial year 2021 was € - 63.4 million compared to € - 31.4 million in 2020, resulting in earnings per ordinary share of € - 1.61 compared to € - 0.80 the previous year.

KEY PERFORMANCE FIGURES OF THE BIOTEST GROUP

in € million	2021	2020	Change in %
EBIT	–47.1	–1.3	>100%
EBT	–62.6	–30.0	>100%
EAT	–63.4	–31.4	>100%

B.IV.2. ASSET POSITION

Total assets as at the reporting date 31 December 2021 decreased slightly by € - 27.1 million from € 1,131.3 million to € 1,104.2 million compared to 31 December 2020.

Non-current assets increased by € 7.0 million to € 582.0 million as at 31 December 2021, compared to € 575.0 million as at the balance sheet date of the previous year. This increase is mainly due to the loans provided to third parties to support the establishment of new plasma collection centres and the related increase of € 5.4 million in other non-current financial assets. Property, plant and equipment also increased slightly by € 2.5 million from € 522.2 million to € 524.7 million, as net additions exceeded depreciation by this amount.

Current assets amounted to € 522.2 million as at 31 December 2021 and were thus € - 34.1 million below the value of € 556.3 million as at 31 December 2020. This change is due, among other factors, to the significant decrease in inventories of € - 45.5 million, mainly caused by the Factor VIII value adjustment of € - 40.1 million. In addition, trade receivables decreased by € - 8.5 million and contract assets by € - 7.2 million, while cash and cash equivalents of € 104.4 million were € 33.1 million above the previous year's level (31 December 2020: € 71.3 million). The decline in trade receivables is based on an improved average payment behaviour compared to the previous year. Contract assets decreased compared to the previous year because the value of deliveries exceeded the value of production additions. Other financial assets decreased by € -6.1 million. The decrease results in particular from the reduction of cash deposits with banks as well as from lower value adjustments on financial assets measured at fair value.

On the liabilities side of the balance sheet, equity fell by € - 61.2 million to € 380.4 million (31 December 2020: € 441.6 million) due to the negative result for the financial year. At 34.4%, the equity ratio was below the level of the previous year (31 December 2020: 39.0%).

Total liabilities increased by € 34.1 million to € 723.8 million in the past financial year (31 December 2020: € 689.7 million). Non-current liabilities amounted to € 617.5 million as at the reporting date of 31 December 2021 (31 December 2020: € 584.1 million). Non-current financial liabilities increased by € 33.9 million from € 462.5 million to € 496.4 million as at 31 December 2021. This increase is mainly based on the utilisation of another tranche of a secured loan, which was already concluded in 2019 for a total volume of € 240.0 million with a maturity in 2024. Pension provisions amounted to € 116.5 million as at 31 December 2021, compared to € 117.5 million as at the previous year's balance sheet date. The decrease is mainly due to the increase in actuarial gains due to the higher discount rate.

Current liabilities increased by € 0.8 million to € 106.4 million as at the reporting date (31 December 2020: € 105.6 million). The increase mainly includes the €- 3.8 million decrease in other provisions, the € 9.1 million increase in financial liabilities and the € -3.2 million decrease in trade payables. The change in financial liabilities resulted in particular from increased repayment obligations from plasma supply contracts.

The long-term capital available to the company (equity, pension provisions and long-term financial liabilities) covered 89.9% of total assets as at 31 December 2021 (previous year: 90.4%). Net debt fell from € 397.9 million to € 393.0 million as at 31 December 2021.

B.IV.3. FINANCIAL POSITION

On 24 June 2019, Biotest signed a financing agreement with a term of 5 years for a volume of € 240 million. The funds will be used to finance the further steps towards the commissioning of the Biotest Next Level facilities. The closing of the financing agreement took place on 2 July 2019. A total of € 125 million of this amount had been drawn down by 31 December 2021. This financing agreement includes a financial covenant to be complied with, which is monitored by Biotest on a monthly basis. This financial covenant was always complied with in financial year 2021. The financing agreement contains restrictions with regard to the sale and collateralisation of assets.

Collateral was provided to the lenders for the loan by Biotest AG, Biotest Pharma GmbH and Biotest Grundstücksverwaltungs GmbH. The Biotest Group has arranged for the registration of a first-ranking total land charge of € 240.0 million on the real

estate assets located in Dreieich. As at the balance sheet date, the real estate secured by the Biotest Group has a carrying amount of € 202.5 million. Furthermore, Biotest AG has fully pledged its shares in Biotest Pharma GmbH, Dreieich. In addition, a global assignment of current and future cash pooling receivables was agreed in a separate contract dated 28 June 2019. As of the balance sheet date, there is collateral from receivables from affiliated companies in the amount of € 12.9 million. Biotest Pharma GmbH, Dreieich, and Biotest Grundstücksverwaltungs GmbH, Dreieich, joined the financing agreement as additional guarantors.

Cash flow from operating activities improved significantly in financial year 2021 compared to the previous year from € - 16.7 million to € 33.9 million. Operating cash flow before changes in working capital was € 26.1 million (same period of the previous year: € 24.6 million). The main reason for the increase compared to the previous year was a one-time non-cash impairment of plasmatic Factor VIII in the amount of € 40.1 million. Cash flow from changes in working capital improved year-on-year to € 21.4 million from € - 32.7 million the previous year, mainly due to an increase in liabilities and a reduction in trade receivables and contract assets. Interest and taxes paid totalled € - 13.7 million in 2021, compared to € - 8.6 million in the previous year.

Cash flow from investing activities amounted to € - 23.4 million for financial year 2021 (previous year: € -14.6 million), caused, among other developments, by payments for investments in fixed assets and loans to partners to support the establishment of plasma collection centres abroad.

Cash flow from financing activities amounted to € 22.6 million in financial year 2021 (previous year: € 42.0 million). The inflow of funds in the current financial year was mainly characterised by the fact that a loan tranche of € 25.0 million (previous year: € 50.0 million) was drawn down. In addition, cash deposits for guarantees issued to banks were repaid in the amount of € 3.6 million. The payments from financing activities were mainly for the repayment portion of the leasing liabilities in accordance with IFRS 16 and for distribution of the dividend.

Cash and cash equivalents increased to € 104.4 million at the end of financial year 2021, compared to € 71.3million on 31 December 2020.

Financing strategy

The Biotest Group's financing strategy is designed to ensure the Group's liquidity at all times, to create scope for financing growth in the operating business and to finance all investments. Biotest uses equity and debt capital for financing and strives for a solid and conservatively oriented financing structure. The long-term target for the equity ratio is 40.0%. With an equity ratio of 34.4% as at 31 December 2021, Biotest is below this target value. The reason for this is primarily the impact of the Biotest Next Level expansion project on the result as well as the write-off for the Factor VIII inventories in 2021.

Biotest is financed by a subordinated shareholder loan from Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, in the amount of € 290 million and by financing with a volume of € 240 million, which was drawn by € 125 million as at 31 December 2021.

The equity capital and the long-term component of the debt financing together are intended to cover the fixed assets. The description of the capital structure can be found in chapters E 12 and F 5 of the notes.

B.V. GENERAL STATEMENT ON THE ECONOMIC POSITION OF THE COMPANY

The Biotest Group achieved its revenue forecast for financial year 2021. For financial year 2021, the Board of Management forecast an increase in revenue in the mid-single-digit percentage range. In financial year 2021, the Biotest Group generated revenue of € 515.6 million, compared to € 484.2 million the previous year. This equates to 6.5% increase in revenue.

The demand for drug therapies with coagulation factors, e.g. in haemophilia or intensive care medicine, cannot keep up with the high growth rates of the immunoglobulin sector, especially since plasma proteins also compete for use with synthetically produced drugs in this therapeutic area such as recombinant, extended half-life factor concentrates or bispecific antibodies. As a result, some of the cryoprecipitate produced during plasma fractionation, which contains the human coagulation factors, is not used by manufacturers worldwide for the production of drugs. This trend will continue in the medium term. For this reason, Biotest will only produce Factor VIII in a sales-correlated manner in the future and has made value adjustments on existing raw material in the amount of approximately € 40.1 million. In this context, on December 8, 2021, Biotest has adjusted its EBIT forecast for 2021 from € - 5 to € - 10 million to approx. € - 43 to € - 55 million. The adjusted EBIT forecast was met. EBIT amounted to € - 47.1 million in financial year 2021, compared with € - 1.3 million in the previous year.

At the beginning of 2021, the Board of Management had forecast EBIT of € -10 to € -5 million. Excluding the Factor VIII dvalue adjustment of € 40.1 million, Biotest also achieved its EBIT forecast of € - 7.0 million.

The company had decisively advanced the important Biotest Next Level project in the previous year. In 2021, the manufacturing authorisation pursuant to Section 13 of the German Medicines Act (AMG) was granted by the Darmstadt Regional Council. At the beginning of 2021, a further partial inspection was carried out by the Darmstadt Regional Council (RP) as part of the granting of the manufacturing authorisation in accordance with Section 13 of the German Medicines Act (AMG). The focus of this inspection was on computer system validation and data management. The inspection was completed without any findings. In the second quarter, the production of the Process Performance Qualification (PPQ) batches began, from which, in addition to IgG Next Generation, the precursor for Albiomin, Haemoctin and Trimodulin are also produced. Final acceptance was granted by the Darmstadt Regional Board at the beginning of July 2021. The focus here was on the PPQ batches, whose production was inspected on site by the RP. The inspection was passed and, in the course of this, the manufacturing authorisation was granted in accordance with Section 13 of the German Medicines Act (AMG).

The last of the PPQ batches was successfully manufactured at the beginning of August 2021. With the achievement of this milestone, all prerequisites for the successful commercial production of IgG Next Generation have been met. All data collected will be compiled as part of preparing the dossier. The submission of the dossier to the drug authorities for IgG Next Generation is planned for the spring of 2022. Approval for this and thus marketing authorisation for IgG Next Generation is expected at the end of 2022.

Five new plasma centres were opened in financial year 2021. The opening of additional plasma centres is planned for 2022 in order to further expand the plasma collection network in Europe. In this way, together with plasma purchases from existing partners, the Biotest Group ensures a sufficient supply of its most important raw material – human blood plasma – for the future.

Grifols S.A. announced on 17 September 2021 its decision to launch a voluntary public takeover offer for all outstanding publicly traded ordinary and preference shares of Biotest AG. The Board of Management and Supervisory Board of Biotest AG view the takeover as a concrete opportunity to bundle the existing resources of the bidder and Biotest in the field of blood plasma in order to achieve greater resource availability as well as a larger product range. At present, the Board of Management assumes that a possible change of control will have no effect on the financing of Biotest AG.

Significant agreements between Biotest AG and third parties that take effect in the event of a change of control exist with regard to the financing agreements concluded. The right of termination is excluded for the potential transfer of control to Grifols, S.A.

C. SUPPLEMENTARY REPORT

We refer to our comments in chapter F12 Events after the balance sheet date of the Notes to the Consolidated Financial Statements.

D. OUTLOOK, RISK AND OPPORTUNITIES REPORT

D.I. OUTLOOK REPORT

D.I.1. GENERAL STATEMENT BY THE BOARD OF MANAGEMENT REGARDING GROUP PERFORMANCE

In view of the ongoing corona crisis and Russia's armed attack on Ukraine, the Board of Management is forced to revise its previous expectations of a positive sales trend and a significantly improved earnings trend in the financial year 2022. Although demand for plasma protein preparations continues to rise in Europe, the US and in many Asian countries, Biotest is already fully utilising its manufacturing capacities, so it is generally not expected that sales will increase significantly until the products from the new Biotest Next Level facility are marketed. Due to the latest developments, however, at least sales in Eastern Europe will not materialise. In addition, it became increasingly apparent in the last quarter of 2021 that supply chains were interrupted and construction materials, spare parts, auxiliary materials and even cardboard packaging were delivered with unprecedented delays and significant price increases can be seen. One particular challenge is the uninterrupted supply of human plasma, which serves as the starting material for all Biotest products. Although Biotest has significantly increased its access to additional plasma quantities, this plasma often cannot be used in a timely manner due to significant pandemic-related delays in inspections by the European authorities. According to the Board of Management, these circumstances will worsen in 2022, so that Biotest cannot even rule out production interruptions, which will inevitably lead to sales shortfalls. In the takeover bid, Grifols, S.A. already expressed its strong interest in accelerating the development projects Trimodulin and Fibrinogen in particular. Encouraged by this,

the Board of Management, with the approval of the Supervisory Board, initiated additional measures, which will lead to further R&D expenditures of € 10 million - € 15 million in 2022 compared to our original planning. Together with the planned and also accelerated commissioning of additional production lines from 2022 to expand production capacities at the headquarters in Dreieich as part of the Biotest Next Level expansion project and the related start-up costs, the Biotest Group would again have expected an operating loss. This could be further increased by any additional burdens that could arise.

D.I.2. DIRECTION OF THE GROUP IN FINANCIAL YEAR 2022

The general direction of the Biotest Group in financial year 2022 will not change. Biotest will focus on the plasma business and the Biotest Next Level expansion project as a key component of this strategy. Encouraged by the interest shown by Grifols S.A. in the acquisition document, R&D activities will be increased significantly above the 2021 level.

D.I.3. DEVELOPMENT OF THE MARKET ENVIRONMENT

Target markets

According to current studies, the global demand for immunoglobulins (IgG) will continue to grow annually in the mid-single-digit percentage range over the next few years.[21] The prices of these preparations continue to rise due to the tight supply situation.[22] It is impossible to predict to what extent the attack on Ukraine will lead to global shocks in the pharmaceutical market.

The long-term growth of the global albumin market is estimated to be around 6% per annum.[23]

A development of - 5 to 1 % p.a. is predicted for the global market for plasmatic factor VIII preparations by 2024.[24]

D.I.4. EXPECTED DEVELOPMENT OF THE BIOTEST GROUP

Expected business and earnings situation of the Biotest Group

For financial year 2022, the Board of Management is aiming to maintain the level of sales achieved in 2021, but does not rule out the possibility of sales being 5-10% lower. The main reasons for this would be a general war-related slump in the national economies with corresponding shortfalls in the healthcare sector as well, production interruptions due to a lack of or late availability of plasma volumes, particularly from the United States, spare parts not arriving on time, or corona-related staff shortages in the course of 2022. The forecast result will be negatively impacted by various factors in 2022. Besides the increased R&D expenses and the expected burdens from the Biotest Next Level expansion project amounting to € -95 million to € -105 million, the tense situation in the crisis regions and the global effects of the COVID-19 pandemic as well as supply bottlenecks could also have a negative impact on earnings. In addition, prices for electricity, gas and oil have already risen sharply in the first few months of 2022, and it is impossible to provide a forecast for the full year at present. Other important operating materials for Biotest, such as ethanol, have also already become between 10% and 20% more expensive by the end of February 2022. The estimation of the further development of costs is subject to a high degree of forecast uncertainty.

Excluding the possible impact of the Russian attack on Ukraine, the Board of Management would have expected EBIT of € - 20 million to € -25 million, including accelerated R&D activities. This figure could more than double to € -40 million to € -60 million if there were temporary production downtimes due to the above-mentioned risks. For EBIT adjusted for expenses from the Biotest Next Level project, the Board of Management would have assumed a figure of € 70 million to € 85 million without the possible effects of the Russian attack on Ukraine. If there were to be temporary production downtimes, EBIT adjusted for charges against earnings from the Biotest Next Level project of € -100 million to € -110 million would be expected at € 40 million to € 70 million. As a result, the Board of Management expects the Return on Capital Employed (RoCE) for 2022 to be at the same level as in 2021 and a significantly negative cash flow from operating activities.

[21] MRB (2021).
[22] IQVIA (Nov 2021), www.cms.gov.
[23] Markets and Markets (2020).
[24] MRB (2019), Biotest intenal analysis

Expected financial and asset position of the Biotest Group

The Biotest Group strives to maintain a balanced financing structure with regard to the ratio of debt to equity as well as short-term to long-term credit financing. The Group has used a significant portion of the cash and cash equivalents received in recent years for the Biotest Next Level project and will continue to do so in order to finance the capacity expansion at the Dreieich site and to ensure the supply of plasma raw materials. For financial year 2022, investments of the Biotest Group with a volume of approximately € 25 million to € 30 million are planned, of which around a quarter is accounted for by further investments for the expansion of existing plasma centres and the establishment of new centres in Europe. In addition, Biotest participates financially in the establishment of plasma centers with partners. Financing in 2021 was mainly provided by shareholder loans and the financing concluded on 24 June 2019. These main sources of financing, which are available to Biotest AG in the long term, will enable the company to secure the financing requirements arising from the Biotest Next Level project and other activities.

If it were not for the above-mentioned imponderables brought about by the war in Ukraine, Biotest would have expected the development described below in the Therapy and Plasma & Services segments:

Expected progress and developments in the **Therapy** segment:

Therapeutic area Haematology

Haemoctin® SDH: The reduced volume commercial forms of the Haemoctin® 500 and Haemoctin® 1000 International Units (I.U.) is expected to be launched in additional countries in 2022. In a declining market, Biotest intends to sell its coagulation factor products at economically viable prices in only a few markets.

Haemonine®: With this product as well, Biotest is focusing on maintaining its position in the main markets due to a declining trend and preparing the market launch in Turkey.

Vihuma®: Biotest will continue to use Vihuma® in 2022 to pursue its full-range strategy as well as to maintain its market position.

Therapeutic area Clinical Immunology

Bone marrow transplants and selected areas of solid organ transplantation in all EU countries, including the UK, will be the main focus for **Cytotect® CP** Biotest in 2022. In addition, further approvals are planned both in and outside Europe. A study on the use of Cytotect in gynaecology should enable a further field of application.

Intratect® 50 g/l (5%) and Intratect® 100g/l (10%): The preparation is successfully marketed in many European countries as well as other regions and Biotest will focus on high-price markets.

To strengthen the position of Intratect®, many of the future activities will focus on the growth areas of secondary immunodeficiencies (SIDs) and neurological diseases such as chronic inflammatory demyelinating poly-neuropathy (CIDP) and multifocal motor neuropathy (MMN). Biotest expects significant growth, particularly in Europe.

IgG Next Generation: The two approval studies for IgG Next Generation were completed in 2019 and 2020. In 2021, preparations were made for the approval of the product from the new Biotest Next Level production facility. The submission of the application for approval in the decentralised European procedure is planned for the spring of 2022. Preparations for the commercial market launch of the product also began.

Hepatect® CP, Zutectra® and Fovepta®: Biotest is the market leader for hepatitis B immunoglobulins.

The strategy is to maintain market share in the overall declining market segment (post-transplant prophylaxis), to enter new markets and to develop other applications and indications (beyond the transplantation strategy). In the vertical transmission prevention segment, the focus is on the launch of Fovepta® in new markets in the Middle East and Asia.

Therapeutic area Intensive Care Medicine

Albiomin®: Biotest is continuing its new communication strategy with the aim of further expanding its positioning in the higher price segment and to differentiate itself from competing products. Biotest will strive to further penetrate the Chinese market and focus on the premium segment.

Pentaglobin®: Further analyses for the treatment of COVID-19 patients are expected in 2022. These are intended to support Pentaglobin's sales in this therapeutic area, especially in the main markets of Germany and Italy.

Fibrinogen® – congenital fibrinogen deficiency: The phase I/III study (no. 984) was already completed last year. Marketing authorisation is being sought together with the development of Fibrinogen® – acquired fibrinogen deficiency, the phase III study of which is still ongoing.

Fibrinogen® – acquired fibrinogen deficiency due to high blood loss: Recruitment of patients with high blood loss from major surgery is currently underway for the phase III study (No. 995; ADFIRST) in the therapeutic area of acquired fibrinogen deficiency. The first patients with acquired fibrinogen deficiency have been treated. The study was expanded in 2020 to include patients with high blood loss during surgery for abdominal tumour disease. Inclusion and treatment of patients will continue in 2022.

Trimodulin (IgM Concentrate): In recent years, Biotest has presented the data from the phase II study with Trimodulin (IgM concentrate) in the indication severe community-acquired pneumonia (sCAP). In 2020 – due to the pandemic – development in sCAP was initially put on hold and a phase II trial (ESsCOVID – Escape from severe COVID-19) with COVID-19 patients was set up to accelerate the development of Trimodulin with regard to the current COVID-19 pandemic. Although the primary endpoint was not met in the trial, post-hoc analyses show a notable benefit in a relevant subset of hospitalised patients. The study results were presented to the Paul Ehrlich Institute (PEI) during a scientific advisory meeting and the Institute recommended continuing clinical development in a proposed phase III trial on COVID-19. This study is funded by the Federal Ministry of Education and Research (BMBF). The start of the study is currently being prepared. The start of phase III development in severe outpatient pneumonia is also currently being prepared.

Developments in the current financial year 2022 in the **Plasma & Services** segment:

The aim of the company in the Plasma & Services segment is to optimize the utilisation of the existing plasma production capacities, including toll manufacturing activities. The goal is for toll manufacturing in 2022 to remain at approximately the same level as in financial year 2021.

The significant expansion of production capacities planned under Biotest Next Level means that additional capacities are available for toll manufacturing. In the medium term, the toll manufacturing volume should also increase moderately due to new partners.

D.II. RISK REPORT

As a global Group in a highly advanced field of technology, Biotest is subject to a variety of risk factors that could negatively impact business activities and therefore result in negative forecast and target variances. When and where risks resulting from its business activities or external factors will materialise cannot always be predicted and could be partially or completely outside the control of Biotest. Sales and profits, along with the Group's financial position and cash flows, may be negatively affected. The Risk Report describes the known risks to which Biotest is exposed, both as a Group and at the segment level. At the same time, it explains how the Group deals with these risks and how they are controlled and managed. An assessment by the Board of Management of the likelihood that any of the individual risks described will materialise can be found below.

D.II.1. RISK STRATEGY

As defined by the Board of Management and Supervisory Board in their joint risk strategy report, the Company may take controlled risks in order to generate prospects for long-term profitable growth. The risk strategy is aimed at ensuring the Biotest Group's continued existence and enhancing its value sustainably and systematically. This is also reflected in the forecasts of the Board of Management.

D.II.2. RISK MANAGEMENT AND CONTROLLING

Biotest systematically records and evaluates short- and long-term risks. All risks with fundamental implications and a reasonable likelihood of arising are monitored closely to the extent possible. The IT-supported risk management system of the Company fulfils the requirements of risk management under stock corporation law. Risk management processes are documented in detail, and the relevant documents are stored in the risk management system.

The goal of the risk management system implemented is to identify and evaluate risks that could negatively impact the compliance of the Consolidated Financial Statements with rules and regulations. Furthermore, any risks identified are reduced to the extent possible by involving external experts, if necessary. Lastly, the risk management system is used to evaluate the impact of the risks identified on the Consolidated Financial Statements and to map these risks.

Major potential risks are elements of monthly internal reports. In addition, every six months, the Risk Management Committee reviews the current risk situation in all segments and drafts a detailed Risk Report that is submitted to the Board of Management and to management team. This includes the medium and long-term risks as well as the following short-term risk areas: market risks, process and production risks, financial risks, employee risks, organisational risks, research and development risks as well as legal and compliance. The principal risks are discussed regularly with the Supervisory Board and the Audit Committee.

Between meetings of the Risk Management Committee, managers brief the Board of Management at regularly held Board meetings on the current risk situation in their respective areas of responsibility. At the same time, the Board of Management is informed of the current risk situation as part of forecasts on how the year will end. In the event of a sudden change in the risk position, the Board of Management is notified immediately and directly.

The Internal Audit department regularly reviews risk management and controlling standards and procedures for appropriateness and efficacy. The last audit took place in the fourth quarter of 2021.

Biotest has concluded insurance policies to limit the financial consequences of liability risks and material damage to plant and machinery. The level of protection afforded by the insurance is reviewed regularly and adjusted where necessary.

D.II.3. INTERNAL CONTROL SYSTEMS FOR ACCOUNTING PROCESSES

Biotest has implemented an accounting-related internal control system that covers all main business processes at Biotest AG and all of its subsidiaries. The goal of the accounting-related internal control system is to ensure with adequate certainty through a series of checks that, despite any risks identified, the consolidated financial statements are prepared in accordance with applicable accounting standards and policies. The relevant guidelines are maintained on the intranet to which all employees have access.

Biotest AG's IFRS-compliant (International Financial Reporting Standards) accounting manual is binding for all Group companies and covers all accounting standards relevant to Biotest. It is continuously updated to reflect any changes to the IFRSs. All managers in charge of financial accounting are continuously informed of and trained in relevant accounting practices.

The accounting and reporting at Biotest AG and all subsidiaries included in the consolidated financial statements are performed in accordance with strict schedules and procedures, in which all the necessary activities are set forth in detail.

Single-entity financial statements of important Group companies and consolidated financial statements are prepared using SAP systems. Internal control processes have been established in each Group company through organisational procedures and clear responsibilities, including separation of duties through the dual control principle.

Companies enter data for the consolidated financial statements into a standardised, detailed reporting system, the content of which is agreed upon on a monthly basis by the departments responsible for finance and controlling. All reporting packages of the Group companies are subjected to the controls established in the consolidation software SAP BPC, any differences in consolidation processes are analysed and, if necessary, corrected.

Measures undertaken in the preparation of the consolidated financial statements are subject to electronic and manual checks. Further checks at the consolidated financial statement level include target/performance comparisons and analyses of changes in items on the consolidated statement of financial position and consolidated statement of income.

Access to the company premises (access control) and the (accounting-related) IT systems (access authorizations, passwords) are protected against access by unauthorised persons.

The single-entity and consolidated financial statements are mainly audited by external auditors.

The Internal Audit department reviews business processes in all segments and subsidiaries. Its powers, duties and position within the Group are established in the internal audit guidelines. Audits are conducted in accordance with a risk-oriented annual internal audit plan prepared by Internal Audit and approved by the Board of Management, the management team and the Supervisory Board. Individual audit findings are submitted to the Board of Management in a timely manner. The internal audit department also reports in detail to the Board of Management, the management team and the Supervisory Board at least once every six months.

D.II.4. RISK MANAGEMENT SYSTEM FOR FINANCIAL INSTRUMENTS

In areas where it is possible, Biotest uses derivative financial instruments to hedge currency and interest rate positions. The corresponding contracts are concluded taking due account of the defined risk limits. Section F 3 of the Notes to the consolidated financial statements contains a detailed description of the risk management system with regard to financial instruments.

D.II.5. RISK ASSESSMENT AND DESCRIPTION OF SIGNIFICANT RISK CATEGORIES

The material risks known to the Biotest Group are described below together with an assessment of the respective risks by the Board of Management. However, Biotest could be exposed to additional risks and uncertainties that are still unknown or which are currently considered minor. These risks could also have an adverse effect on the asset position, financial position, cash flows and results of operations of the Biotest Group. Unless stated otherwise, the risks listed hereinafter relate to all segments of the Biotest Group. The order in which the risks below are listed is in no way indicative of the probability of their occurrence.

Biotest distinguishes between short-term risks, the occurrence of which would lead to a deviation from the planning for the current and following financial years, and long-term risks. Short-term risks are assessed by multiplying the possible negative impact on the net assets, financial position and results of operations by their estimated probability of occurrence. A distinction is made between the following classifications for the probability of occurrence of short-term risks:

PROBABILITY OF OCCURRENCE

Probability of occurrence	Explanation
< 25 %	Low
25 – 50 %	Moderate
50 – 75 %	High
> 75 %	Very High

With regards to the short-term risks, the combination of the probability of occurrence and the financial effects on Biotest's Earnings after Tax (EAT) leads to the risk matrix shown below, which presents the derivation of the risk assessment.

	Probability of occurrence			
Amount of damage	Low	Moderate	High	Very High
> € 5 million	M	H	H	H
€ 2.5 to 5 million	M	M	H	H
€ 1.0 to 2.5 million	L	M	M	H
< € 1.0 million	L	L	M	M

H = high risk, M = moderate risk, L = low risk

The long-term risks represent possible deviations from the planned business development over the next 10 years, beginning with the financial year after next. The effects are quantified according to the following risk categories.

Risk Category	Amount of Damage
„serious"	>10 Mio. €
„significantly"	> 5 Mio. €
„moderate"	> 3 Mio. €
„low"	> 1 Mio. €

Risks in the "serious" category as well as other risks classified as material in the view of the Corporate Risk Officer are prioritised twice a year by the members of Risk Management, the Management Team and the Board of Management with regard to their hazard potential in the form of a ranking of risk clusters.

Insofar as risk-limiting measures have been taken, the remaining risk is presented by taking the measures implemented or initiated and most likely to be implemented in the respective forecast period into account.

All long-term as well as all short-term risks are subject to a routine sustainability assessment, whereby the sustainability is established with regard to equity, EBITDA as well as to various ratios for measuring liquidity.

Environmental and industry risks

Economic risks

Biotest would not be able to permanently escape the consequences of a far-reaching, long-lasting, global recession, even if its direct effects were limited. The risk of a downturn in sales could result from lower demand and rising pressure from customers to reduce prices. Another potentially dampening effect is the possibility that Biotest will be forced to reduce or discontinue supplies to individual markets. This could be the case if the Company is unable to adequately hedge against default on corresponding receivables or is able to do so only at much less favourable terms. If a country's overall economic position deteriorates to such an extent that serious consequences for its solvency and its healthcare system are feared, Biotest could be forced to discontinue

deliveries to such countries in order to reduce the risks. The Board of Management assesses this risk as having a moderate probability of occurrence and moderate negative effect on the result of operations, financial position and cash flows; therefore, Biotest classifies economic factors as a moderate risk.

Sales market risks

Sales market risks consist of risks associated with price, quantity, substitution and payment default. The Biotest Group is reducing the risk of short-term fluctuations in sales volumes and prices by expanding into additional international markets and establishing longer-term supply agreements. Nevertheless, the risk remains that the volume of sales could be lower than planned, especially in the case of individual tendered contracts in the Therapy segment.

The highest commercial risks are associated with COVID-19. These include project delays, a major reduction in promotional activities and a significant reduction in transplantation numbers. The resulting risk is classified as medium to high.

Based on the price trend of the past few years, the risk of significant price decreases for plasma proteins has not increased. Due to a significant increase in demand for polyvalent immunoglobulins, both in the USA, in Europe and in some non-European countries, with a simultaneous limited supply, price increases can be observed in many countries.

Unpredictable political, economic and regulatory changes in some of the Company's main markets (e.g., in Asia and the Middle East) could have a strong effect on sales.

Biotest sees risks from increasing cost pressure in the healthcare sector of highly developed markets. The reason for these risks is that countries are increasingly adopting corrective measures to reduce the cost of medicines. Examples of this are manufacturer discounts and price moratoria in Germany and Austria as well as mandatory discounts in other European countries. Due to the limited product range and the scarce supply of goods, however, some countries have recently eased these compulsory measures for immunoglobulins administered intravenously (IVIG) again. As a further corrective measure, governments try to reduce prices in their own countries by referring to countries with lower prices (so-called price baskets).

Especially in the area of haemophilia A therapy, and thus also for plasmatic factors, there is currently increasing price pressure from the healthcare systems, so that Biotest is only able to sell its coagulation factor products at economically viable prices in a few markets. Overall, the Board of Management of Biotest AG classifies this associated risk as high.

According to the observations of the Biotest Group, the demand for plasmatic coagulation factors is increasing less than for recombinant factors and for the so-called non-factor preparations (e.g. emicizumab [Hemlibra®] or Elocta®). In some cases, these can be used at longer intervals and thus more conveniently. Therefore, the use of non-factor preparations is expected to increase further in the years to come.

Furthermore, the mandatory pharmacy requirement for coagulation factor preparations was introduced in Germany in 2020. This is likely to result in further price pressure for coagulation factor products in the future.

Further sales risks arise in the area of hyperimmunoglobulins, and especially for the CMV hyperimmunoglobulin Cytotect, with regard to new antiviral therapies such as Letermovir and Maribavir. These therapies are already competing with Cytotect in important markets and pose a risk to Cytotect sales in the future.

There is also a general risk that Biotest products based on immunoglobulins and hyperimmunoglobulins will be replaced in the longer term by alternative therapies such as immunoglobulin receptor agonists, or gene therapeutics. The Board of Management currently considers these substitution risks to be low.

In competing with other larger plasma manufacturers, the yield of products in relation to the litre of plasma and the other cost structure of the Biotest Group could result in disadvantages with regard to the margins achievable on the sales markets.

Default risk continues to be high due to the lower credit standing of companies and governments in some regions. Biotest has set up an active receivables management system and takes the necessary measures to minimise risks such as a delivery stop, for example. Furthermore, credit insurance exists for many countries and customers. The Board of Management considers the default risk of receivables from customers in countries subject to sanctions by the European Union, especially in the Near and Middle East, to be a high risk.

Political changes in the legal framework can also harbour a sales market risk: Maximum limits for the consumption of medicinal products have been set in many European countries. Pharmaceutical companies are thereby required to reimburse the health authority up to 100% of the amount sold above the specified ceiling. Non-European countries also have similar laws or are planning restrictions on drug prices.

Entry into a market is associated with high costs for marketing authorisations of products as well as infrastructure costs such as the founding of a subsidiary, for example. If countries change their regulatory framework and bureaucratic procedures, unexpected delays could occur with regard to market entry. In this case, Biotest tries to assess these risks and minimise them where necessary by involving experts in the respective market.

Plasma procurement risks

Biotest needs special raw materials and excipients to manufacture its biological and biotechnological medicines. If these materials were to become scarcer or increase substantially in price, Biotest's ability to manufacture or supply could be restricted. Biotest obtains many of the starting materials it needs, especially plasma, from its own sources, which are being gradually expanded.

In recent years, the market for plasma has increasingly consolidated, with the result that only a few free plasma collection centres remain that are not already owned by larger plasma manufacturers. This market consolidation increases the risk further and brings stronger increases in plasma prices with it.

In 2018, Biotest had to sell its 22 American plasma collection centres due to requirements of American authorities. This has substantially reduced the level of plasma self-sufficiency.

In addition, the volume of donations has dropped noticeably due to the pandemic in the USA. Should there be a shortage in the plasma supply market and further price increases, there is a risk that Biotest would only be able to procure sufficient quantities of plasma, particularly from the US, at conditions that are no longer economically justifiable. This could lead to under-utilisation of the old production plant and the new Biotest Next Level plant and thus to vacancy costs.

Since only products made from US plasma may be sold on the US market, US plasma is mandatory for this. As things stand, Biotest is not permitted to have its own plasma pheresis stations in the USA. Due to the resulting shortage of US plasma, planned sales of Biotest end products in the US market (after approval of the products) could not be fully realised. Biotest tries to secure the plasma quantities it requires through long-term supply contracts. Furthermore, Biotest enters into long-term cooperations with partners in order to secure access to plasma (see B.III.1 Cooperations).

Due to the current long-term contracts, it is not to be expected that the takeover of Creat's shares by Grifols will lead to a worse position for Biotest. On the contrary, there is the possibility that Biotest will again purchase plasma from Grifols plasma centres in the USA, as it has done in the past.

Due to the generally long-standing business relationship and the intensive dialogue that Biotest maintains with plasma suppliers, the Board of Management considers the probability of occurrence of these risks to be low. Due to the potential amount of damage from individual risks, the Board of Management classifies the fundamental risks from plasma supplier relationships as medium risks and, with regard to plasma procurement, as high risks.

Political risks

Biotest generates a share of its sales via tender business. In certain countries, business of this kind could be subject to a high level of political influence, which could in certain cases be to Biotest's disadvantage. Due to Biotest's high level of risk awareness concerning tenders in these countries, the associated risks are considered minor. Biotest maintains relationships with companies all over the world. In unfavourable circumstances, a destabilisation of the political situation in individual countries could impair business relationships and prospects. In extreme cases, the political and economic system of individual countries could be subject to destabilising effects. These could include currency export restrictions or import and export bans, which could threaten business relationships between Biotest and typically government-run institutions in such countries.

The situation in many countries in the Middle East destabilised further in some cases in 2021. Because Biotest is represented in these countries, it is exposed to increased risk. Another risk is that it remains difficult to obtain payments for pharmaceutical supplies exempted from embargo and sanction measures from countries otherwise subject to sanctions. Biotest is trying to minimise these difficulties through intensive contact with its banks and by explaining the underlying transactions. Biotest continuously monitors all political risks. The potential economic consequences of an occurrence of such risks are analysed closely in order to implement appropriate measures.

In May 2018, former US President Donald Trump announced that the US would withdraw from the nuclear agreement with Iran. He reinstated sanctions against the country and tightened them again in 2020. The new US administration has not been able to reach an agreement with Iran on a resumption of the nuclear deal in 2021, so that the tightened US sanctions continue to apply unchanged. At Biotest, this could have a negative impact on the recoverability of the recognised assets in the mid double-digit millions, of which € 16.1 million relates to trade receivables from business relationships with customers in Iran. The sanctions could also lead to a complete termination of business relations. The Board of Management does not rule out that the situation

could deteriorate in the short term as a result of US sanctions.A constitutional amendment came into force in Turkey in June 2018. This amendment greatly expanded the power of the President and abolished the office of the Prime Minister. The economic and financial situation is unstable and characterised by strong fluctuations in the Turkish lira. This could lead to income losses in the low double-digit million Euro range for Biotest over the next 10 years.

Russia's armed attack on Ukraine is exacerbating the geopolitical risk situation. Therefore, there is a risk that sales in Eastern Europe will not materialise, supply chains will be interrupted, and construction materials, spare parts and auxiliary materials will only be delivered with considerable delays or at significantly higher purchase prices. Even production interruptions cannot be ruled out in 2022.

Overall, the Board of Management classifies the political risks as high risks as in the previous year.

Corporate strategy risks

Risks associated with Biotest Next Level

Biotest began developing three new product lines, the associated manufacturing processes and building new production capacities in 2013.

As part of the Biotest Next Level project, the production process is being transferred from the current production facility e.g. from the pilot production plant (Clinical Manufacturing Plant (CMP)) to the larger scale (scale up) of the later commercial production (transfer). Comparability must be demonstrated for the new process to ensure that the pharmaceutical product manufactured on a commercial scale is "identical" to that of the clinical trial phase and that the same therapeutic effect will be achieved. During the transfer and scale-up of the process from development, significant differences could arise in the processing and/or in the product manufactured on a large scale. This would entail a process adaptation of the new process and would be associated with additional costs for process adaptation as well as delays in product approval.

This transfer, which took place in 2020, was successfully validated in the subplants for fractionation and production of IgG Next Generation.

The validation of the facilities for the production of Trimodulin, Fibrinogen and Albumin is still pending. All inspections carried out to date by the Darmstadt Regional Council and the Paul Ehrlich Institute in Langen, Germany have been completed successfully; subsequent inspections by the German and foreign authorities are still pending.

The milestones still to be reached for the validation of the plants cannot be achieved, especially but not exclusively for Trimodulin (IgM concentrates), Fibrinogen and Albumin, if the predefined process and production specifications are not met.

If serious problems or delays were to occur, e.g. due to pandemic-related supply bottlenecks at external contractual partners or staff shortages, the possibility of a value adjustment of the Biotest Next Level systems may possibly not be ruled out. Since it is a long-term project, the Board of Management assesses short-term risks associated with Biotest Next level as moderate.

Research and development risks

New medicines undergo several pre-clinical trials and clinical trials prior to marketing authorisation and market launch. There is a risk that a previously assumed therapeutic effect may not be confirmed or that unexpected medical risks will negatively impact the benefit/risk balance. Since development programmes may have to adapt to new findings in terms of their development or further development, the associated costs and development times cannot always be predicted accurately – unexpected additional costs and increased development time could arise. The COVID-19 pandemic in particular and the tense situation in the study centres have made delays in clinical development more likely. Changes in the market environment, in particular competitive developments, or other external factors such as requirements for approval and the regulatory environment or the subsequent reimbursement of new drugs can also have a negative impact on development, the timeline and strategy. For example, constantly increasing requirements to prove the additional benefits of new products compared to current products, or demonstrate economic health benefits, are playing an increasingly important role in the development of drugs. These benefits must be proven as early as possible during the product development stage, otherwise there is a high risk that the Company will not be able to obtain a sufficiently high price on the market to cover the costs of development.

A special situation has arisen with the development product Trimodulin. The emergence of the coronavirus has significantly changed the intended study population for phase III development in sCAP, as the coronavirus has been added to the known pathogens of sCAP. This provides an opportunity to significantly accelerate Trimodulin development with the new indication COVID-19. The large number of patients and the pandemic-related faster approval pathways offer new opportunities.

On the other hand, the study design and implementation for pneumonia caused by other pathogens acquired outside the hospital becomes more uncertain. A different distribution and frequency of the disease due to preventive measures, a different occupancy of intensive care units, as well as changing treatment algorithms due to COVID-19 increase the risk of development.

This means both an additional opportunity in the use for the therapy of COVID-19 patients and an increased risk with regard to the originally planned development for the therapy of acquired pneumonia. All in all, the new opportunities outweigh the risks from Biotest's point of view.

In the Biotest Next Level project, the IgG Next Generation, Trimodulin and Fibrinogen development projects were advanced simultaneously with the construction, approval and commissioning of the new plant. The associated high complexity requires particularly close management and monitoring of product development and marketing authorisation as well as production planning. In addition, unexpected events in one of the programme strands could lead to the Biotest Next Level manufacturing plant reaching profitable utilisation later or not as planned and to the carrying amount of this plant having to be partially depreciated. The Board of Management considers this to be a medium risk. In the very unlikely event that the aforementioned development projects fail, few other projects are being pursued or planned where commercialisation challenges may also arise. Since research and development projects are very long-term projects, the Board of Management currently considers the short-term risks of current projects low.

The progress of development projects is monitored constantly through milestone planning. The new data obtained from the entire development strands are evaluated in interim analyses. This creates a reliable basis for decisions on the further course of the project. As part of long-term risk management, development risks are systematically recorded, monitored and managed.

Performance-related risks

Process and production risks

Process and production risks can occur if efficient and environmentally friendly service provision would be impaired by inefficient structures and production processes as well as by natural hazards. Personnel risks in production arise from possible deliberate or accidental misconduct by employees that could negatively affect production efficiency or safety.

Biotest constantly monitors and analyses its production processes in order to take early action against any risks. All employees involved in production become familiar with production workflows by reviewing our operating procedures. Possible risks are combated by adopting extensive and precisely documented standards and operating procedures as well as regular training of staff. A further risk is posed by changes in regulatory requirements, the implementation of which necessitates technical developments.

Supplier relationship risk

There is a risk that individual business or cooperation partners may fail to duly meet their obligations or terminate existing agreements. In some areas, suppliers have processes and products that are not easily substitutable, so that their failure could lead to increased expenses or even production delays. This currently applies to the loss of suppliers from the UK following Brexit and to the risk of phased losses of manufacturers of precursor products, for example.

In 2021, there were global shortages of raw materials, intermediate products and transport capacities. Production bottlenecks at suppliers could also result due to COVID-19 infections or disruptions to international supply chains. Furthermore, many upstream suppliers are facing significantly increased demand volumes from vaccine manufacturers and an increase in demand, especially in Asia, which could lead to capacity bottlenecks. Biotest has taken potential supply bottlenecks into account by setting up a task force early on at the start of the pandemic in 2020 to regularly monitor the supply situation and proactively initiate appropriate measures. This also includes an increase in stockpiling in some areas, a close dialogue with suppliers and the evaluation of alternative sources of supply. In addition, the Biotest Group is subject to the risk of being held liable for possible breaches of duty by its partners. Furthermore, long-term supply agreements with guaranteed purchase volumes are also associated with the risk of not being able to sell these quantities in time or of the supplier demanding compensation or terminating the agreement in case of non-compliance with the delivery quantity. Given that business relationships generally last many years and in view of the close dialogue maintained with suppliers, the Board of Management believes that the probability that these risks will materialise is low. Due to the potential amount of loss of individual risks, the Board of Management considers the risks arising from supplier relationships to be moderate.

Risks relating to plasma as a raw material

There is a very low risk that plasma contaminated with currently known but undetected or currently unknown bacteria, viruses or prions will enter the production cycle. This could lead to contamination of end products. Possible consequences include a recall of individual batches from the market or restriction or suspension of marketing authorisation by the authorities. In addition,

contamination caused by currently unknown bacteria, viruses, or prions could result in tighter legislative controls on plasma-based medicines. In the event of reports from the market of suspected contaminated end products, these will be recorded and analysed as part of the pharmacovigilance system. In the unlikely case of a confirmed contamination, this would result in a risk-minimising measure being taken, e. g. recall of the batch. This is currently considered a low risk. The test procedures employed by Biotest are in line with the latest scientific standards. The manufacturing process includes several steps for viral inactivation or viral depletion. Contamination of end products is thus highly unlikely.

Compliance and legal

In addition to the risks arising from product liability, competition and antitrust law, pharmaceutical law, patent law, trademark law, data protection law, tax law and environmental protection, there is a general risk that Biotest could infringe on the industrial property rights, patents and trademarks of other companies by launching new products on the market. Biotest conducts extensive research and reviews to avoid this risk.

There is a risk of corruption in competing for supply contracts and in procurement. Biotest Group employees could improperly influence the awarding of contracts by granting or accepting undue advantages. In order to counteract this risk, the Biotest Group further strengthened its compliance measures again in financial year 2021. The Corporate Compliance Officer is a member of important decision-making bodies of the Company. As a result, compliance aspects are taken into account in relevant business processes.

The international compliance system was further expanded in close cooperation with the Compliance, Legal and Information Technology departments. The compliance processes were further developed in 2021 primarily through the ongoing implementation of an electronic compliance check process, the digitalisation of existing training and testing systems as well as the negotiation and adoption of a company agreement on compliance regulations.

Any transactions of Biotest AG or other Group companies with relevant professionals (doctors, pharmacists and state-qualified nurses, for example) that could be associated with compliance risks, such as continued education events, expert meetings, presentations and observational studies that are financially supported by Biotest, are subject to prior written approval by the Compliance department. Furthermore, as part of a so-called vendor compliance process, the Compliance department reviews the supporting documentation for invoices from this area for plausibility. This process is also used for the annual publication of the so-called transparency data (listing of donations provided to healthcare professionals, for example), which Biotest AG has committed to disclosing as a member of AKG e.V. (an association dedicated to medicines and cooperation in healthcare).

In addition, the Legal and Compliance departments actively address antitrust risks that are typical for a manufacturer of medicinal products from blood plasma. The Biotest Group's Compliance Officers met and exchanged information in 2021 as well. At these meetings and at telephone conferences held several times over the course of the year, the national Compliance Officers report on their activities and work results in their respective countries.

Based on their risk exposure, employees in all departments of the Biotest Group regularly receive training on the risks affecting them and current developments in the compliance field. Employees with contacts to specialists must pass an annual electronic test. All employees regularly receive basic training on the Code of Ethics and Conduct of Biotest AG. All distributors and agents are informed of any changes in the Code of Conduct. They confirm every year that they have received and taken note of the Code of Conduct.

The heads of Group companies may only engage in business transactions with a material effect on the Group's earnings position, financial position, cash flows and results of operations or the Group's risk position with the prior approval of the Group's management. Information events on compliance topics and on the Code of Ethics and Conduct are held regularly for distributors and agents.

The compliance management system is reviewed regularly for its appropriateness and effectiveness by the Internal Audit department. The last audit took place in the first quarter of 2019. Another audit on the publication of payments to specialist group members took place in the second half of 2019. There was no audit in 2021. The next audit is scheduled for 2022.

In 2021, the Romanian Competition Council intensified antitrust investigations against the Plasma Protein Therapeutics Association (PPTA), a non-profit association representing the interests of plasma derivatives manufacturers, Biotest and some of Biotest's competitors. The underlying proceedings began in June 2018 with a search of the PPTA offices in Brussels by Belgian and Romanian competition authorities based on allegations of a coordinated strategy by the aforementioned companies to limit or stop the supply of immunoglobulins to Romania. Most recently, the authority issued a fine notice against Biotest, against which Biotest will take legal action. Biotest considers the accusations to be unfounded, especially since Biotest, at times as the only manufacturer, had continued to supply the Romanian market with plasma products. Therefore, Biotest considers the risk of an economic burden from these antitrust proceedings to be low. In connection with the Russian business of Biotest AG, the authorities had discontinued the investigations against Biotest AG and against the majority of the defendants of Biotest AG in 2017.

Judicial proceedings were opened against three managers of the company, which were terminated in one case with the discontinuation of the proceedings and in two other cases with a final judgement in the first instance. Due to the increasing activities of law enforcement authorities in many countries in the area of economic crime, compliance and legal risks are assessed as moderate.

Personnel risks

Other risks include the possibility that Biotest will not be in a position to retain employees in key positions or find suitable candidates for such positions. Biotest adresses this risk through continuous and targeted employee training, special onboarding measures and attractive entry and training programmes. The performance-based remuneration of specialists and managers and retention events also reduce personnel risks. The Board of Management considers the personnel risks to be moderate.

IT risks

Many production and other business processes at Biotest rely on IT support. The Group has been using an integrated standard business software package, the SAP ERP Business Suite, since 2008. The security of business data as well as business continuity are very high priorities. This applies both to the stability of the IT systems and backup solutions as well as to protection against unauthorised third-party access and possible attacks from the Internet. Biotest is continuously increasing its already comprehensive use of IT systems and at the same time enhancing the respective security systems. The system functionality is constantly being improved in the areas of production, quality control and quality assurance in order to reduce risks and ensure product quality. The key systems (e. g. SAP or central file services) are also designed redundantly. The proper handling of systems and data is governed by working instructions and is ensured through appropriate training. Raising employees' awareness of constant new types of cyber-criminality is also becoming increasingly important. The Board of Management considers the information technology risks to be moderate.

Financial and currency risks

A large part of the financing is secured by a subordinated shareholder loan of € 290 million. On 24 June 2019, Biotest signed a financing agreement with a term of 5 years for a volume of € 240 million. This finances the further steps for the project Biotest Next Level facilities over the next few years. In addition, further long-term loans in the amount of € 30 million were concluded. The Board of Management considers the financial risks to be moderate. Interest rate risks exist for the variable interest liabilities, since the interest burden can change due to changes in the agreed market interest rate. Changes in interest rates can have a positive or negative impact on earnings. With regard to investments in listed companies, changes in the stock market price can have both a positive and a negative impact on earnings. Interest rate risks are currently not hedged. The Board of Management considers the Interest rate risk to be low.

As an international Company, Biotest AG does business in various currencies. Changes in exchange rates create opportunities and risks for the business results of Biotest AG. The risks are determined centrally and appropriate measures are derived to control them. Currency risks are hedged, as far as reasonable and possible, by using derivative financial instruments such as forward exchange contracts. As a general rule, underlying transactions already executed are hedged. Sales in US dollars continue to be offset by purchases in the same currency (natural hedging). However, despite these measures, the massive devaluation of individual currencies could impact consolidated results. Possible currency risks are therefore monitored continuously, and appropriate hedges are entered into where necessary. If the business incurs losses as a result of a currency devaluation (e. g. in Russia, Iran, Turkey or Brazil), those sales that can no longer be generated cannot be hedged. The Board of Management considers currency risks to be moderate risks.

Financing risk

Biotest AG is dependent on the fact that financial liabilities due can be refinanced, if necessary, and existing financing commitments are kept. If reliable and timely financing cannot be guaranteed, the willingness to pay could be jeopardised. With the two financing modules for a subordinated shareholder loan of € 290.0 million and the financing contract concluded in 2019, Biotest AG has diversified its financing structure in a balanced manner. Biotest AG has a stable financing basis through 2024. The financing agreement concluded in 2019 includes a financial ratio to be met. If this financial ratio is not met, the financial parties have the right to terminate the agreement prematurely. Additional ongoing efforts in working capital management strengthen the Company's internal financing power. In addition, at the end of December 2021, the Biotest Group had cash in hand and bank balances in the amount of €104.4 million, from which the current business and upcoming investments are financed.

Grifols S.A. has announced that it has entered into a share purchase agreement with Tiancheng International Investment Limited for the acquisition of all shares in Tiancheng (Germany) Pharmaceutical Holdings AG, the majority shareholder of Biotest AG. The completion of this transaction would result in a change of control. This could have an impact on Biotest's current financing.

At present, the Management Board assumes that a possible change of control will have no effect on the financing of the Company. The effect of the completion of the takeover offer of Grifols S.A. on the usability of the tax loss carryforwards and interest carryforwards, in particular at the Biotest AG level, is still being examined. So far, no deferred tax assets have been recognised in the Consolidated Financial Statements for the corresponding loss carryforwards, so that a limited usability would not result in a balance sheet correction.

The financing risk is assessed as low by the Board of Management.

Other risks

Risks resulting from side effects or interactions

Unexpectedly severe, more frequent or hitherto unknown side effects or interactions with other medicines can result when taking drugs. Inappropriate handling, storage or use of our products could also give rise to significant adverse effects for customers and patients. As part of the pharmacovigilance system (PVS), reported suspected cases of side effects or interactions are recorded, investigated and analysed by Biotest, and further risk-based measures to minimise risks are taken. The terms pharmacovigilance and drug safety stand for drug monitoring and drug safety. Core elements of PVS are the expertise of employees with qualifications in medicine, pharmaceuticals or other natural sciences as well as validated structures for data processing, data analysis and reporting to regulatory authorities. The system also requires that each international subsidiary of Biotest employ a local contact for pharmacovigilance and each cooperating partner designate one. The Corporate Drug Safety department is responsible for the establishment and continuous updating of the PVS. The measures to be adopted in agreement with regulatory authorities can range from continuation of the established pharmacovigilance routine described in SOPs, additional data analysis, exchange of information, supplements to the information in the package information leaflet in the sections side effects, warnings and contraindications all the way to restriction or withdrawal of the marketing authorisation. The latter would have considerable negative effects. Due to established and independently audited pharmacovigilance processes and extensive experience with the product portfolio, Biotest is unlikely to experience serious consequences resulting from unexpected side effects. Overall, the Board of Management considers the risks in this area to be low.

Risks caused by quality defects

Biotest meets the strictest international criteria of Good Manufacturing Practice (GMP) and ensures, largely through the departments Manufacturing, Quality Assurance (QA) and Quality Control (QC), that safety-relevant defects remain very rare exceptions. In conjunction with the pharmacovigilance system (PVS), the quickest possible detection of suspected quality defects, their analysis, assessment in terms of medical risks and, if necessary, correction and risk minimisation are guaranteed. Additionally, a competent, objective and well-founded decision is ensured. Quality defects could be suspected as a result of internal quality control carried out as part of manufacturing (“deviation reports”) as well as due to customer complaints from the market (“product technical complaints”) and are recorded similar to reports of side effect by the Corporate Drug Safety department. If a quality defect fraught with risk were to be confirmed, risk-minimising measures would be implemented independently and immediately, in coordination with regulatory authorities, through the Biotest Medical Alarm Plan Committee (MAPCOM) as part of the respective process and under the leadership of Corporate Drug Safety. A typical measure, as a result of risky defects, would be an immediate blocking of stock goods and recall of delivered goods so that their further administration is prevented. Preventive recalls of defective batches are very rare for individual products but are known and accepted by pharmacists and prescribers as a reliable routine process for targeted risk minimisation in the pharmaceutical industry as a whole. Only in the extremely unlikely event, e.g. repeated occurrence, can quality defects lead to the withdrawal of approval. Nevertheless, the costs of a recall limited to certain batches can also represent a considerable burden.

There was no recall in 2021. The financial impact of recall measures is likely to increase in parallel with the increasing internationalisation of sales. With an overall low probability of occurrence, management continues to assume a moderate risk.

Risks caused by defects in the pharmacovigilance system (PVS)

The pharmacovigilance system under the responsibility of the marketing authorisation holder ensures that national and international requirements (Good Vigilance Practice, GVP) for monitoring product use and drug safety are met as a prerequisite for granting and maintaining marketing authorisations for drugs. The Corporate Drug Safety department is responsible for its implementation in the Company.

Defects in the pharmacovigilance system, especially the improper handling of suspected cases of side effects, interactions or claimed quality defects, could not only damage Biotest’s reputation with the supervisory and regulatory authorities but also be subject to a fine for the territory of the EU for the marketing authorisation holder (up to a maximum of 5% of the annual sales in the EU per defect). Furthermore, they could result in the withdrawal of the drug marketing authorisation in severe, repeated cases. Biotest ensures a very high level of reliability in this area by continuously developing transparent processes and through

cross-departmental, international training courses for staff who deal with these topics. This was consistently confirmed in routine inspections by international authorities, lastly in September 2018 by the Paul Ehrlich Institute in the context of the Medicinal Products Act (AMG) and GVP and in July 2020 by the Darmstadt Regional Council in the context of the Pharmaceuticals and Active Ingredients Manufacturing Ordinance. Moreover, intensive dialogue with clinics, doctors in private practice and pharmacists ensures that we are informed promptly about possible newly identified side effects and interactions. Therefore, the Board of Management considers the risks in this area to be low.

Risks arising from ongoing legal proceedings and tax risks

All identifiable risks from employment law and other ongoing proceedings are covered through provisions. Furthermore, tax risks could result from tax audits of previous years. This would be the case if the fiscal authorities assess tax items in a different way than that applied by Biotest Group companies. The Board of Management currently considers the risks in this area to be low.

Biotest recognises deferred tax assets to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilised. Weaker than expected taxable income may have a negative effect on the recoverability of deferred tax assets. The Board of Management considers this to be a low risk.

Risks from the sale of companies or parts of companies

The sale of companies or parts of companies could result in liability to the buyer, for example due to indemnity or guarantee commitments. The Board of Management sees a low risk here, as most of the warranty periods from past sales of companies or parts of companies have already expired.

Risks associated with pandemics/epidemics

Biotest is an internationally operating Group. In this context, the outbreak of the coronavirus could have a negative impact, in particular on conducting business in regions affected by a pandemic/epidemic. The spread of the disease could also have a negative impact on the willingness of the population to donate blood plasma or on the health and operational capability of employees.

Postponed surgeries and transplants, as well as the reduced number of hospital outpatients, could result in lower demand for immunoglobulins and hyperimmunoglobulins.

Calls or government orders to restrict contact, as well as measures to maintain appropriate distances between individuals, could reduce the opportunity for plasma donation and lead to a reduction in the capacity of plasma collection centres. The resulting shortfall in plasma volumes could mean that a planned production volume of end products can only be adequately supported by plasma if previous plasma collection volumes are restored. If this does not occur as a result of uncertainty regarding the course of a pandemic or epidemic, a significant reduction in the supply of the raw material blood plasma could result in reduced availability of end products.

To contain a pandemic or epidemic, countries could make access across their borders more difficult, possibly resulting in a delay in delivery due to unavailable transportation.

There is also a possibility that plasma exports for further processing in countries such as Germany could be banned or made more difficult. This applies in particular to the largest plasma exporter, the USA.

These effects of a pandemic or epidemic could have a negative impact on the net assets, financial position and results of operations. The Board of Management assesses this risk as high.

D.II.6. GENERAL STATEMENT ON THE GROUP'S RISK POSITION

Due to the effects of the corona pandemic, the plasma procurement risk for Biotest has increased further. In addition, Russia's unwarranted attack on Ukraine has exacerbated the political risks. Furthermore, in the opinion of the Board of Management, Biotest is currently not exposed to any significant risks beyond those that are inextricably linked to the existing business and the Biotest Next Level investment project. All significant risks are continuously monitored. If possible and reasonable, appropriate hedging of possible financial consequences is undertaken. Although external and internal conditions have led to certain changes in the assessment of the individual risks described above, the overall risk assessment has not changed significantly, with the exception of the circumstances described above. There are currently no discernible risks that could jeopardise the continued existence of the Biotest Group.

D.III. OPPORTUNITIES REPORT

Biotest views risks and opportunities from an integrated management perspective. By continuously monitoring developments in sales markets and regulatory conditions, the Company is able to identify opportunities at an early stage. Current opportunities are the subject of regular reports to the Board of Management. In the event of a change in opportunities requiring immediate action, the Board of Management is notified directly and at short notice. Biotest thoroughly evaluates any identified opportunities and makes decisions regarding possible capital expenditure based on the results. Possible risks are also considered in assessing opportunities. Finally, the potential project must be in line with the strategic orientation of the segment and the Group.

D.III.1. OPPORTUNITIES ARISING FROM DEVELOPMENT OF THE PRODUCT PORTFOLIO

The extension of the use for current products or development projects in additional indications could result in further marketing potential for the Biotest Group.

In addition, extended indication areas could also result from improved or more widely used diagnostic methods, leading to better detection of potentially treatable diseases which can be treated by administering immunoglobulins. Additional potential also results from the consistent further development and life cycle management of current products. The further development of products already on the market – including the establishment of additional dosing – will further differentiate the product portfolio and thus make it possible to address further market segments. The marketing of albumin in the non-therapeutic segments also offers further opportunities. In addition to the development projects that result in new products or indication extensions, further projects to improve process yields and additional cost-reduction measures will also be carried out.

D.III.2. OPPORTUNITIES ARISING FROM CORPORATE STRATEGY

The Group's internationalisation strategy in particular offers potential for the future growth of the Company. Numerous new marketing authorisations in international markets confirm this development. In addition, other regions in North, Central and South America as well as Asia are to be opened up. Furthermore, in numerous emerging countries, more funds are being provided for healthcare systems, health insurance is being introduced and patient care is improving as a result. This positive trend is noticeable in Algeria as well as Turkey and Central and South America – countries in which Biotest already operates and can benefit from these developments. Competitive advantages and therefore opportunities could also arise in the future from further strategic research and development as well as distribution cooperation agreements. Numerous opportunities that will take the Biotest Group to a new level will result from the increase in productivity and the doubling of production capacity, which are planned as part of the Biotest Next Level project, with a special focus on the approval and sale of these new products on the important US market. In addition, hyperimmunoglobulins are an opportunity for Biotest to extend the application to other indications or to generate sales in additional countries. The selection depends on the requirements of the market and the regional conditions.

Another priority is the consistent focus on customer segments such as transplantation. In cooperation with leading experts in the field of transplantation, the use of Cytotect® CP Biotest, Hepatect® CP, Zutectra®, Varitect® CP and Pentaglobin® are the areas of focus in this regard.

D.III.3. PERFORMANCE-RELATED OPPORTUNITIES

Biotest has invested heavily in expanding its resources and expertise in the fields of drug development and marketing authorisation in recent years. In addition, the Group is moving into a new dimension by implementing the doubling of its production capacity. In the future, it will also continue to reap the benefits of its efficiently managed corporate headquarters in Dreieich, where all of the major business departments are concentrated. The resulting synergies and potential will continue to be used to conduct in particular research and development projects more quickly and cost-effectively and improve the efficiency of production.

D.III.4. OPPORTUNITIES ARISING FROM THE ANNOUNCED TAKEOVER BY GRIFOLS S.A.

Grifols S.A. has expressed its intention to provide Biotest AG with additional research and development funding to accelerate current development projects for novel proteins such as Trimodulin and Fibrinogen. This would provide the opportunity to advance product development and manufacturing faster than would otherwise be possible for Biotest on its own. In addition, there

are again greater opportunities from the possibility of operating our plasma collection centres in the USA if the majority shareholder is based in Europe. Since the marketing of plasmatic therapeutics in the USA is only possible on the basis of products manufactured from US plasma, the procurement of US plasma is the basis for access to the lucrative US market.

D.III.5. GENERAL STATEMENT ON THE GROUP'S OPPORTUNITIES SITUATION

Biotest sees significant opportunities in the increase in productivity and the expansion of capacity as part of Biotest Next Level and in the enhancement of the product portfolio. Opportunities will also increase with regard to Biotest's plasma collection activities in the USA when the takeover by Grifols, S.A. becomes effective following antitrust clearances. The assessment of the short-term as well as the medium- and long-term opportunities has not changed significantly compared to the previous year, with the exception of the opportunities arising from the takeover.

E. GROUP DECLARATION IN ACCORDANCE WITH SECTION 315D OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH – HGB)

Biotest AG is a stock corporation under German law. In addition to the relevant statutory provisions, the Company's Articles of Association form the basis for the management, decision-making and control mechanisms. The declaration pursuant to Section 315d of the German Commercial Code (HGB) can be downloaded from the Company's website (www.biotest.com) in its current version.

F. GROUP DECLARATION REGARDING NON-FINANCIAL INFORMATION IN ACCORDANCE WITH SECTION 315C OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH – HGB)

For information on the non-financial declaration in accordance with the commercial law provisions resulting from the implementation of the Corporate Social Responsibility (CSR) guideline, please refer to the Company website (www.Biotest.com).

G. INFORMATION RELEVANT TO THE TAKEOVER IN ACCORDANCE WITH SECTION 315A OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH – HGB)

The subscribed capital of Biotest AG amounts to € 39,571,452 (as of 31 December 2021) in accordance with the Articles of Association. It is divided into 19,785,726 ordinary shares and 19,785,726 preference shares. The shares are bearer shares; the preference shares do not carry any voting rights. Biotest is not aware of any other voting rights or transfer restrictions. Mr Yuewen Zheng has notified Biotest pursuant to Sections 33 (1), 34 WpHG on 2 February 2018 that Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, holds 89.88 % of the ordinary shares in Biotest AG. The voting rights of Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, are attributed to Mr Yuewen Zheng pursuant to section 34 WpHG. Biotest AG is therefore indirectly controlled by Mr Yuewen Zheng (reporting date: 31 December 2021).

Grifols, S.A., a public limited company under Spanish law with its registered office in Barcelona, Spain, notified Biotest AG on 17 September 2021 pursuant to Section 33 (1) of the German Securities Trading Act (WpHG) that it had entered into a purchase agreement on the same day, subject to conditions, and acquired instruments pursuant to Section 38 (1) sentence 1 no. 2 of the German Securities Trading Act (WpHG) which, upon maturity, confer the right to acquire 89.88% of the ordinary shares and thus the voting rights. Grifols, S.A. also published the offer document for its voluntary public takeover offer to all shareholders of Biotest AG on 26 October 2021.

The execution of the offer and the share purchase agreement are subject to the condition precedent of approval by the competition authorities in Germany (or in the case of a referral by the European Commission), Spain (or in the case of a referral by the European Commission) as well as Turkey and must be fulfilled cumulatively by 17 December 2022 at the latest.

As of 31 December 2021, the Board of Management was not aware of any other direct or indirect shareholdings in the Company exceeding 10% of the voting rights. There are no holders of shares with special rights conferring powers of control.

Members of the Board of Management are appointed and dismissed by the Supervisory Board in accordance with Sections 84 and 85 of the German Stock Corporation (AktG) and Section 7 (2) of the Articles of Association. In accordance with Section 179 (1) of the AktG, any amendment to the Articles of Association requires a resolution of the Annual General Meeting (Section 133 AktG). Authorisation to amend the Articles of Association affecting only the wording thereof has been transferred to the Supervisory Board in accordance with Section 27 of the Articles of Association in compliance with Section 179 (1) Sentence 2 of the AktG.

There is currently no authorisation to acquire treasury shares in accordance with Section 71 (1) sentence 8 AktG (cut-off date: 31 December 2021). In order to give Biotest AG flexibility in future financing and capital measures, resolutions passed at the Annual General Meeting on 7 May 2019 created new authorised capital and replaced the previous authorised capital, which the Board of Management had not made use of. Section 4 (5) of the Articles of Association has been repealed and revised as follows: "The Board of Management is authorised, with the approval of the Supervisory Board, until 6 May 2024, to issue the Company's share capital by issuing new bearer shares and / or issuing new bearer preference shares without voting rights against cash contributions and / or contributions in kind, once or several times to increase it up to € 19,785,726.00 (authorised capital). The authorisation includes the authority to issue further preference shares that are equal to the previously issued non-voting preference shares in the distribution of profits or company assets. The shareholders have a subscription right. The subscription right may also be structured in whole or in part as an indirect subscription right within the meaning of Section 186 (5) sentence 1 AktG. The Board of Management is also authorised to determine the further details of the implementation of capital increases from authorised capital." Beyond the above change in the Articles of Association, the Supervisory Board was authorised by resolution of the Annual General Meeting to adapt the Articles of Association after complete or partial implementation of the increase of the authorised capital in accordance with the volume of the capital increase. The authorised capital has not yet been used, not even partially.

Significant agreements between Biotest AG and third parties that take effect in the event of a change of control exist with regard to the financing agreements concluded. The right of termination is excluded for the potential transfer of control to Grifols, S.A.

The contracts of all members of the Board of Management contain a severance payment provision that takes effect in the event that the contracts of the Board of Management are terminated prematurely as a result of a change of control defined in more detail. The severance payment comprises the fixed remuneration for two years as well as a bonus payment for two years based on the average amount of the two previous financial years and the utility value of the company car granted for two years.

There shall be no entitlement if the Board of Management employment contract is terminated for good cause, illness or incapacity to work, or if the Board of Management member receives monetary or non-monetary benefits from third parties in connection with the change of control.

Dreieich, 18 March 2022

Dr. Michael Ramroth
Chairman of the
Board of Management

Dr. Georg Floß
Member of the
Board of Management

Dr. Jörg Schüttrumpf
Member of the
Board of Management

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

of the Biotest Group for the period from 1 January to 31 December 2021

in € million	Note	2021	2020
Revenue	D 1	515.6	484.2
Cost of sales		–434.9	–354.1
Gross profit		**80.7**	**130.1**
Other operating income	D 5	9.2	8.6
Marketing and sales costs		–51.1	–50.2
Administrative expenses		–30.1	–28.2
Research and development costs	D 4	–52.3	–55.8
Other operating expenses	D 6	–3.5	–5.8
Operating result		**–47.1**	**–1.3**
Financial income	D 7	6.2	6.9
Financial expenses	D 8	–23.0	–35.1
Financial result		**–16.8**	**–28.2**
Result from joint ventures	D 9	1.3	–0.5
Profit (loss) before taxes		**–62.6**	**–30.0**
Income taxes	D 10	–0.7	–1.4
Profit (loss)		**–63.4**	**–31.4**
Attributable to:			
Equity holders of the parent		**–63.4**	**–31.4**
Earnings per ordinary share in €	E 12	**–1.61**	**–0.80**
Additional dividend rights per preference share in €	E 12	**0.02**	**0.02**
Earnings per preference share in €	E 12	**–1.59**	**–0.78**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of the Biotest Group for the period from 1 January to 31 December 2021

in € million	2021	2020
Profit (loss) for the period	**–63.4**	**–31.4**
Exchange difference on translation of foreign operations	0.2	1.4
Reclassification of foreign currency translation differences recognised in the statement of income	–	–0.4
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods	**0.2**	**1.0**
Remeasurement of defined benefit plans (see E 13)	4.0	–5.7
resulting income tax effect	–1.2	1.6
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods	**2.8**	**–4.1**
Other comprehensive income, net of tax	**3.0**	**–3.1**
Total comprehensive income, net of tax	**–60.4**	**–34.5**
Attributable to:		
Equity holders of the parent	**–60.4**	**–34.5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of the Biotest Group as of 31 December 2021

in € million	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets	E 1	11.3	14.0
Property, plant and equipment	E 2	524.7	522.2
Right-of-use assets from leases	E 3	25.3	26.1
Investments in joint ventures	E 4	4.5	2.6
Other assets	E 10	0.3	0.4
Other financial assets	E 5	5.6	0.2
Deferred tax assets	E 6	10.2	9.5
Total non-current assets		**582.0**	**575.0**
Current assets			
Inventories	E 7	244.6	290.1
Contract assets	E 9	39.1	46.3
Trade receivables	E 8	107.3	115.8
Current income tax assets		0.7	2.1
Other assets	E 10	12.9	11.5
Other financial assets	E 5	13.2	19.3
Cash and cash equivalents	E 11	104.4	71.3
Total current assets		**522.2**	**556.3**
Total assets		**1,104.2**	**1,131.3**
EQUITY AND LIABILITIES			
Equity			
Subscribed Capital		39.6	39.6
Share premium		219.8	219.8
Retained earnings		184.4	213.6
Share of profit or loss attributable to equity holders of the parent		–63.4	–31.4
Equity attributable to equity holders of the parent	E 12	**380.4**	**441.6**
Total equity	E 12	**380.4**	**441.6**
Non-current liabilities			
Provisions for pensions and similar obligations	E 13	116.5	117.5
Other provisions	E 14	2.4	2.8
Financial liabilities	E 15, E3	496.4	462.5
Other liabilities	E 16	0.0	0.1
Deferred tax liabilities	E 6	2.2	1.2
Total non-current liabilities		**617.5**	**584.1**
Current liabilities			
Other provisions **	E 14	19.9	23.7
Current income tax liabilities		0.5	1.2
Financial liabilities **	E 15, E3	34.8	25.7
Trade payables		38.8	42.0
Other liabilities **	E 16	12.4	13.0
Total current liabilities		**106.4**	**105.6**
Total liabilities		**723.8**	**689.7**
Total equity and liabilities		**1,104.2**	**1,131.3**

*The previous year's values for current other liabilities (Chapter E 16) and current other provisions (Chapter E 14) were reduced and the previous year's values for current financial liabilities (Chapter E 15) were increased accordingly. In accordance with IAS 8, the previous year's values were adjusted accordingly.

CONSOLIDATED STATEMENT OF CASH FLOWS

of the Biotest Group for the period from 1 January to 31 December 2021

in € million	Note	2021	2020
Profit (loss)		–63.4	–31.4
Tax expense		0.7	1.4
Depreciation, amortisation and impairment of intangible assets, property, plant, equipment and rights of use	E 1; E 2; E 3	31.1	29.7
Impairment of inventories		40.1	–
Reversal of/and impairment of financial assets		–	–4.7
Other non-cash income and expense items		–	–0.4
Losses / Gains from joint ventures	D 9	–1.3	0.5
Losses from the disposal of property, plant and equipment		–	0.2
Changes in pension provisions	E 13	2.0	1.2
Financial result	D 7; D 8	16.8	28.2
Operating cash flow before changes in working capital		**26.1**	**24.6**
Changes in other provisions	E 14	–4.2	2.0
Changes in inventories, receivables and other assets		23.8	–29.9
Changes in trade payables and other liabilities		1.9	–4.9
Cash flow from changes in working capital		**21.4**	**–32.7**
Interest paid		–12.8	–6.6
Taxes paid		–0.9	–2.0
Cash flow from operating activities		**33.9**	**–16.7**
Payments for investments in intangible assets and property, plant and equipment		–18.2	–27.0
Proceeds from the disposal of property, plant and equipment		0.3	0.1
Interest received		–	0.8
Payments for / Proceeds from investments in other financial assets		–5.5	11.5
Cash flow from investing activities		**–23.4**	**–14.6**
Dividend payments for the previous year	E 12	–0.8	–0.8
Other proceeds/ payments from financing activities	E 5; E 11	3.6	0.2
Proceeds from the assumption of financial liabilities	E 15	25.1	50.0
Payments for the redemption of financial liabilities	E 15	–	–2.5
Payments for lease liablities		–5.3	–4.8
Cash flow from financing activities		**22.6**	**42.0**
Cash changes in cash and cash equivalents		33.1	10.7
Exchange rate-related changes in cash and cash equivalents		–	–0.2
Cash and cash equivalents on 1 January	E 11	71.3	60.8
Cash and cash equivalents on 31 December	E 11	**104.4**	**71.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of the Biotest Group for the period from 1 January to 31 December 2021

in € million	Subscribed capital	Share premium	Retained earnings	Remeasurement of defined benefit plans	Translation reserve	Total equity
As of 1 January 2020	**39.6**	**219.8**	**252.1**	**–31.4**	**–3.2**	**476.9**
Reclassification to income statement	–	–	–	–	–0.4	–0.4
Other comprehensive income after taxes	–	–	–	–4.1	1.4	–2.7
Profit (loss) for the period	–	–	–31.4	–	–	–31.4
Total comprehensive income	**–**	**–**	**–31.4**	**–4.1**	**1.0**	**–34.5**
Dividend payments	–	–	–0.8	–	–	–0.8
As of 31 December 2020	**39.6**	**219.8**	**219.9**	**–35.5**	**–2.2**	**441.6**
As of 1 January 2021	**39.6**	**219.8**	**220.7**	**–35.6**	**–2.9**	**441.6**
Reclassification to income statement	**–**	**–**	**–**	**–**	**–**	**–**
Other comprehensive income after taxes	–	–	–	2.8	0.2	3.0
Profit for the period	–	–	–63.4	–	–	–63.4
Total comprehensive income	**–**	**–**	**–63.4**	**2.8**	**0.2**	**–60.4**
Dividend payments	–	–	–0.8	–	–	–0.8
As of 31 December 2021 (see E 12)	**39.6**	**219.8**	**155.7**	**–32.7**	**–2.0**	**380.4**

NOTES FOR THE FINANCIAL YEAR 2021

A. GENERAL INFORMATION

The Biotest Group consists of the parent company, Biotest Aktiengesellschaft (Biotest AG), with its registered office in Dreieich, Germany, and its domestic and foreign subsidiaries. The Group's headquarters are located at Landsteinerstrasse 5, 63303 Dreieich, Germany. Biotest AG is registered in the Commercial Register of the District Court of Offenbach am Main under HRB 42396. Biotest is a provider and developer of biological and biotechnological pharmaceutical products. With a value-added chain that ranges from preclinical and clinical development to worldwide sales, Biotest specialises primarily in the therapeutic areas of clinical immunology, haematology and intensive care medicine.

The Biotest Group is divided into the segments Therapy, Plasma & Services and Other Segments.

The **Therapy segment** comprises the development, production and distribution of blood plasma-based immunoglobulins, coagulation factors and albumins that are used to treat diseases of the immune system, haematological diseases and in intensive care medicine. On the other hand, the preclinical and clinical development of monoclonal antibodies in the indications rheumatism and blood cancer, among others, is presented here in the previous year.

The **Plasma & Services segment** includes the areas of plasma sales, toll manufacturing and know-how transfer.

Other Segments include the merchandise business and costs that cannot be allocated to either the Therapy segment or the Plasma & Services segment.

The Biotest Group employed 1,967 staff worldwide as of the reporting date (previous year: 1,928).

The financial statements of Biotest AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are mandatory in the European Union. IFRS include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC) and the Standing Interpretation Committee (SIC). The accounting of the Biotest Group is prepared in accordance with the IFRS that are to be mandatorily used for the financial years beginning on 1 January 2021.

The consolidated financial statements in their current version comply with the provisions of Section 315e of the German Commercial Code (HGB). These provisions form the legal basis in Germany for consolidated accounting in accordance with international standards in conjunction with Regulation (EC) no. 1606/2002 on the application of International Accounting Standards issued by the European Parliament and Counsel on 19 July 2002.

Unless indicated otherwise, all amounts are stated in million euros (€ million). The financial statements have been prepared in euros.

Due to the presentation in million euros, rounding differences of +/- one decimal place may occur when adding up the amounts shown. The visual indicator "-" means that there is no value for this position. A value of +/- 0.0 indicates that a value is existing but is displayed as 0.0 due to rounding.

The chosen masculine form always refers equally to female or diverse persons. Due to better legibility, we have refrained from using a consistent double designation. The consolidated financial statements were prepared based on the assumption of a going concern.

The Board of Management of Biotest AG prepared the consolidated financial statements at 18 March 2022 and submitted them to the Supervisory Board.

CHANGES IN ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied correspond to those of the previous year, with the exception of the following changes.

Commission liabilities and liabilities from bonuses were reported under other liabilities in the previous year. Likewise, the liability from the mandatory manufacturer's rebate was reported in the previous year under other provisions. All of these liabilities are reported under financial liabilities in the financial year. The commission liabilities and liabilities from bonuses are a contractual obligation to deliver cash to customers or distributors for money and therefore a financial liability. The mandatory manufacturer's rebate is a refund liability according to IFRS 15.55, which has to be disclosed under financial liabilities. This disclosure was corrected within current liabilities in accordance with IAS 8 by adjusting the affected items in the balance sheet for the 2021 financial year as follows: Decrease in current other liabilities (Chapter E 16) by € 17.3 million and in current other provisions (Chapter E 14) by € 0.5 million as well as a corresponding increase in current financial liabilities (Chapter E 15) by € 17.8 million.

in € million	31. December 2020 before Reclassification	Reclassification	31. December 2020 after Reclassification
Current liabilities			
Other provisions	24.2	-0.5	23.7
Current income tax liabilities	1.2		1.2
Financial liabilities	7.9	17.8	25.7
Trade payables	42.0		42.0
Other liabilities	30.3	-17.3	13.0
Total current liabilities	105.6	0.0	105.6

Other standards

The following amended standards and interpretations recognised by the EU had no material effects on the consolidated financial statements in the first year of adoption 2021:

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases as well as Interest Rate Benchmark Reform - Phase 2 (for further details see chapter F 3 Financial Risk Management – Interest Rate Risks)
- Amendment to IFRS 16: COVID-19-Related Rental Concessions
- The IASB has published the standards and interpretations listed below, which were not yet mandatory in financial year 2021. These standards and interpretations are to be applied from financial year 2022 on and are not expected to have any material impact on the Group:
- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 37: Contract Performance Costs for Onerous Contracts
- Amendments to IAS 16: Revenue from sales during the construction phase of an item of property, plant and equipment
- Annual Improvements (IFRS 1, IFRS 9, IAS 41, IFRS 16): Cycle 2018 - 2020

The IASB has published the standards and interpretations listed below, which were not yet mandatory in financial year 2021. These standards and interpretations are to be applied from financial year 2022 on and are not expected to have any material impact on the Group:

- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 37: Contract Performance Costs for Onerous Contracts
- Amendments to IAS 16: Revenue from sales during the construction phase of an item of property, plant and equipment
- Annual Improvements (IFRS 1, IFRS 9, IAS 41, IFRS 16): Cycle 2018 - 2020

The Group has not opted for early adoption of any standards, interpretations or amendments that have been published but are not yet effective. Biotest intends to implement the aforementioned standards at the time of their mandatory application.

B. SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES

B 1 SCOPE OF CONSOLIDATION

The Consolidated Financial Statements of Biotest AG include three (previous year: three) domestic and 11 (previous year: 11) foreign companies in which Biotest AG directly or indirectly holds the majority of voting rights. BioDarou P.J.S. Co., based in Tehran, Iran, is included in the consolidated financial statements at equity as a joint venture.

An overview of Biotest AG's investments as defined by Section 313 (2) HGB is provided in Chapter F 10 List of Shareholdings.

Tiancheng (Germany) Pharmaceutical Holdings AG ("Tiancheng"), Munich, Germany, holds the majority of voting rights in Biotest AG. The Biotest Group is included in the consolidated financial statements of Tiancheng International Investment Limited, Hong Kong, People's Republic of China, which, as the ultimate parent company of the Group, also prepares the consolidated financial statements for the largest consolidated group.

B 2 CONSOLIDATION METHODS

The closing date for Biotest AG and all companies included in the financial statements is 31 December 2021. The financial statements of the consolidated companies were prepared using uniform accounting and valuation methods as prescribed by Biotest AG.

Intragroup sales, expenses and income as well as all receivables and liabilities between consolidated companies have been eliminated.

The Group controls an investee in particular, and only when, it owns all of the following equity interests:

- power over the investee (i.e. the Group has the ability on the basis of existing rights to direct those activities of the investee that significantly affect its returns),
- a risk burden due to or rights to fluctuating returns from its interest in the investment company, and
- the ability to use its power over the investee in a way that affects the investee's returns.

If the Group does not hold a majority of the voting rights or similar rights in the investee, it takes all facts and circumstances into account in assessing whether it has power over this investee. These include:

- contractual arrangements with other holders of voting rights,
- rights arising from other contractual arrangements,
- voting rights and potential voting rights of the Group.

A subsidiary is consolidated from the date on which the Group acquires control of the subsidiary. It is deconsolidated if the Group loses control of the subsidiary. Assets, liabilities, income and expense of a subsidiary acquired or disposed of during the reporting period are recognised in the statement of financial position and statement of comprehensive income from the date on which the Group acquires control of the subsidiary until the date on which control is lost.

Any change in the ownership interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction. If a parent company loses control of a subsidiary, the associated assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised. Any resulting profit or loss is taken into account in the income statement. Any retained investment is recognised at fair value.

Business combinations are consolidated using the purchase method in accordance with IFRS 3. Under this method, the cost of a business combination is measured as the sum of the consideration transferred, measured at fair value on the acquisition date. Incidental acquisition costs incurred in connection with the business combination are recognised as other operating expenses.

A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement. Investments in joint ventures are recognised using the equity method in accordance with IAS 28. Under the equity method, investments are recognised in the Consolidated Statement of Financial Position at cost plus post-acquisition changes in the share held by the Group in the net assets of the company accounted for under the equity method.

Investments in joint ventures are recognised using the equity method in accordance with IAS 28. Under the equity method, investments in joint ventures are recognised in the consolidated statement of financial position at cost plus postacquisition changes in the shares held by the Group in the net assets of the company accounted for under the equity method.

The Group's share of the profit or loss of the joint venture is reported separately in profit or loss for the period. Changes recognised directly in the equity of the joint venture are recognised by the Group in the amount of its share and, where appropriate, are presented in the consolidated statement of changes in equity. Goodwill arising on the acquisition of a joint venture is included in the carrying amounts of joint ventures and is neither amortised nor tested for impairment separately.

After applying the equity method, the Group determines whether it is necessary to record an additional impairment on investments in joint ventures. On each reporting date, the Group determines whether objective evidence exists that the investments in a joint venture could be impaired. If this is the case, the difference between the fair value of the investment and the carrying amount of the investment is recognised as an impairment loss in the consolidated statement of income.

B 3 CURRENCY TRANSLATION

The functional currency concept applies to currency translation. The subsidiaries included in the Biotest Group conduct their business independently and the functional currency of these companies is therefore the respective local currency. Transactions in foreign currencies are translated into the respective functional currency of the Group companies at the spot rate on the date of the transaction. When translating the annual financial statements of subsidiaries whose functional currency is not the euro, assets and liabilities are translated using the mean rate of exchange prevailing as of the reporting date, and income and expenses are translated at the average annual rate. The resulting accumulated differences are recognised in other comprehensive income, i.e. in a separate item in equity, which is disclosed under retained earnings in the Consolidated Statement of Financial Position.

In accordance with IAS 21, goodwill as assets of economically independent foreign subsidiaries is translated at the closing rate.

In the reporting period, due to inflationary developments in Iran, the provisions of IAS 29 Financial Reporting in Hyperinflationary Economies were applied for the first time to the joint venture based there. In this context, we refer to our comments in chapter E 4.

The following exchange rates were applied to currency translation within the Biotest Group:

	Average exchange rates			Closing rates
1 euro equals	**2021**	2020	**31.12.2021**	31.12.2020
USD	1.1835	1.1413	1.1326	1.2271
GBP	0.8600	0.8892	0.8402	0.8990
RUB	87.2321	82.6454	85.3004	91.4671
CHF	1.0814	1.0703	1.0331	1.0802
HUF	358.4600	351.2050	369.1900	363.8900
BRL	6.3814	5.8900	6.3101	6.3735

Monetary items (cash and cash equivalents, receivables and liabilities) denominated in foreign currency in the consolidated companies' individual statements of financial position are recognised in local currency at the closing rate. Income and expense resulting from currency translation are reported as financial expense or financial income.

B 4 INTANGIBLE FIXED ASSETS

A) GOODWILL

Goodwill arises in the acquisition of companies or shares in companies and is the difference between the cost of purchase (purchase price) and the fair values of the assets and liabilities acquired. Goodwill is recognised at the cost of purchase. In accordance with IAS 36, the cash-generating unit to which goodwill has been allocated shall be tested for impairment annually and whenever there is an indication that the unit may be impaired by comparing the carrying amount of the unit, including goodwill, with the recoverable amount.

Goodwill is allocated to a group of cash generating units. These groups of cash generating units are equivalent to the segments and projects of the Biotest Group. In cases where goodwill represents a portion of the cash generating unit and a part of the business division of this unit is sold, goodwill attributable to the divested business division is included in the carrying amount of the business division when determining the net income from the sale of the division. The value of the divested portion of goodwill is determined based on the relative values of the divested business and the remaining portion of the cash generating unit.

An impairment loss is recognised through profit or loss if the recoverable amount of the asset or the cash generating unit is lower than the carrying amount. The recoverable amount is the maximum of fair value, less selling costs and value in use. For the purpose of impairment testing, the allocable future cash flows of the cash generating units are used to calculate their value in use on the basis of the discounted cash flow method. Under this method, cash flows are discounted based on multi-year business projections and a long-term growth rate forecast. The growth rate depends on the business under review. The discount rates applied before tax are based on the relevant WACC (Weighted Average Cost of Capital). Any write-downs required are determined by comparing the carrying amount of the cash generating unit with the recoverable amount. An appropriate valuation model based on the discounting of future cash flows is used to determine fair value less selling costs. In order to objectify the results, the stock market price of Biotest is used as an indicator for the fair value on the reporting date.

B) OTHER INTANGIBLE FIXED ASSETS

Other intangible assets acquired are recognised at cost and include exclusively assets with a finite useful. Assets with a finite useful life are amortised on a straight line basis over their estimated useful life. If necessary, impairment losses are recognised in accordance with IAS 36. The useful life applied in this case ranges from 3 to 10 years.

The amortisation period and the amortisation method applied to an intangible asset with a finite useful life are reviewed at the end of each financial year at least. If there is a change in the anticipated useful life of the asset or anticipated amortisation period of the asset, another amortisation period or amortisation method is to be selected. Such changes are treated as changes to estimates. Amortisation of intangible assets with a finite useful life is recorded in the statement of income under the expense category corresponding to the function of the intangible asset.

Impairment testing is performed on the basis of future cash flows allocated to the cash generating units; to test impairment, their recoverable amount is calculated as the value in use using the discounted cash flow method. Under this method, cash flows are discounted based on multiyear business projections and a long-term growth rate forecast. The growth rate depends on the business under review. The discount rates applied before tax are based on the relevant WACC (Weighted Average Cost of Capital). Any writedowns required are determined by comparing the carrying amount of the cash generating unit with the recoverable amount.

B 5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised in accordance with the cost of purchase model at the cost of purchase or production cost less accumulated scheduled depreciation and accumulated impairment losses. Depreciation is allocated on a straight line basis over the expected useful life, which is estimated as follows:

Buildings	up to 50 years
Technical equipment and machinery	5 – 25 years
Other, operating and office equipment	3 – 10 years

If necessary, an impairment loss is recognised in accordance with IAS 36. If impairment is indicated, the carrying amounts of property, plant and equipment are compared against the corresponding recoverable amounts.

Production costs for self-constructed property, plant and equipment include material and personnel costs as well as an appropriate share of overhead costs. Ongoing repair and maintenance expenses are recognised through profit or loss when incurred. Extensions and material improvements are capitalised. Interest on borrowed funds is recognised as an expense provided it is not applicable to the production of qualified assets in accordance with IAS 23. Government grants reduce the costs of purchase or production costs.

The depreciation method selected, the useful life and the assumed residual value of property, plant and equipment are reviewed on each reporting date and adjusted if necessary.

B 6 LEASES

A lease is an agreement that transfers the right to use an asset for an agreed period of time in return for payment. The Biotest Group concludes leasing agreements with partners outside the Group only in the function of lessee. Against this background, only the relevant accounting and valuation principles from the lessee's perspective are presented below.

Biotest Group, as the lessee, generally recognises for all leases assets for the rights of use of leased assets and liabilities for the payment obligations assumed at present values in the balance sheet. For those contracts that contain non-leasing components in addition to leasing components, only the leasing components are treated in accordance with the new regulations. Non-leasing components are treated as expenses.

The valuation of lease liabilities includes the following leasing payments:

• Fixed payments (less leasing incentives to be provided by the lessor)

• Variable payments linked to an index or interest rate

Payment obligations arising from residual value guarantees, from the exercise of purchase options deemed reasonably certain and from penalties in the event of termination are not relevant for the Biotest Group's leases.

Lease payments are discounted at the interest rate implicit in the lease if this can be determined. Otherwise they are discounted at the incremental borrowing rate. For contracts that include non-lease components as well as lease components, only the lease components are accounted for in accordance with IFRS 16. Non-lease components are expensed as incurred.

Rights of use are valued at acquisition cost, which can be broken down as follows:

• lease liability,

• lease payments made at or before deployment, less lease incentives received,

• initial direct costs, and

• dismantling obligations.

Subsequent measurement is at amortised cost. Rights of use are amortised on a straight-line basis over the period of the contractual relationship.

For leased assets of low value and for short-term leases (less than twelve months), use is made of the application facilities and the payments are recognised as expenses in the income statement on a straight-line basis. Furthermore, IFRS 16 is not applied to leases of intangible assets.

In general, the Biotest Group uses a planning horizon of five years to determine the term of a lease at the time when the leased asset is made available for use, in order to assess the exercise of termination and extension options. It is therefore assumed that, in principle, extension or termination options falling within this period can be reliably assessed with a reasonable degree of certainty with regard to the extension or non-termination period due to increasing uncertainty in future forecasts. Accordingly, as soon as the exercise of a contract extension option is assessed as sufficiently certain, this is also used as the basis for determining the rights of use and leasing liabilities. If a longer lease term is contractually fixed, which may be the case for material real estate of the Group, the longer lease term is used as the basis.

B 7 IMPAIRMENT

Should facts or circumstances indicate a need for impairment of long-lived assets or should an annual impairment test of an asset be required, the recoverable amount, which represents the higher of either the net realisable value or value in use, is determined.

The recoverable amount is determined for each individual asset, unless the asset does not generate cash flows independently (to the greatest extent possible) of cash flows from other assets or other groups of assets.

To determine the value in use, the estimated future cash flows are discounted to their present value at a pretax discount rate reflecting current market expectations with regard to the interest rate effect and the specific risks of the asset.

If the recoverable amount is lower than the carrying amount, the value of the asset is considered impaired and is written down to the recoverable amount.

Impairment expenses are recognised in the expense categories corresponding to the function of the impaired asset.

With the exception of goodwill, write-ups up to a maximum of amortised cost are made if estimates for the recoverable amount exceed the carrying amount.

B 8 INVENTORIES

Inventories are recognised at the cost of purchase or production costs or the lower net realisable value as of the reporting date. The latter corresponds to the estimated selling price which may be recovered in the course of ordinary business, reduced by expected completion or selling costs. Production costs are determined using the weighted average method. In addition to directly allocable individual costs, pursuant to IAS 2, production costs include an appropriate share of overhead costs directly allocable to the production process. These are based on the normal capacity of the manufacturing plants excluding costs for borrowed capital.

B 9 CONTRACT ASSETS

Contract assets from toll manufacturing resulting from the application of the percentage of completion method are reported net of prepayments received if the production costs already incurred, including the share of profits, exceed the prepayments received.

B 10 PENSION PROVISIONS

The Biotest Group has several defined contribution and defined benefit pension plans.

Commitments under defined contribution plans are determined by contributions to be made in the period, so that in this case no actuarial assumptions are required.

Defined benefit plans are measured on the basis of actuarial opinions in accordance with the projected unit credit method. The pension costs for the financial year are forecasted at the beginning of the financial year based on approaches determined at that time. The included parameters (interest rate, staff turnover rate, salary increases, etc.) are anticipated values.

In accordance with IAS 19, all actuarial gains and losses are recognised directly in other comprehensive income.

Past service cost arising during a financial year as a result of a retroactive change to pension commitments is recognised immediately and in full.

B 11 OTHER PROVISIONS

In accordance with IAS 37, provisions are recognised when there is a present (legal or constructive) obligation arising out of a past event and it is probable that this will result in an out-flow of resources to settle the obligation and a reliable estimate can be made of the outflow of resources. Provisions are measured at the most probable amount. Provisions with an expected time for settlement of more than twelve months after the reporting date are recognised at their present value.

Provisions are discounted using a pre-tax interest rate reflecting the specific risks of the liability. Increases in provisions due to the passage of time are recorded as interest expense.

B 12 FINANCIAL INSTRUMENTS

A financial instrument is a contract which results in a financial asset for one company and a financial liability or equity instrument for another company.

Financial assets

Financial assets comprise cash and cash equivalents, cash deposits with banks, trade receivables, loans to third parties and other financial receivables and derivative financial assets held for trading.

Cash and cash equivalents comprise cash and current account balances, cheques and short-term realisable financial assets with original maturities of less than three months and are carried at their nominal value.

Trade receivables and other assets are initially recognised at the transaction price. Receivables denominated in foreign currencies are translated at the closing rate. Any exchange rate loss or gain is recognised in profit or loss. Classification and subsequent measurement are as described below.

Other financial assets are measured at fair value at the time of initial recognition. The transaction costs attributable to the acquisition are taken into account for all financial assets that are not subsequently measured at fair value through profit or loss. The fair values recognised in the Consolidated Statement of Financial Position generally correspond to the market prices of the financial assets. If these are not immediately available, the fair values are calculated using recognised valuation models and with recourse to current market parameters. For this purpose, the cash flows already fixed or determined by applying the current interest structure curve via forward rates are discounted to the valuation date using the discount factors determined from the interest structure curve valid on the reporting date. The mean rates are applied. Classification and subsequent measurement are as described below.

A financial asset (other than a trade receivable that does not have a significant financing component) or financial liability is initially measured at fair value. For an item that is not measured at FVtPL (fair value through profit and loss), transaction costs directly attributable to its acquisition or issue are added or deducted. Trade receivables without a significant financing component are initially measured at their transaction price.

Financial assets with a maturity of more than twelve months are reported under non-current financial assets. Purchases or sales of financial assets at market rates are generally recognised on the trade date. The classification of financial assets depends on the underlying business model and the so-called cash flow criterion, according to which the contractual cash flows of a financial asset may only consist of interest and repayment on the outstanding principal amount of the financial instrument in order to be recognised at amortised cost (AC). The cash flow criterion is always assessed at the level of the individual financial instrument. The assessment of the business model refers to the question of how financial assets are managed to generate cash flows. The management can either aim at holding, selling or a combination of both. Loan commitments are not accounted for, but impairments on them are accounted for in accordance with general principles.

Classification of financial assets:

The Group classifies financial assets into one of the following categories:

- Financial assets measured at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets measured at amortised cost (debt instruments):

The most significant category of financial assets for the Biotest Group is the class of debt instruments measured at amortised cost. Financial assets are measured at amortised cost if both of the following criteria are met:

- The business model for managing these financial instruments is based on holding them in order to achieve the underlying contractual cash flows and
- the resulting contractual cash flows consist exclusively of interest and principal repayments on the outstanding principal amount.

Financial assets are subsequently measured using the effective interest method and are subject to the impairment provisions of IFRS 9.5.5 et seq. At the Biotest Group, trade receivables, other financial assets and bank balances are mainly subject to this category.

Financial assets measured at fair value through profit or loss:

This category includes financial assets that are not at least partially held to collect contractual cash flows (other business models). In particular, there is no intention to collect contractual cash flows if short-term purchases and sales are planned. By definition, the category also includes derivatives that are not part of a hedging relationship as well as trade receivables designated for factoring. Financial assets that do not meet the cash flow criterion are always measured at fair value through profit or loss, irrespective of the underlying business model. Any changes in the fair value to be attributed to these instruments are recognised in the income statement.

Impairment of financial assets:

Financial assets, loan commitments as well as contractual assets are subject to the impairment model within the meaning of IFRS 9.5.5. Financial assets at fair value through profit or loss are excluded from this. Accordingly, the Biotest Group recognises an impairment loss on the assets based on the expected credit losses. Expected credit losses result from the difference between the contractually agreed cash flows and the expected cash flows that the Biotest Group expects, measured at present value using the original effective interest rate. The expected cash flows also include proceeds from security sales and other loan collateral that are an integral part of the respective contract.

Expected credit losses are assessed in three stages, unless the simplified impairment model is applied. A financial asset is generally considered to be impaired if one or more events have occurred that have an adverse effect on the expected future cash flows of that financial asset. Indicators of impaired credit quality include observable data on significant financial difficulty of the borrower, a breach of contract such as default or delinquency, or the likelihood of the borrower entering into reorganisation proceedings. For assets for which there has been no significant increase in default risk since initial recognition, the allowance is measured at the amount of the 12-month expected credit loss. In the event of a significant increase in default risk, the expected credit loss is determined for the remaining term of the asset. The Biotest Group generally assumes a significant increase in credit risk if the contractual payments are due by more than 30 days. The Biotest Group defines the term "default" as all events in which a loss arises either from non-payment or delays.

The Biotest Group applies the simplified approach pursuant to IFRS 9.5.15 for trade receivables and contract assets. Under this approach, the allowance is always measured at the amount of the expected credit loss over the period. The expected losses are measured on an individual basis either by the Biotest Group itself (assets with increased credit risk) or by an external service provider (assets without increased credit risk). The location of the respective customers is also included in this analysis, particularly for Iran, Iraq and Libya. The assessment of a potential deterioration in the credit quality of the loan portfolio as a result of the COVID-19 pandemic has been included in the calculation of expected credit losses due to the use of forward-looking information by the external service provider is also taken into account when determining the internal rating.

For other financial assets that are measured as debt instruments at amortised cost, the Biotest Group considers all reasonable and reliable information that is available without unreasonable cost and time to review a potentially significantly increased expected credit risk. This is primarily done by relying on the associated credit risk. The expected losses are measured on an individual basis by an external service provider (assets without increased credit risk). The assessment of a potential deterioration in the credit quality as a result of the COVID-19 pandemic has been included in the calculation of expected credit losses due to the use of forward-looking information by the external service provider.

The Biotest Group generally assumes default if the contractual payments are overdue for more than 90 days. In addition, in individual cases, also internal or external information indicating that the contractual payments cannot be made in full is used. Financial assets are impaired if there is no reasonable expectation of future payment.

Derecognition of financial assets

A financial asset is derecognised if one of the following conditions is met:

- The contractual rights to receive cash flows from a financial asset have expired.
- The Group has transferred its contractual rights to receive cash flows from the financial asset from third parties or has assumed a contractual obligation to immediately pay the cash flow to a third party within the framework of a so-called transfer agreement and has either (a) transferred substantially all opportunities and risks associated with ownership of the financial asset or (b) neither transferred nor retained substantially all opportunities and risks associated with ownership of the financial asset, but has transferred control of the asset.

If the Group transfers its contractual rights to receive cash flows from an asset or enters into a transfer agreement and neither transfers nor retains substantially all the risks and rewards of ownership of the asset but retains control of the transferred asset, the Group recognises an asset to the extent of the continuing involvement.

Financial liabilities:

Financial liabilities regularly give rise to a right of return in cash and cash equivalents or another financial asset. These include in particular bonds and other securitised liabilities, trade payables, contractual liabilities, liabilities to banks, lease liabilities, promissory note loans and liabilities from derivative financial instruments.

Trade payables are initially measured at nominal value, which corresponds to their fair value. Since only current trade payables exist, the effective interest method is not applied in subsequent measurement. Financial liabilities from primary financial instruments are measured at amortised cost using the effective interest method. Financial liabilities from derivative financial

instruments for which hedge accounting is not applied are measured at fair value through profit or loss. Financial liabilities are classified as current unless the Group has the unconditional right to defer repayment of the liability until at least twelve months after the balance sheet date.

Financial liabilities are recognised at the loan amount less transaction costs and subsequently measured at amortised cost using the effective interest method. Any difference between the net loan amount and the redemption value is recognised in the income statement over the term of the financial liability.

Offsetting financial liabilities and assets

Financial assets and liabilities are only netted if there is a right of set-off for the net amount at that time. The Group does not net financial assets and liabilities due to non-compliance with this requirement. The fair value option for financial liabilities under IFRS 9 is not used.

Derecognition of financial liabilities:

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire. Financial liabilities are also derecognised when their contractual terms are modified and the cash flows of the modified liability are significantly different. In this case, a new financial liability is recognised at fair value based on the adjusted terms. When the financial liability is derecognised, the difference between the carrying amount of the liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative financial instruments:

The Biotest Group uses derivative financial instruments such as forward exchange contracts and payer swaps to hedge interest rate and currency risks.

Derivative financial instruments are measured at fair value. Both the counterparty credit risk and the Group's own credit default risk are taken into account in the calculation. The market value is calculated on the basis of the market information available and valid on the balance sheet date. The Biotest Group does not apply hedge accounting. Consequently, all derivatives are accounted for in accordance with the measurement category of financial assets or liabilities at fair value through profit or loss. All changes in the fair value of derivatives are recognised in the income statement, even if they are economically hedged.

Embedded derivatives:

In addition, there are embedded derivatives that are part of a hybrid loan agreement, which essentially contains a non-derivative host contract. Since the underlying financial liability is measured at amortised cost, the embedded derivative is recognised separately from the host contract and designated at fair value through profit or loss.

B 13 REVENUE

The Biotest Group generates the majority of its revenues from supplying customers with biotechnological drugs from its own production. The product portfolio covers the therapeutic areas haematology, clinical immunology and intensive care medicine. As a rule, the sale of products is based on customer orders, each of which gives rise to individually definable performance obligations. The relevant ancillary conditions are governed by framework agreements or general terms and conditions. Revenue is recognised when control of the products is transferred to the customer. This is the point in time at which the benefits and burdens as well as the risk of accidental loss are transferred to the customer on the basis of the agreed Incoterms. An individual selling price agreed with the respective customer exists for each drug delivered. In some cases, Biotest grants discounts in the form of rebates and cash discounts in the form of a fixed percentage of the agreed individual sales price. Rebates and discounts are recorded as sales deductions.

In addition, the Biotest Group generates revenues from the processing of blood plasma, which is provided by customers and processed into drugs by Biotest (so-called toll manufacturing). The drugs manufactured are supplied exclusively to the customer who provided the plasma used for this purpose. Biotest is remunerated exclusively for the processing of the plasma remaining the property of the customer. Since Biotest is not entitled to use the processed plasma for other purposes, revenues from toll manufacturing are recognised on a period basis. Pharmaceuticals manufactured as part of toll manufacturing are recognised as contract assets over the production period until delivery to the customer. Biotest uses an input-based method to measure contract assets, by which the services rendered, including the related share of profit, are deter-mined on the basis

of the stage of completion and recognised as revenue. To determine the stage of completion, all internal and external production costs incurred during the manufacturing process are set in relation to the calculated total costs (cost-to-cost method). The method used provides an accurate picture of the transfer of the services provided by Biotest, as Biotest is likely to charge the capitalised amount in the event of premature termination of the contract by the customer.

To a small extent, the Biotest Group generates revenues from the sale of purchased products that are resold to customers as merchandise. The same criteria apply to the recognition of sales of merchandise as for therapy products manufactured in-house.

Biotest has entered into technology and know-how transfer agreements with individual customers to enable them to build their own drug manufacturing facilities based on Biotest patents. In this context, Biotest arranges for them to pay a fixed price for the technologies and know-how provided.

Revenue from non-refundable fees for the provision of technology and know-how is recognised over time or at a point in time when the technology and know-how are transferred to the customer. Contract-specific input-oriented methods are used to determine the appropriate stage of completion. Specifically, this is done on the basis of the project planning valid on the balance sheet date with the costs for providing the experts. Revenue from the transfer of Standard Operating Procedures (SOP) and their annual updates to the customer is recognized on a point-in-time basis.

The Biotest Group usually concludes framework agreements with its customers in which pharmaceutical quality and safety standards are regulated in addition to delivery and payment terms and liability for defects. In the case of some customers, these terms and conditions are governed solely by the Biotest Group's General Terms and Conditions. The framework agreements do not create any binding delivery and service obligations; these are only triggered by specific orders from customers.

The Biotest Group has agreed variable payments with some customers in the form of annual reimbursements, for which the percentage applied for the reimbursement varies depending on the sales volumes achieved over the year. For such variable payments, the Biotest Group makes estimates in order to determine the expected amount of the reimbursement. These estimates are not subject to significant risks of change. Obligations from annual reimbursements are recognized together with credits and rebates yet to be invoiced as other financial liabilities.

The framework agreements concluded with customers and the general terms and conditions provide for the usual guarantees and warranty obligations that arise when the products delivered to the customer are defective. In such a case, Biotest takes the products back and offers the customer either a subsequent delivery or a refund of the purchase price. The guarantees granted by Biotest do not give rise to any independent performance obligations within the meaning of IFRS 15. Obligations arising from guarantees and warranties are measured in accordance with IAS 37 and reported under other provisions (E 14).

B 14 RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as expenses at the time incurred. Development costs are also generally recorded as expenses at the time incurred, as it is not sufficiently certain that products will be marketable or that production processes can be used until they have been approved by the authorities, and such authorisation is typically granted only at the end of the development process. Therefore, the requirements for capitalisation pursuant to IAS 38 are not met entirely. Development expenses incurred after approval is received by the authorities are not substantial.

B 15 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the grants will actually be received and the company will comply with the conditions attached to them. Grants related to expenses are recognised as income over the period over which the related expenses they are intended to compensate are recognised and are deducted from them. Grants related to an asset are also deducted from the cost of the asset.

B 16 FINANCIAL INCOME AND FINANCIAL EXPENSES

Interest is recognised as expense or income at the time it arises. The interest portion included in the lease payments for leases is calculated using the method described in IFRS 16.37 and recognised as interest expense. The method uses a discount rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying

amount of the financial asset. All income and expenses from currency translations and value adjustments on financial instruments measured at fair value are reported in the financial result.. In accordance with IFRS 7, interest on financial instruments is also reported separately.

Expenses and income from currency hedging and interest hedging costs are shown in financial income and financial expenses.

B 17TAXES

Actual tax assets and tax liabilities for the current period and for earlier periods are to be measured at the amount of the expected refund from or payment to the tax authorities. The amount is calculated based on tax rates and tax legislation reflecting the respective national tax regulations of the countries in which Biotest Group companies operate.

Deferred tax assets are recognised for all deductible temporary differences, so far unused tax loss carryforwards and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and so far unused tax loss carryforwards and tax credits can be offset.

The carrying amount of deferred tax assets is reviewed on each reporting date and reduced by the amount by which it is no longer probable that sufficient taxable income will be available to at least partially offset the deferred tax asset. In addition, unrecognised deferred tax assets are reviewed on each reporting date and recognised to the amount to which it has become probable that future taxable income will allow the deferred tax asset to be realised.

Current tax rates or rates valid respectively already adopted by parliament are used to determine both current tax expense and deferred taxes.

Deferred tax assets and deferred tax liabilities are offset against each other if there are enforceable claims for offset-ting actual tax refund claims against actual tax liabilities and these claims apply to income taxes of the same tax subject levied by the same tax authority.

B 18UNCERTAIN ESTIMATES AND DISCRETIONARY JUDGEMENTS

The preparation of the financial statements requires estimates to be made in the recognition and measurement of assets and liabilities in accordance with IFRS, which have an effect on the amount and disclosure of the assets and liabilities recognised. The estimates or assumptions for individual valuation methods are based on the circumstances on the balance sheet date and also influence the amount of the reported income and expenses. These are reviewed on an ongoing basis. Changes are recognised prospectively in the reporting period or in future periods. Actual results may differ from these estimates. Assumptions and estimates are explained in the relevant section of the notes and are made in particular in connection with the measurement of goodwill, pension provisions and other provisions, allowances for receivables and inventories, the determination of the incremental borrowing rate for leases, the calculation of fair values, as well as in the context of the application of IAS 29 Financial Reporting in Hyperinflationary Economies.

Particularly with regard to the Biotest Next Level investment project, there are estimation uncertainties regarding the start of production of the products manufactured at the plant in the future, their approval date and the duration of the start-up phase. Furthermore, the planned granting of operating permits by foreign authorities and the completion of the agreed work by suppliers employed in connection with the investment project represent future events that are subject to estimation uncertainties. The allowances for receivables in countries subject to sanctions by the European Union are estimated on the basis of expected future payment defaults and are therefore also subject to estimation uncertainties.

Biotest's management makes judgements in revenue recognition to determine the period over which performance obligations are satisfied and the allocation of the transaction price to the separate performance obligations. Management exercises its judgement in determining the amount of revenue from the transfer of know-how to customers. Discretionary decisions are also made in particular in connection with the derecognition of receivables under factoring agreements and the determination of the term of leases.

In making judgements, the management relies on past experience, assessments by experts (lawyers, rating agencies, trade associations) and the results of a careful weighting of different scenarios. Developments that deviate from these assumptions and are beyond the management's control may cause actual amounts to differ from original estimates. If actual devel-

opments deviate from anticipated developments, assumptions and, if necessary, the carrying amounts of the assets and liabilities in question are adjusted accordingly. The board of directors has indicated that future events often vary from forecasts and that estimates require routine adjustment.

In view of uncertainties in the macroeconomic environment caused by the COVID-19 pandemic, the key assumptions underlying the estimates and discretionary judgements were reviewed with regard to their potential impact. The possible effects of the COVID-19 pandemic on possible payment defaults in the receivables area were taken into account accordingly when determining the value adjustments. The key assumptions and parameters underlying the estimates and judgements made as well as the impact of the COVID-19 pandemic are explained in the notes for each topic.

C. SEGMENT REPORTING

The information disclosed in the segment report has been prepared in accordance with IFRS 8. Segmentation at the Biotest Group is carried out on the basis of products and services in accordance with the internal reporting system. At Biotest AG, the chief operating decision maker within the meaning of IFRS 8 is the Board of Management.

Segment information made available to the chief operating decision maker on a monthly basis is based on IFRS amounts and primarily comprises information up to the operating result (EBIT). EBIT is used as a measure of segment performance.

The Biotest Group is divided into the following segments: Therapy, Plasma & Services and Other Segments.

The business segments of the Biotest Group are as follows:

The **Therapy segment** includes the development, production and distribution of immunoglobulins, coagulation factors and albumins produced on the basis of blood plasma, which are used in diseases of the immune system, the haematological diseases and in intensive care medicine. On the other hand, the preclinical and clinical development of monoclonal antibodies is presented here in the previous year.

The **Plasma & Services segment** includes the areas of plasma sales, toll manufacturing and know-how transfer.

Other Segments reports on the merchandise business as well as expenses of the overall Group management and other expenses and income, which by their nature cannot be allocated to the Therapy or Plasma & Services segments.

Biotest achieved revenue of € 65.6 million (previous year: € 62.1 million) with an important customer in the Therapy and Plasma & Services segments, representing 12.7 % of total revenue with third parties. In the previous year, revenue with this customer was with 12.8 % also above 10 %. The Biotest Group currently receives income from service agreements with Bio-Rad Medical Diagnostics GmbH, Dreieich, for a previously sold business division. The income and expenses from these service contracts are disclosed under Other Segments. Non-current assets are almost exclusively allocated to the Therapy segment.

SEGMENT INFORMATION BY BUSINESS SEGMENT

in € million		Therapy	Plasma & Services	Other Segments	Total
Revenue with third parties	2021	461.6	46.7	7.3	**515.6**
	2020	430.5	46.7	7.0	484.2
Operating result (EBIT)	2021	–51.1	6.5	–2.5	**–47.1**
	2020	–1.6	2.6	–2.3	–1.3
Investments in joint ventures	2021	4.5	–	–	**4.5**
	2020	2.6	–	–	2.6
Capital expenditure*	2021	32.0	–	–	**32.0**
	2020	32.6	–	–	32.6
Scheduled depreciation**	2021	28.6	0.7	1.8	**31.1**
	2020	26.9	0.7	2.0	29.6

* Defined as the sum of additions to intangible assets, property, plant and equipment and right-of-use assets

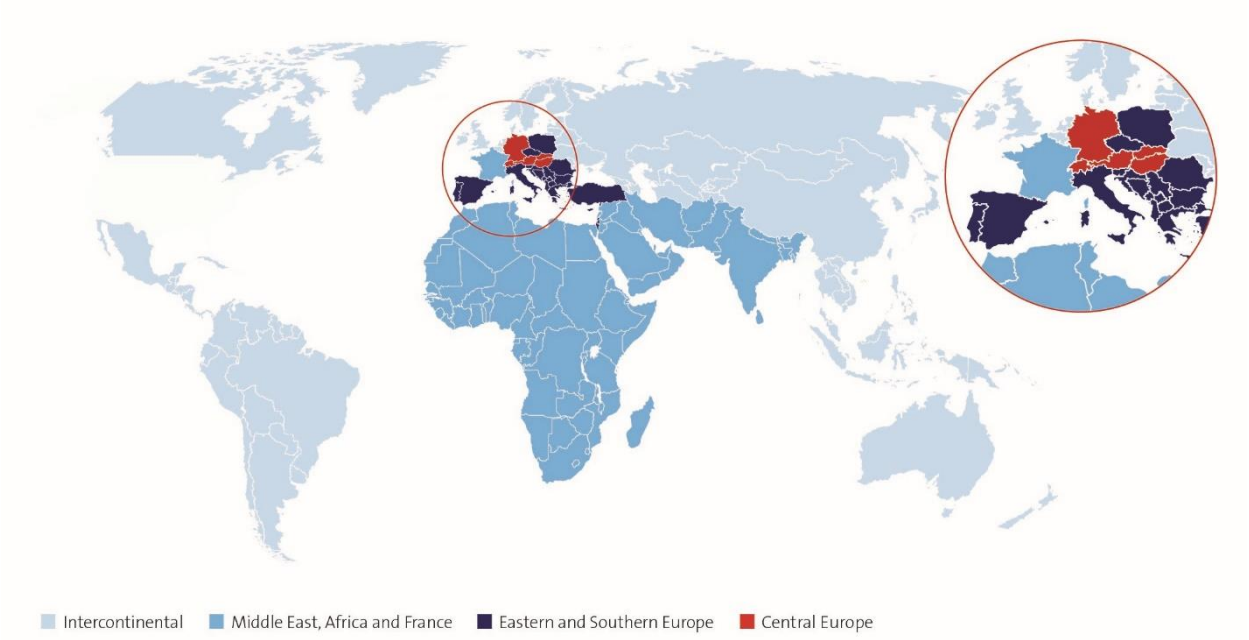
** Defined as the sum of scheduled depreciation of property, plant and equipment, amortisation of intangible assets and right-of-use assets

RECONCILIATION OF TOTAL SEGMENT RESULTS TO EARNINGS AFTER TAX OF THE BIOTEST GROUP

in € million	2021	2020
Operating result (EBIT)	**–47.1**	**–1.3**
Financial income	6.2	6.9
Financial expenses	–23.0	–35.1
Result from joint ventures	1.3	–0.5
Earnings before taxes (EBT)	**–62.6**	**–30.0**
Income taxes	–0.7	–1.4
Earnings after taxes (EAT)	**–63.4**	**–31.4**

SEGMENT INFORMATION BY REGION

	Revenue with third parties based on customer's seat		Revenue with third parties based on company's seat	
in € million	2021	2020	2021	2020
Central Europe	186.9	174.9	447.8	431.6
East and South Europe	127.8	116.5	24.1	23.7
Intercontinental	81.9	83.9	43.6	28.9
Middle East, Africa and France	119.0	109.0	–	–
Biotest Group	**515.6**	**484.2**	**515.6**	**484.2**
thereof:				
Germany	140.5	126.5	411.3	400.4
Rest of world	375.1	357.7	104.3	83.8



D. EXPLANATORY NOTES TO THE STATEMENT OF INCOME

D 1 REVENUE

ANALYSIS OF REVENUES FROM CONTRACTS WITH CUSTOMERS

To illustrate the impact of economic factors on the nature, amount, timing and uncertainty of revenues and the cash flows generated from them, Biotest Group revenues can be classified into the following categories:

in € million							Segments	
Categories	Therapy		Plasma & Services		Other Segments		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Type of products and services								
Sale of Biotest products	461.6	430.5	–	–	–	–	461.6	430.5
Toll manufacturing and know-how transfer	–	–	46.7	46.7	–	–	46.7	46.7
Sale of merchandise	–	–	–	–	7.3	7.0	7.3	7.0
	461.6	**430.5**	**46.7**	**46.7**	**7.3**	**7.0**	**515.6**	**484.2**
Geographical markets								
Central Europe	169.9	154.6	9.7	13.3	7.3	7.0	186.9	174.9
East and South Europe	124.8	113.4	2.9	3.1	–	–	127.8	116.5
Intercontinental	81.9	83.9	–	–	–	–	81.9	83.9
Middle East, Africa and France	84.9	78.6	34.0	30.4	–	–	119.0	109.0
	461.6	**430.5**	**46.7**	**46.7**	**7.3**	**7.0**	**515.6**	**484.2**
Timing of revenue recognition								
Goods transferred at a point in time	461.6	430.5	–	–	7.3	7.0	468.9	437.5
Services transferred over a period of time	–	–	46.7	46.7	–	–	46.7	46.7
	461.6	**430.5**	**46.7**	**46.7**	**7.3**	**7.0**	**515.6**	**484.2**

The Biotest Group's order volume from unfulfilled delivery and service obligations amounted to € 53.9 million on the balance sheet date (previous year: € 89.2 million). These delivery and service obligations are generally fulfilled within a maximum period of one year. Additional performance obligations of € 7.0million (previous year: € 9.9 million) result from the future transfer of technology and know-how; these proceeds will be realised over a period of at least two years.

D 2 COST OF MATERIALS

in € million	**2021**	2020
Raw materials, consumables and supplies	198.2	203.7
Services purchased	29.7	35.6
	227.9	**239.3**

D 3 PERSONNEL EXPENSES

in € million	**2021**	2020
Wages and salaries	133.8	129.2
Social security contributions	23.1	22.3
Pension costs	6.4	6.3
	163.3	**157.8**

Personnel expenses include expenses for termination benefits in the amount of € 0.4 million (previous year: € 0.6 million).

The average number of employees converted to full-time equivalents in financial year 2021 was 1,959 (previous year: 1,896). As of 31 December 2021 the Biotest Group employed 1,967 staff converted to full-time equivalents (previous year: 1,928).

Employees are allocated to the following functional areas:

in full-time equivalents	2021	2020
Production	1,369	1,323
Administration	203	193
Distribution	182	199
Research and development	213	213
	1,967	**1,928**

D 4 RESEARCH AND DEVELOPMENT COSTS

Research and development costs totalling € 52.3million (previous year: € 55.8 million) are recognised in full in the consolidated statement of income. In fiscal year 2021, research grants in accordance with the Research Grants Act for, among other things, the trimodulin project in the amount of €2.0 million were recognized therein. No development costs were capitalised.

D 5 OTHER OPERATING INCOME

in € million	2021	2020
Insurance reimbursements and other refunds	1.9	0.2
Government grants	–	0.1
Income from service agreements	0.3	5.6
Reversal of other provisions	1.6	0.1
Derecognition of liabilities	1.1	–
Change in impairments on financial assets measured at amortised cost	3.1	1.0
Other	1.2	1.7
	9.2	**8.6**

Insurance income and other reimbursements in fiscal 2021 mainly include compensation payments from supply contracts for insufficient supply.

In financial year 2021, the Biotest Group recognised government grants of € 0.0 million (previous year: € 0.1 million) in profit and loss.

In the previous year, the income from service contracts included the one-off effect of a compensation payment from a former supplier in the amount of € 5.0 million from the premature termination of a joint project.

D 6 OTHER OPERATING EXPENSES

in € million	2021	2020
Expenses incurred in connection with provision of services	2.1	4.8
Donations	0.4	0.3
Other	1.0	0.8
	3.5	**5.8**

The decline in inquiries for laboratory services was the main reason for the € 2.7 million year-on-year decrease in the corresponding expenses.

D 7 FINANCIAL INCOME

in € million	2021	2020
Income from currency translation	4.5	1.4
Interest income	0.2	1.2
Other	0.0	–
Subtotal	**4.6**	**2.6**
Currency hedging income	0.9	4.2
Income from value adjustments of other derivatives	0.7	–
Subtotal of income from fair value adjustments on financial instruments measured at fair value	**1.5**	**4.2**
	6.2	**6.9**

Income from currency translation includes income from realised foreign exchange gains in connection with foreign currency receivables and payables and income from the measurement of foreign currency positions as of the reporting date.

The income from currency hedging includes income from the measurement of currency hedging transactions at fair value.

D 8 FINANCIAL EXPENSES

in € million	2021	2020
Currency translation expenses	2.8	10.1
Interest expenses	11.9	12.6
Interest expenses from leases	0.5	0.5
Net interest expenses for pensions	0.8	1.1
Fees in connection with financial liabilities	2.7	2.7
Other	0.0	0.1
Subtotal	**18.7**	**27.1**
Expenses from value adjustments of surrender claim against trustee from shares in ADMA Biologics Inc.	1.2	7.0
Currency hedging costs	3.0	0.9
Expenses from value adjustments of other derivatives	–	0.1
Subtotal of expenses from fair value adjustments on financial instruments measured at fair value	**4.3**	**8.0**
	23.0	**35.1**

Expenses from currency translation include expenses from realised foreign exchange losses in connection with foreign currency receivables and payables as well as expenses from the valuation of foreign currency positions as at the balance sheet date.

Interest expenses include interest in the amount of € 6.4 million for shareholder loans (previous year: € 7.3 million).

The decrease in financial expenses is mainly due to the € 5.8 million reduction in expenses from value adjustments of the surrender claim against the trustee of shares in ADMA Biologics Inc. and the € 7.3 million decrease in expenses from currency translation.

The reported expenses from currency hedging include expenses from the measurement of currency hedging transactions at fair value.

D 9 RESULT FROM JOINT VENTURES

Profits of € 1.3 million (previous year: losses of € -0.5 million) from joint ventures were recognised in financial year 2021.With regard to the effects of the first-time application of IAS 29 Financial Reporting in Hyperinflationary Economies, we refer to the comments in E 4.

D 10 INCOME TAXES

in € million	2021	2020
Tax expense for the financial year	1.8	1.0
Tax income from other periods	–0.2	–0.6
Current taxes	**1.6**	**0.4**
Deferred taxes	**–0.8**	**1.0**
Income tax expenses	**0.7**	**1.4**

Deferred taxes from items relating to amounts in other comprehensive income (credited directly to equity) amounted to € 1.2 million (previous year: € 1.6 million).

For financial year 2021, the expected tax expense assuming an unchanged nominal income tax rate of 29.0% differs from the effective figures as follows:

in € million	2021	2020
Earnings before taxes	**–62.6**	**–30.0**
	–	–
Expected tax income	**–18.2**	**–8.7**
Unrecognised interest/tax loss carryforwards	14.5	7.7
Tax effects from the application of foreign tax rates and offsetting against tax losses	–0.2	0.8
Deferred taxes on loss carryforwards from previous years	–	–0.2
Depreciation of deferred tax assets	–	–
Current tax income relating to other periods	–0.2	–0.6
Tax effect of adjustments to deferred taxes from previous years	–0.2	0.5
Tax effect of non-deductible expenses	5.8	2.1
Tax effect of tax-free income	–0.8	–0.3
Other effects	–	0.1
Income tax disclosed in the statement of income	**0.7**	**1.4**

€ 4.6 million of the tax effects due to non-deductible interest expenses are attributable to non-deductible interest expenses that can be carried forward within the meaning of the interest barrier.

The calculated tax rate of 29.0% is based on a corporate tax rate of 15.0%, a solidarity surcharge of 5.5% and the weighted trade tax rates of the municipalities of Biotest AG's business premises of 13.2%.

D 11 AUDITOR'S FEE

The Annual General Meeting of Biotest AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as auditor for the first time on May 11, 2021 for the financial year 2021.

The total fee calculated for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft in financial year 2021 amounts to € 0.5 million. Of this amount, € 0.4 million relates to auditing services and € 0.1 million to other certification services.

The audit services essentially comprise the fee for the statutory audits of the Annual Financial Statements and the Consolidated Financial Statements, the disclosure report, the audit of the risk early warning system and the audit of the dependency report.

The other certification services essentially comprise the fee for the audit of the summarised separate non-financial report of Biotest AG, the performance of agreed upon audit procedures in connection with the financial ratios to be complied with, the audit of the financial reporting to the shareholder and the EMIR certificate.

Of the total fee charged, € 10,000 is attributable to special audits that were initiated by the parent company and charged to it.

In the previous year, the total fee for the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft amounted to € 0.7 million, of which € 0.2 million related to 2019. € 0.5 million of the fee related to the audit of the financial statements for fiscal

2020. Furthermore, € 0.1 million (previous year: € 0.0 million) relate to other certification services and € 0.1 million (previous year: € 0.1 million) relate to fees for tax consulting services.

E. EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

E 1 INTANGIBLE ASSETS

Intangible assets are allocated to non-current assets.

in € million	Goodwill	Patents, licenses and similiar rights	Advance payments made	Total
Cost of purchase				
Balance as of 31 December 2019	**8.0**	**32.4**	**4.6**	**45.0**
Additions	–	0.6	1.4	1.9
Reclassifications	–	0.7	–0.7	–
Disposals	–	–2.6	–2.6	–5.2
Currency translation differences	–0.2	–0.2	–	–0.4
Balance as of 31 December 2020	**7.7**	**31.0**	**2.6**	**41.3**
Additions	–	0.2	0.4	0.6
Reclassifications	–	0.2	–2.1	–1.9
Disposals	–	–1.7	–	–1.7
Currency translation differences	0.0	–	–	0.0
Balance as of 31 December 2021	**7.7**	**29.7**	**0.9**	**38.3**
Accumulated depreciation				
Balance as of 31 December 2019	**0.8**	**27.8**	**2.6**	**31.2**
Depreciation's for the financial year	–	1.7	–	1.7
Reclassifications	–	–	–	–
Disposals	–	–2.6	–2.6	–5.2
Currency translation differences	–0.2	–0.2	–	–0.4
Balance as of 31 December 2020	**0.6**	**26.7**	**–**	**27.3**
Depreciation for the financial year	–	1.4	–	1.4
Reclassifications	–	–	–	–
Disposals	–	–1.7	–	–1.7
Currency translation differences	0.0	–	–	0.0
Balance as of 31 December 2021	**0.6**	**26.5**	**–**	**27.0**
Carrying amount as of				
31 December 2020	7.2	4.3	2.6	14.0
31 December 2021	**7.2**	**3.2**	**0.9**	**11.3**

An impairment test was performed as of 30 September 2021 for the goodwill of the Therapy segment.

The recoverable amount of the cash-generating unit is determined by calculating the value in use based on cash flow forecasts. Finally, in order to determine any need for impairment, the carrying amount of the cash-generating unit is compared to its recoverable amount.

A discount rate before tax of 9.59% (previous year: 11.49%) was applied for the impairment test of the goodwill of the Therapy segment, which is based on the relevant WACC (weighted average cost of capital). The expected cash flows were determined on the basis of the nine-year financial plan prepared by the Management Board. For the contribution to value from 2031 onwards, it is supplemented by perpetual annuities. Perpetual annuities are calculated on the basis of the average values for the years 2026 to 2030. A growth rate of +0.5% (previous year: +0.5%) was assumed for the Therapy segment in perpetual annuities.

The results of the impairment test essentially depend on the strategic business plan approved by the Supervisory Board in December 2021 and the revenue growth rates and EBIT margin assumed therein. An average annual increase in revenue of

11.3% has been assumed for the Therapy segment for the detailed planning period. An average EBIT margin of 13.9% is assumed. The Management Board does not expect the expected cash flows of the cash-generating unit to be significantly impacted by the COVID-19 pandemic.

The carrying amounts of intangible assets subject to impairment testing relate to the Therapy cash-generating unit in the amount of €7.2 million (previous year: €7.2 million) for which no impairment requirement was determined.

Amortisation of intangible assets in the financial year is included in the following items of the consolidated statement of income:

in € million	2021	2020
Cost of sales	0.6	0.7
Marketing and distribution costs	0.1	–
Administrative expenses	0.7	0.9
Research and development costs	0.1	0.1
Other operating expenses	–	–
	1.4	**1.7**

E 2 PROPERTY, PLANT AND EQUIPMENT

All assets listed below are allocated to non-current assets

in € million	Land and buildings	Technical equipment and machinery	Other facilities, office furniture and equipment	Advance payments made and assets under construction	Total
Acquisition / production costs					
Balance as of 31 December 2019	**309.8**	**155.5**	**95.1**	**227.6**	**787.9**
Additions	1.9	1.4	4.9	16.4	24.6
Reclassifications	1.0	1.5	3.6	–6.1	–
Disposals	–0.6	–0.6	–0.9	–0.8	–2.9
Currency translation differences	–0.7	–0.5	–0.2	–0.0	–1.5
Balance as of 31 December 2020	**311.4**	**157.2**	**102.4**	**237.0**	**808.1**
Additions	2.1	8.3	2.1	13.2	25.6
Reclassifications	2.7	167.8	8.1	–176.7	1.9
Disposals	–0.3	–0.7	–1.2	–0.2	–2.5
Currency translation differences	–	–	–	–	–
Balance as of 31 December 2021	**315.8**	**332.6**	**111.3**	**73.3**	**833.1**
Accumulated depreciation					
Balance as of 31 December 2019	**83.8**	**111.6**	**70.7**	**–**	**266.1**
Depreciation for the financial year	9.3	7.7	5.3	0.8	23.1
Disposals	–0.4	–0.6	–0.9	–0.8	–2.7
Currency translation differences	–0.2	–0.3	–0.1	–	–0.6
Balance as of 31 December 2020	**92.4**	**118.4**	**75.0**	**–**	**285.9**
Depreciation for the financial year	9.6	9.4	5.7	–	24.7
Reclassifications	–	–	–	–	–
Disposals	–0.3	–0.6	–1.2	–	–2.2
Currency translation differences	–	–	–	–	–
Balance as of 31 December 2021	**101.7**	**127.2**	**79.5**	**–**	**308.4**
Carrying amount as of					
31 December 2020	219.0	38.8	27.4	237.0	522.2
31 December 2021	**214.1**	**205.4**	**31.8**	**73.3**	**524.7**

Advance payments in financial year 2021 mainly include capital expenditure incurred as part of the expansion of capacity at the Dreieich site.

Investments for the expansion of production capacity (Biotest Next Level) amounted to € 6.4 million in financial year 2021 (previous year: € 13.0 million). With the granting of the manufacturing licence in accordance with Section 13 of the German Medicines Act (Arzneimittelgesetz), the IgG Next Generation process plant with a book value of € 156.9 million was commissioned in financial year 2021. It will be depreciated over 25 years in accordance with its expected useful life.

Additions to property, plant and equipment include borrowing costs of € 4.6 million (previous year: € 1.5 million). The financing cost rate used for borrowing costs is unchanged from the previous year at 2.5%.The Biotest Group had entered into commitments to acquire fixed assets in the amount of € 7.2 million as of 31 December 2021 (previous year: € 3.9 million).

Depreciation of property, plant and equipment for the financial year is included in the following items in the consolidated statement of income:

in € million	2021	2020
Cost of sales	18.9	16.5
Marketing and distribution costs	0.3	1.0
Administrative expenses	5.0	5.1
Research and development costs	0.5	0.5
	24.7	**23.1**

E 3 LEASES

The following table shows the carrying amounts of the right-of-use assets recognised in the balance sheet and their changes during the financial year. All rights-of-use assets listed below are allocated to non-current assets.

in € million	Rights of use for buildings	Rights of use for motor vehicles	Rights of use of other equipment, furniture and fixtures	Total
Acquisition / production costs				
Balance as of 1 January 2020	**29.0**	**1.8**	**0.8**	**31.7**
Additions	4.9	1.1	0.1	6.1
Disposals	–0.8	–0.4	–0.0	–1.3
Currency translation differences	–0.8	–0.1	–	–0.8
Balance as of 31 December 2020	**32.3**	**2.4**	**0.9**	**35.7**
Additions	5.1	0.7	0.0	5.8
Disposals	–1.9	–0.5	–0.0	–2.4
Currency translation differences	0.1	–0.0	–	0.1
Balance as of 31 December 2021	**35.6**	**2.7**	**0.9**	**39.2**
Accumulated depreciation				
Balance as of 1 January 2020	**4.8**	**0.7**	**0.1**	**5.7**
Depreciation for the financial year	3.8	0.8	0.2	4.8
Disposals	–0.3	–0.4	–	–0.7
Currency translation differences	–0.1	–0.0	–	–0.2
Balance as of 31 December 2020	**8.2**	**1.0**	**0.4**	**9.6**
Depreciation for the financial year	3.9	0.8	0.2	5.0
Disposals	–0.2	–0.5	–0.0	–0.7
Currency translation differences	–0.0	–0.0	–0.0	–0.0
Balance as of 31 December 2021	**11.9**	**1.3**	**0.6**	**13.9**
Carrying amount as of				
31 December 2020	24.1	1.4	0.6	26.1
31 December 2021	**23.7**	**1.3**	**0.3**	**25.3**

The Biotest Group mainly leases plasma collection stations in Germany, Hungary and the Czech Republic as well as office buildings. The lease agreements relating to the plasma stations of Plasma Service Europe GmbH and to commercial and office premises of Biotest AG in Dreieich contain in part price adjustment clauses based on the consumer price index in Germany. Some of the lease agreements for the plasma collection stations of Plazmaszolgalát Kft. in Hungary and Cara Plasma s.r.o. in the Czech Republic contain price adjustment clauses based on the “Harmonized Index of Consumer Prices” of the European

Union (EUROSTAT HICP). In addition, lease agreements with extension and termination options exist for the majority of the plasma stations in Germany and Hungary as well as for some of the offices and commercial premises at the Dreieich site; these options have terms of between 48 and 60 months. Please refer to section B 6 Leasing for information on the assessment of the exercise of extension and termination options.

Longer-term leases exist in particular for real estate, which represents the largest share of the carrying amount of the rights of use. The real estate contracts have residual terms of 1 to 11 years.

The rights of use of motor vehicles include the leased vehicle fleet. The lease agreements for motor vehicles have remaining terms of 1 to 5 years.

The rights of use for other facilities, office furniture and equipment mainly relate to rental agreements for furniture, fixtures and multifunction printers. The lease agreements have remaining terms of 1 to 4 years.

Depreciation of right-of-use assets for the financial year is included in the following items of the consolidated statement of income:

in € million	2021	2020
Cost of sales	2.5	2.6
Marketing and distribution costs	0.6	0.4
Administrative expenses	1.8	1.7
Research and development costs	0.0	0.1
	5.0	**4.8**

In financial year 2021, financial liabilities from leases in the amount of € 5.3 million (previous year: € 4.8 million) were amortized and € 0.5 million (previous year: € 0.5 million) in interest for leases was paid. The total cash outflow from leases including variable lease payments and payments in connection with short-term leases, as well as leases where the underlying asset is of low value, amounted to € 7.0 million (previous year: € 6.6 million) in financial year 2021. As of the balance sheet date, future cash outflows amounted to € 26.8 million (previous year: € 27.4 million).

Potential future cash outflows of € 2.6 million (previous year: € 1.8 million) were not included in the lease liability as it is not reasonably certain that the leasing agreements will be extended (or not be terminated). Leases entered into by the Biotest Group as lessee but not yet commenced give rise to potential cash outflows of € 2.5 million (previous year: € 0.6 million).

As of 31 December 2021, the Group was obliged to enter into short-term lease agreements for which the corresponding facilitation option is used. The total obligation at this time is unchanged from the previous year at € 0.0 million.

The following amounts were recognised in profit or loss in the financial year:

in € million	2021	2020
Depreciation charge for right-of-use assets	5.0	4.8
Interest expense on lease liabilities	0.5	0.5
Expense relating to short-term leases	0.1	0.3
Expense relating to leases of low-value assets	0.4	0.3
Expense relating to variable lease payments	–	–
Total value in income statement	**6.0**	**5.9**

Only occasionally and to an insignificant extent rent concessions were made in connection with the COVID-19 pandemic. These did not lead to any significant change in the rights of use, however.

Information on the corresponding lease liabilities is provided in section E 15 Financial liabilities.

E 4 INVESTMENTS IN JOINT VENTURES

Investments in joint ventures relate to a 49% shareholding held by Biotest Pharma GmbH in BioDarou P.J.S. Co., whose registered office is in Tehran, Iran, and are accounted for using the equity method.

The purpose of the company is to collect plasma, process it into immunoglobulins, factors and human albumin via Biotest AG and then sell the finished products in Iran.

Due to the inflation trend in Iran, the joint venture based there applies the regulations of IAS 29 Financial Reporting in Hyperinflationary Economies since 2020. The Consolidated Statement of Financial Position and the Consolidated Statement of Comprehensive Income have been adjusted in accordance with IAS 29 in order to calculate the share of net assets and profit and loss. IAS 29 is to be applied retrospectively, i.e. as if the hyperinflation had always existed. The financial statements were prepared on the basis of historical acquisition and production costs. As the restated financial statements are presented in Iranian rial, they have to be translated at the closing rate. Thus, the carrying amounts for non-monetary assets and liabilities have been adjusted for changes in general purchasing power using the general price index in the financial year and the previous year. A consumer price index published by the International Monetary Fund was used for this purpose. The value of the index applied as of the reporting date 2021 was 402.6 (2020: 300.8). Due to the restatement of the opening balance sheet, there was an effect on the Company's equity of 93.2 billion rials. As a result of the restatement of the opening balance sheet, there was a foreign currency effect recognised in other comprehensive income of € 0.6 million. The adjustment of the closing balance sheet resulted in a further foreign currency effect of € 0.1 million recognised in other comprehensive income. Together with the recognised profits from joint ventures in the amount of € 1.3 million, this results in a balance sheet value of shares in joint ventures in the amount of € 4.5 million (previous year: € 2.6 million) as of 31 December 2021.

The investors have agreed to gradually provide the company with equity of up to € 4.0 million. The shareholder resolutions required for this are adopted separately based on the financial requirements. To date, Biotest Pharma GmbH has contributed € 1.6 million in capital. The subscribed capital of BioDarou P.J.S. Co. as of 31 December 2020 is 37.5 billion rials (previous year: 37.5 billion rials) excluding any adjustment as a result of IAS 29 and is fully paid in.

As no audited financial statements of BioDarou P.J.S. Co. were available when the consolidated financial statements were prepared, BioDarou P.J.S. Co.'s previous year figures as of 31 December 2020 are reported.

The joint venture had the following assets and liabilities without taking an adjustment as a result of IAS 29 into account:

On 31 December 2020, the value of non-current assets was € 0.4 million (previous year: € 0.4 million) and the value of current assets was € 19.3 million (previous year: € 12.7 million).

Non-current liabilities were valued at € 0.7 million (previous year: € 0.6 million) and current liabilities at € 14.9 million (previous year: € 9.2 million) as of 31 December 2020.

In financial year 2020, sales amounted to € 8.7 million (previous year: € 11.5 million) and the Company's net profit for the year was € 0.5 million (previous year: € 0.1 million).

The joint venture, taking into account an adjustment as a result of IAS 29, had the following assets and liabilities:

As of 31 December 2020, the value of non-current assets was € 1.6 million (previous year: € 1.2 million) and the value of current assets was € 23.2 million (previous year: € 13.9 million).

Non-current liabilities were valued at € 0.7 million (previous year: € 0.6 million) and current liabilities at € 14.9 million (previous year: € 9.2 million) as of 31 December 2020.

In financial year 2020, sales amounted to € 9.6 million and the company's net profit for the year was € 1.4 million.

E 5 OTHER FINANCIAL ASSETS

	2021		2020	
in € million	Total	thereof non-current	Total	thereof non-current
Cash deposit with banks (financial assets measured at amortised cost)	8.7	–	12.3	–
Surrender claim against trustee from the sale of shares in ADMA Biologics Inc. (financial assets at fair value through profit or loss)	4.4	–	5.6	–
Loan to third parties (financial assets measured at amortised cost)	5.4	5.4	0.0	–
Receivables from joint ventures (financial assets measured at amortised cost)	0.0	–	0.0	–
Other receivables (financial assets measured at amortised cost)	0.1	0.0	0.1	0.0
Derivative financial instruments (financial assets at fair value through profit or loss)	0.0	–	1.3	–
Pension fund (financial assets at fair value through profit or loss)	0.1	0.1	0.2	0.2
	18.8	**5.6**	**19.5**	**0.2**

The cash deposits made with banks in financial year 2021, mainly for guarantees issued, are recognised at amortised cost.

Financial assets at fair value through profit or loss include the surrender claim against trustee from the sale of shares in ADMA Biologics Inc., fund shares and derivative financial instruments. The fair value of the surrender claim against trustee is determined by reference to the share price of ADMA Biologics Inc. as of 31 December 2021, less a discount. The discount is determined on the basis of the size of the block of shares, the trading volume, and the profitability of the company and the urgency of the sale. The valuation as of 31 December 2021 resulted in an impairment in the amount of € 1.2 million (previous year: € 7.0 million), which is recognised under financial expenses.

Loans to third parties comprise non-current financial receivables from third parties to support the establishment of new plasma collection centers amounting to € 5.4 million (previous year: € 0.0 million).

E 6 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities relate to the following items in the consolidated statement of financial position:

	Assets		Equity and liabilities		Total impact on results	
in € million	2021	2020	2021	2020	2021	2020
Property, plant and equipment	0.3	0.1	9.1	7.9	1.0	0.3
Other financial assets	1.4	1.2	0.9	0.9	–0.2	–0.4
Inventories	8.8	9.5	0.3	0.4	0.5	–1.0
Trade receivables	0.1	0.0	0.4	0.7	–0.3	1.0
Contract assets	–	–	11.4	13.4	–2.1	2.3
Deferred expenses	–	–	0.7	0.8	–0.1	–0.4
Other provisions	1.4	1.6	0.1	0.1	0.2	–0.1
Financial liabilities	0.8	0.9	–	–	0.1	0.2
Pension provisions	16.8	17.8	–	–	2.1	–0.0
Other liabilities	2.0	2.0	1.4	1.2	0.1	–1.4
Contract liabilities	–	–	–	–	–	1.1
IFRS 16	5.2	5.3	4.9	5.1	–0.1	–0.3
Other statement of financial position items	0.1	0.2	–	–	0.1	–0.1
Tax value of the recognised loss carried forward	0.1	0.2	–	–	0.0	–0.1
Total deferred taxes	**37.0**	**38.8**	**29.1**	**30.5**	**1.3**	**1.0**
Less netting of deferred tax assets and liabilities	–26.8	–29.3	–26.9	–29.3		
Deferred tax assets / liabilities	**10.2**	**9.5**	**2.2**	**1.2**		

As of 31 December 2021, the Group had usable tax loss carryforwards of € 1.9 million (previous year: € 2.2 million). These loss carryforwards are attributable to countries with a tax rate of 9%.

Deferred taxes are not recognised for tax loss carryforwards of € 127.8million (previous year: € 78.7 million), as the utilisation of these carryforwards in the near future is not reasonably certain at this time. Of the unrecognised loss carryforwards, € 110.5 million (previous year: € 61.5million) relate to the domestic companies and € 17.3 million (previous year: € 17.2 million) to the foreign companies. In addition, € 111.6 million (previous year: € 63.7 million) of the unrecognised loss carryforwards relate to unlimited carryforwards, € 9.1 million (previous year: € 7.6 million) can be carried forward for up to five years and € 7.1 million (previous year: € 7.4 million) for five years or longer.

As in the previous year, deferred tax assets are not recognized for the domestic interest carryforward of € 31.1 million that existed as of 31 December 2020 (previous year: € 15.1 million), as it is not possible to calculate with the reasonable certainty that this interest carryforward will be utilized in the near future. The interest carryforward can be carried forward indefinitely. The deferred tax assets of the German Biotest Group amounting to € 6.5 million (previous year: € 7.2 million) on temporary differences are long-term and are estimated to be usable on the basis of positive medium-term expectations.

In Biotest's opinion, there are no material uncertain tax positions, therefore no detailed disclosures are required in accordance with IAS 12.88. In the Biotest Group, in some countries several years have not yet been definitively assessed by tax audits.

As of 31 December 2021, as in the previous year, no deferred tax liabilities were recognised for taxes on non-distributed earnings of subsidiaries or joint ventures of the Biotest Group. The temporary differences in connection with shares in subsidiaries and joint ventures for which no deferred taxes are recognised amount to € 0.3 million (previous year: € 0.2 million). No deferred taxes are recognized on the temporary differences, as these will not reverse in the foreseeable future on the basis of current planning.

E 7 INVENTORIES

in € million	2021	2020
Raw materials, consumables and supplies	73.3	66.5
Work in progress	108.6	127.2
Finished goods and merchandise	62.7	96.4
	244.6	**290.1**

As of the balance sheet date, the Biotest Group had inventories of € 1.1 million (previous year: € 0.0 million) with a turnover of more than one year.

Impairment losses recognised on inventories amounted to € 52.8 million as of the reporting date (previous year: € 30.7 million). Of this amount, € 40.1 million relates to write-off for plasmatic coagulation Factor VIII as a result of the changed market environment and increased competition from synthetically manufactured drugs. The total devalued inventory assets have a residual book value of € 93.3 million (previous year: € 94.9 million) after devaluation to the net realisable value.

The previous year's impaired inventories in the amount of € 26.7 million (previous year: € 7.1million) were consumed in the financial year 2021 and reversed in the amount of € 2.6 million (previous year: € 0.0 million). In addition, inventories were written down by € 51.4 million (previous year: € 16.5 million). Additions to and reversals of write-off for inventories are reported under cost of sales.

In 2021, inventories recognised as an expense in cost of sales amounted to € 333.9 million (previous year: € 303.0 million).

E 8 TRADE RECEIVABLES

As in the previous year, none of the trade receivables totalling € 107.3 million (previous year: € 115.8 million) were classified as non-current. They are comprised as follows:

in € million	2021	2020
Trade receivables (gross)	119.2	131.0
Sale of trade receivables	–3.1	–4.0
Allowance for bad debts	–8.8	–11.3
Trade receivables (net)	**107.3**	**115.8**

Net trade receivables include € 1.0 million (previous year: € 5.9 million) in receivables from related parties. The allowance for doubtful accounts is determined as the difference between the nominal amount of the receivables and the estimated net collectible amount. The Group monitors economic conditions as a result of the COVID 19 pandemic to limit its exposure to customers who are believed to be more severely impacted by the pandemic. An external service provider has been used to monitor receivables portfolios that do not show any specific indications of impairment in individual cases. The assessment of a possible deterioration in the creditworthiness of the loan portfolio as a result of the COVID 19 pandemic has been included in the calculation of expected credit losses due to the use of forward-looking information by the external service provider.

Biotest AG sold receivables with a total volume of € 2.2 million (previous year: € 3.4 million) as at the balance sheet date within the framework of factoring agreements. The factoring programme provides for the sale of domestic and foreign receivables for Biotest AG, with an individual credit limit for each customer. Assuming the legal existence of the receivables, the factor bears the risk of the customer's insolvency for the receivables it purchases.

Biotest Italia S.r.l. partially sells receivables from Italian customers. Assuming the legal existence of the receivables, the factor bears the risk of the customer's insolvency (del credere) for the receivables it purchases. As of the balance sheet date, receivables of the Italian company with a volume of € 0.9 million (previous year: € 0.6 million) had been sold. As in the previous year, these receivables were derecognised in full.

IT-supported processes are in place to identify trade receivables intended for factoring. These receivables are measured at fair value through profit or loss (FAFVtPL) due to the expected derecognition process. Their carrying amount is a reasonable approximation of fair value. Their carrying amount is a reasonable approximation of fair value.

Allowances for expected credit losses for trade receivables developed as follows:

in € million	2021	2020
Balance as of 1 January	11.3	9.8
Additions	2.0	4.9
Utilisation	–0.1	–1.5
Reversals	–4.3	–1.9
Balance as of 31 December	**8.8**	**11.3**

The net change in value of the allowance for expected credit losses on trade receivables, which is attributable to receivables with an impaired credit rating, amounts to € -1.9 million in the financial year (previous year: € 0.7 million).

Default risk positions are spread across the Group's sales regions as follows:

in € million	2021	2020
Central Europe (CEU)	0.4	0.1
East and South Europe (EASE)	1.2	1.1
Intercontinental (ICON)	0.8	0.7
Middle East, Africa and France (MEAF)	6.5	9.4
Allowances for expected credit losses	**8.8**	**11.3**

Net trade receivables are denominated in the following currencies:

in € million	2021	2020
EUR	66.9	92.4
USD	16.4	15.7
GBP	12.9	1.7
HUF	2.7	2.3
BRL	4.3	2.2
Other currencies	4.0	1.5
Trade receivables (net)	**107.3**	**115.8**

E 9 CONTRACT ASSETS

Contract assets from contract fractionation amounting to € 39.1 million (previous year: € 46.3 million) relate to contingent claims for the complete fulfilment of contractual obligations from contract fractionation agreements. The resulting performance obligations are generally fulfilled by Biotest over a period of up to twelve months. Receivables from this business, which usually have a due date of between 90 and 120 days, are recognised when the right to receive the consideration becomes unconditional. This is the case when the biological drugs produced from the blood plasma provided by the customer are delivered to the customer. These are service transactions that are valued at the corresponding costs of sales incurred plus profit margin, if reliably estimable.

They are composed as follows:

in € million	2021	2020
Contract assets (gross)	39.4	46.8
Allowances for expected credit losses	–0.3	–0.5
Contract assets (net)	39.1	46.3

Default risks are accounted for by making value adjustments. The allowance for doubtful accounts is calculated as the difference between the nominal amount of the contract assets and the estimated net recoverable amount. An external service provider was used to examine the portfolios of contract assets that do not show any concrete indications of impairment in individual cases.

The allowances for expected credit losses on contractual assets developed as follows:

in € million	2021	2020
Balance as of 1 January	**0.5**	**0.4**
Additions	0.1	0.2
Utilisation	–	–
Reversals	–0.3	–0.1
Balance as of 31 December	**0.3**	**0.5**

E 10 OTHER ASSETS

	2021		2020	
in € million	Total	thereof non-current	Total	thereof non-current
Value added and other tax receivables	3.4	–	2.8	–
Deferred income	6.0	0.2	6.9	0.4
Payments in advance	0.6	–	0.9	–
Other assets	3.2	0.1	1.3	–
	13.2	**0.3**	**11.9**	**0.4**

As of 31 December 2021, ancillary financing costs in the amount of € 4.2 million (previous year: € 5.4million) were capitalised under prepaid expenses. Hereof € 0.2 million (previous year: € 0.4 million) are non-current and will be amortised over the financing period. With regard to the financing agreement, we refer to the comments in section E 15.

The following picture emerges from the analysis of the age structure of other assets:

in € million	2021	2020
Carrying amount	**13.2**	**11.9**
Unimpaired and not past due as of the reporting date	13.0	11.9
unimpaired as of the reporting date and past due in the following time band		
< 90 days past due	0.2	–

Impairment losses of €0.0 million (previous year: €1.4 million) have been recognized for other assets in the financial year 2021.

Other assets are denominated in the following currencies:

in € million	2021	2020
EUR	10.9	10.0
BRL	0.3	0.3
GBP	0.2	0.1
HUF	0.8	0.9
Other currencies	1.0	0.5
	13.2	**11.9**

E 11 CASH AND CASH EQUIVALENTS

in € million	2021	2020
Bank balances	103.9	70.9
Cash on hand	0.6	0.4
	104.4	**71.3**

Please refer to the Biotest Group's consolidated statement of cash flows for details regarding the changes in cash and cash equivalents.

In financial year 2021, Biotest AG made cash deposits with banks to secure its operating business. As at 31 December 2021, an amount of € 8.7 million (previous year: € 12.3 million) was deposited. The amount is reported under other current financial assets as at 31 December 2021.

E 12 EQUITY

Subscribed capital is fully paid in and amounts to € 39,571,452 on 31 December 2021 (previous year: € 39,571,452), comprising ordinary shares of € 19,785,726 (previous year: € 19,785,726) and preference shares of € 19,785,726 (previous year: € 19,785,726). As of 31 December 2021, it was divided into 19,785,726 no-par value ordinary shares and 19,785,726 no-par value preference shares without voting rights. Certification of shares is excluded. The theoretical par value of each share is therefore € 1.00 per share class. Profit distributions in any financial year are based on the net profit of Biotest AG as defined under the German Commercial Code.

On 18 May 2017, Tiancheng (Germany) Pharmaceutical Holdings AG, a company indirectly controlled by Creat Group Co. Ltd., Nanchang, People's Republic of China (Creat), published the documentation for its unsolicited public takeover offer for all outstanding shares of Biotest AG. The shareholders were offered € 28.50 per ordinary share and € 19.00 per preference share in this offer. Tiancheng announced on 7 July 2017 that the unsolicited public takeover offer to the shareholders of Biotest AG was accepted for a total of 17,783,776 ordinary shares and 214,581 preference shares by the end of the extended acceptance period at midnight on 4 July 2017. These ordinary shares account for approximately 89.88% of Biotest AG's voting capital and 44.95% of the total share capital of Biotest AG. The completion of the transaction was subject to official permits. On 19 January 2018, the Committee on Foreign Investment in the United States, CFIUS, granted foreign trade approval and thus met the last remaining condition for the takeover offer.

The proposed appropriation of net profit for the year 2021 provides for dividend payments of € 0.8 million (previous year: € 0.8 million). A dividend of € 0.00 per share (previous year: € 0.00 per share) will be paid on the ordinary shares and a dividend of € 0.04 per share (previous year: € 0.04 per share) on the preference shares. In accordance with a resolution passed by the Annual General Meeting regarding dividend payments, preference shares are entitled to a preference dividend of € 0.04 per share. Furthermore, if holders of ordinary shares receive a dividend of more than € 0.03 per share, holders of preference shares receive an additional dividend of € 0.02 per share. If no dividend is paid on preference shares in one year, it shall be paid the following year. If a dividend is not paid in the second year, preference shares shall receive voting rights (cf. Section 140 (2) of the German Stock Corporation Act (Aktiengesetz, AktG)).

By resolution of the Annual General Meeting of 7 May 2019, the Board of Management was authorised, with the consent of the Supervisory Board, to increase the share capital of the company by up to EUR 19,785,726.00 through the issue of new ordinary bearer shares and/or the issue of new non-voting preference bearer shares against cash contributions and/or contributions in kind on one or more occasions until 6 May 2024 (authorised capital).The authorisation includes the authority to issue further preference shares that are equal to the previously issued non-voting preference shares in the distribution of profits or company assets. The shareholders have a subscription right. The subscription right may also be structured in whole or in part as an indirect subscription right within the meaning of Section 186 (5) sentence 1 AktG. The Board of Management is also authorised to determine the further details of the implementation of capital increases from authorised capital.

The share premium amounts to € 219.8 million (previous year: € 219.8 million).

Diluted and basic earnings per share are calculated by dividing the profit attributable to shareholders of the parent company by the weighted average number of shares outstanding. Diluted earnings are equivalent to basic earnings at Biotest AG.

in € million	**2021**	2020
Earnings after taxes	–63.4	–31.4
Additional dividend on preference shares	–0.4	–0.4
Profit adjusted for additional dividend rights	**–63.8**	**–31.8**
Number of shares outstanding (weighted average)	39,571,452	39,571,452
Basic and diluted earnings per ordinary share in €	–1.61	–0.80
Additional dividend rights per preference share in €	0.02	0.02
Basic and diluted earnings per preference share in €	–1.59	–0.78

Transactions involving ordinary shares and preferred shares took place prior to the approval of the consolidated financial statements. In this connection, we refer to our comments in section A.I.1 of the Group management report in this Annual Report.

E 13 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Benefits are based on the employee's length of service and salary. Retirement benefit obligations relate mainly to employees of the Group's German companies. Similar obligations are foreign obligations payable in a lump sum on retirement and obligations of the Biotest pension savings plan. These plans are voluntary pension plans not subject to statutory or legal obligations. The amount of the pension obligations is mainly dependent on interest rate movements and the life expectancy of the participants.

Assets of € 4.6 million (previous year: € 3.9 million) were held by a trustee, Biotest Vorsorge Trust e.V., in financial year 2021 under a contractual trust arrangement (CTA) as external insolvency insurance for portions of the occupational pension scheme. Since the transferred funds qualify as plan assets in accordance with IAS 19, provisions for pensions and similar obligations were netted with the transferred assets. As a result, provisions for pensions and similar obligations were reduced accordingly.

The net defined benefit liability comprises the following:

in € million	2021	2020
Net present value of defined benefit obligations		
From pension plans	105.8	107.7
From similar obligations	15.2	13.8
	121.0	**121.5**
Fair value of plan assets		
For pension plans	2.2	1.9
For similar obligations	2.3	2.0
	4.5	**3.9**
Net defined benefit liability		
From pension plans	103.6	105.8
From similar obligations	12.9	11.8
	116.5	**117.5**

The costs for the defined benefit plans consist of the following components:

in € million	2021	2020
Current service cost	5.9	5.6
Net interest expenses	0.8	1.1
Total expenses recognised in profit and loss	**6.7**	**6.7**
Actuarial losses due to experience adjustments (previous year: gains)	2.2	–0.2
Actuarial gains due to changes in financial assumptions (previous year: losses)	–6.0	6.0
Actuarial gains from changes in demographic assumptions	0.0	–0.0
Return on plan assets (excluding amounts included in net interest expense)	–0.2	–0.1
Revaluations recognised directly in other comprehensive income	**–4.0**	**5.7**
Defined benefit costs	**2.8**	**12.4**

In financial year 2021, actuarial gains of € 4.0 million (previous year: losses of € 5.7 million) are recognised in other comprehensive income. Of this amount, € 6.0 million resulted from changes in actuarial assumptions, which is mainly due to the change in the actuarial interest rate in the main plans in Germany from 0.8% to 1.1%. In total, actuarial losses (before tax) of € 52.1 million (previous year: € 56.0 million) have been recognised in other comprehensive income.

The following table shows the reconciliation of the net present value of the defined benefit obligation (DBO):

in € million	2021	2020
Net present value of defined benefit obligation as of 1 January	**121.5**	**112.6**
Current service cost	5.9	5.6
Interest expense	0.8	1.1
Expenses recognised in the consolidated statement of income	**6.7**	**6.7**
Actuarial losses (previous year: gains) due to experience adjustments	2.2	–0.2
Actuarial gains due to changes in financial assumptions (previous year: losses)	–6.0	6.0
Actuarial gains due to changes in demographic assumptions	–0.0	–0.0
Revaluations recognised directly in the statement of comprehensive income	**–3.8**	**5.8**
Pension benefits paid	–3.4	–3.7
Net present value of defined benefit obligation as of 31 December	**121.0**	**121.5**

The following table shows the reconciliation of the fair value of plan assets:

in € million	2021	2020
Fair value of plan assets as of 1 January	**3.9**	**3.1**
Interest income	–	0.0
Income recognised in the consolidated statement of income	**–**	**0.0**
Return on plan assets (excluding amounts included in net interest expenses)	0.2	0.1
Revaluations recognised directly in the statement of comprehensive income	**0.2**	**0.1**
Contribution by the employer	0.4	0.7
Payments from plan assets	–	–
Fair value of plan assets as of 31 December	**4.5**	**3.9**

The following payments are expected to be made in subsequent years based on the current pension obligations:

in € million	2021	2020
In the next 12 months	3.6	4.1
Between 2 and 5 years	18.6	17.4
Between 5 and 10 years	28.1	27.1
After 10 years	106.4	102.0
Total expected payments	**156.7**	**150.6**

The weighted average term of the defined benefit plans is 14.8 years (previous year: 15.4 years) as of 31 December 2021.

Plan assets were invested in the following asset classes as of the reporting date:

in € million	2021	2020
Cash and cash equivalents	0.1	0.6
Fund shares	4.4	3.3
	4.5	**3.9**

The plan assets transferred to Biotest Vorsorge Trust e.V are invested in accordance with defined investment principles, whereby the maturity or termination option of the financial instruments must always be selected in such a way that the association can meet its payment obligations. In accordance with the investment principles, the assets can be invested in EUR time deposits as well as domestic government bonds, mortgage bonds or fund units in money market funds or corporate bonds, each in EUR. Loans can also be issued to Biotest Group companies against corresponding guarantees. A minimum rating of A- is required for all financial instruments. The expected contributions to plan assets amount to € 1.8 million.

Of the provisions for pensions and similar obligations, € 120.1 million (previous year € 120.4 million) relate to pension plans in Germany. The calculation of the German pension plans is based on the following actuarial assumptions:

in %	2021	2020
Discount rate as of 31 December	0,9-1,1	0,5-0,8
Expected return on plan assets	0.8	1.2
Rate of increase for wages and salaries	3.4	3.4
Rate of interest for pensions	1.8	1.8
Employee turnover rate	3	3.0

Actuarial assumptions are based on historical empirical values with the exception of the discount rate.

As in the previous year, the calculation was based on the published Heubeck 2018 G mortality tables.

Under IAS 19.145, the effect of any changes to parameters for the underlying assumptions used to calculate the pension obligations must be disclosed in the sensitivity analysis. Only changes that are realistically expected to occur in the following financial year are to be considered.

The actuarial rate of interest, salary trend, pension trend and life expectancy are regarded as material assumptions. These parameters are shown in the following overview together with information on the parameter changes and their impact on the net present value calculation as of 31 December 2021.

Parameter	Parameter change	Impact on the pension obligation in € million
Rate of interest	Increase by 50 basis points	–8.3
Rate of interest	Decrease by 50 basis points	9.4
Salary trend	Increase by 50 basis points	0.3
Salary trend	Decrease by 50 basis points	–0.3
Pension trend	Increase by 100 basis points	9.9
Pension trend	Decrease by 100 basis points	–8.2
Life expectancy	Increase by one year	4.1

€ 11.1 million (previous year: € 10.7 million) was recognised as expense for defined contribution plans in the financial year and is broken down as follows:

in € million	2021	2020
Defined contribution plans of the Company	0.1	0.1
Employer contributions to statutory pension scheme	11.0	10.7
	11.1	10.7

E 14 OTHER PROVISIONS

in € million	Personnel-related provisions	Litigation risks	Provisions for sales agreements*	Miscellaneous other provisions	Total	thereof current*
Balance as of 31 December 2020*	**12.7**	**1.8**	**5.7**	**6.4**	**26.5**	**23.7**
Additions	10.7	0.1	1.5	3.3	**15.6**	
Transfer	0.7	–	0.9	–1.6	**–**	
Utilisation	–10.9	–0.9	–1.9	–3.6	**–17.3**	
Reversals	–0.4	–0.7	–1.2	–0.2	**–2.5**	
Balance as of 31 December 2021	**12.8**	**0.3**	**5.0**	**4.2**	**22.3**	**19.9**

*adjusted according to IAS 8

Personnel-related provisions consist primarily of provisions for profit-sharing, the Long-Term Incentive (LTI) Programme and severance pay. The provisions under the LTI Programme are explained in detail in Section F 1.

The provisions for litigation risk are explained in detail in Section F 11.

The provisions for sales agreements include provisions for other risks from contracts with customers, mainly for disputed contractual penalties.

Other provisions include provisions for archiving costs and similar items.

Additions to provisions in financial year 2021 mainly comprise additions of € 9.1 million (previous year: € 10.6 million) for profit sharing and the LTI Programme for employees.

Due to the standardization of reporting within the Biotest Group, a reclassification of € 0.7 million was made from other provisions to personnel-related provisions. In addition, provisions from contracts with customers in the amount of € 0.9 million were reclassified from other provisions to provisions for sales contracts.

The disclosure of the provision for mandatory manufacturer rebates was corrected in the financial year in accordance with IAS 8. Therefore, the final balance of provisions for sales contracts at the end of the previous year was reduced by € 0.5 million and the short-term financial liabilities were increased accordingly.

E 15 FINANCIAL LIABILITIES

in Mio. €	2021	2020
Non-current liabilities		
Subordinated shareholder loan	314.8	310.3
Unsecured promissory notes	2.0	2.0
Secured loans from financial institutions	121.1	95.9
Other financial liabilities	35.5	30.0
Liabilities from derivative financial instruments	1.1	1.3
Long-term share of lease liabilities	22.0	23.0
	496.4	**462.5**

in Mio. €	2021	2020*
Current liabilities		
Unsecured promissory notes	0.0	0.0
Other financial liabilities*	27.9	19.9
Secured loans from financial institutions	1.6	1.4
Liabilities from derivative financial instruments	0.5	0.0
Short-term share of lease liabilities	4.8	4.4
	34.8	**25.7**

*adjusted

A subordinated, final maturity loan in euros from Tiancheng (Germany) Pharmaceuticals Holding AG with an extended term until 2025 forms the core of Biotest AG's financing.

Another key component of the financing is a secured loan with a term of 5 years until 2024. The total volume amounts to € 240 million, divided into two Term Facilities (B1 and B2) of € 225 million and a Revolving Facility of € 15 million. Biotest AG, Biotest Pharma GmbH and Biotest Grundstückverwaltungs GmbH have provided collateral for the loan in the form of land charges, pledging of shares and assignment of intercompany receivables.

Credit lines in the amount of € 115.0million (previous year: € 140.0 million) from the promised financing remain unused as of 31 December 2021. There are no other committed bilateral credit lines.

More detailed information on collateral can be found in section F 5 Capital management.

The loan agreement is a "hybrid" contract or structured product within the meaning of IFRS 9, as it contains an (interest) floor and a termination option of the borrower, each of which represents an embedded derivative. For accounting purposes, the embedded derivatives are therefore separated from the host contract and accounted for separately.

In connection with the financing, Biotest AG has undertaken to maintain a covenant. This covenant is reported quarterly at the end of each quarter on the basis of the consolidated quarterly financial statements. The covenant was constantly complied with in the financial year 2021.

Other financial liabilities include an unsecured long-term loan in the amount of € 30.0 million (previous year: € 30.0 million). The figure also includes commission liabilities of €21.9 million (previous year: €14.9 million) and a repayment obligation of €6.0 million (previous year: €0.0 million) arising from a supply contract.

The promissory notes of originally issued € 210 million concluded in October 2013 is divided into the following tranches in the amount of € 2.0 million:

Promissory note loans	Currency	Term	Interest rate
Tranche 6	EUR	10 years	fixed interest

There was no (partial) repayment of the promissory note loan in fiscal year 2021. The liabilities from derivative financial instruments reported under financial liabilities include both derivatives for hedging currency risks and embedded derivatives from the hybrid loan agreement.

Interest liabilities were reported together with the underlying loan on the basis of their due date.

Information on the hedging of exchange rate and interest risks can be found in Section F 3 Financial risk management.

The reporting of other liabilities and other provisions was corrected in the financial year in accordance with IAS 8 and the previous year's values were adjusted accordingly. The previous year's values of other liabilities were reduced by € 17.3 million and those of other provisions by € 0.5 million, while the previous year's values of current financial liabilities were increased accordingly by € 17.8 million.

The pricing and repayment terms as well as the maturity profile of financial liabilities are shown below:

2021 (in € million)	Total	Remaining term < 1 year	Remaining term 1 to 5 years	Remaining term > 5 years
Subordinated shareholder loans:				
Euro - fixed at 2.5 %	314.8	–	314.8	–
Secured loans from financial institutions:				
Euro - variable at 3.3 to 6.7 %	122.7	1.6	121.1	–
Promissory note loans:	–	–	–	–
Euro - fixed at 3.8 %	2.0	0.0	2.0	–
Other financial liabilities:				
Euro - fixed at 0.0 to 4.0 %	63.2	27.8	35.4	–
Euro - variable at 0.5 %	0.1	0.1	–	–
CZK - fixed at 0.0 %	0.1	0.0	0.1	–
Liabilities from derivative financial instruments	1.6	0.5	1.1	–
Liabilities from leasing agreements:				
Euro - fixed at 0.0 to 3.9 %	23.6	4.1	10.4	9.1
HUF - fixed at 2.5 to 3.3 %	0.5	0.2	0.3	–
CZK - fixed at 1.1 to 3.4 %	2.3	0.3	1.3	0.7
CHF - fixed at 0.4 to 3.8 %	0.1	0.1	0.0	–
GBP - fixed at 0.7 to 3.0 %	0.2	0.1	0.2	–
BRL - fixed at 0.0 to 0.6 %	0.0	0.0	0.0	–
	531.2	**34.8**	**486.6**	**9.8**

The pricing and repayment terms as well as the maturity profile of the previous year's financial liabilities are shown below:

2020 (in € million)*	Total	Remaining term < 1 year	Remaining term 1 to 5 years	Remaining term > 5 years
Subordinated shareholder loans:				
Euro - fixed at 2.5	310.3	–	310.3	–
Secured loans from financial institutions:				
Euro - variable at 3.3 to 6.7 %	97.3	1.4	95.9	–
Promissory note loans:	–	–	–	–
Euro - fixed at 3.1 to 3.8 %	2.0	0.0	2.0	–
Other loans:				
Euro - fixed at 0.0 to 4.0 %*	49.7	19.7	–	30.0
Euro - variable at 0.6 %	0.1	0.1	0.0	–
Liabilities from derivative financial instruments	1.3	0.0	–	1.3
Liabilities from leasing agreements:				
Euro - fixed at 0.0 to 4.8 %	25.6	4.0	11.5	10.2
HUF - fixed at 2.4 to 4.5 %	0.5	0.2	0.3	–
CZK - fixed at 1.3 to 4.4 %	0.8	0.1	0.4	0.3
CHF - fixed at 0.7 to 5.0 %	0.2	0.1	0.1	–
GBP - fixed at 0.2 to 3.0 %	0.3	0.1	0.2	–
BRL - fixed at 0.1 to 0.7 %	0.1	0.0	0.0	–
	488.2	**25.7**	**420.7**	**41.8**

*adjusted

The rights of use of leased assets are capitalised with carrying amounts of € 25.3 million (previous year: € 26.1) under the item rights of use.

As the Group companies Plazmaszolgálat Kft. in Hungary and Cara Plasma s.r.o. in the Czech Republic have concluded significant leasing agreements in euros in addition to the Group companies in the euro countries, the majority of the Biotest Group's liabilities from leasing agreements are in euros.

Information on the corresponding right-of-use assets is provided in section E 3 Leases.

Net debt amounted to € 393.0 million as of the balance sheet date (previous year: € 397.9 million) and can be derived as follows:

in € million	**2021**	2020
Shareholder loans	314.8	310.3
interest bearing financial liabilities to third parties	155.8	131.4
Liabilities from leasing arrangements	26.8	27.4
	497.4	**469.1**
Cash and cash equivalents	104.4	71.3
	104.4	**71.3**
Net debt	**393.0**	**397.9**

Interest-bearing financial liabilities to third parties consist of secured loans from financial institutions in the amount of € 122.7 million, other interest-bearing unsecured loans in the amount of € 31.1 million and promissory notes in the amount of € 2.0 million.

E 16 OTHER LIABILITIES

in € million	2021	2020*
Liabilities for commissions payable*	5.2	2.6
Deferred liabilities	1.8	4.0
Wage tax liabilities	0.4	2.0
Deferred income	2.1	1.8
Social security liabilities	1.7	0.7
Value added tax liabilities	0.4	0.6
Other liabilities	0.8	1.3
	12.4	**13.0**

*Adjusted according to IAS 8

Other liabilities with a term to maturity of over one year amounted to € 0.0 million (previous year: € 0.1 million) in this financial year.

The reporting of commission liabilities was adjusted in the financial year in accordance with IAS 8. Therefore, the previous year's figures were adjusted accordingly and the total of other liabilities at the end of the previous year was reduced by € 17.3 million and the current financial liabilities were increased accordingly. All reclassified other liabilities have a remaining term of less than one year.

F. OTHER DISCLOSURES

F 1 LONG-TERM INCENTIVE PROGRAMME

Biotest AG pursues a business policy focused on the interests of shareholders and based on a shareholder value principle that promotes long-term growth in the value of the Biotest Group.

The Long-term Incentive Programme (LTIP) includes certain employees who have a significant impact on the success of the Company due to their position with the Group, their decisions, leadership and actions.

No personal investment by the participant through the purchase of preferred shares of Biotest AG is required for the LTIP 2019, 2020 and 2021. The targets of the LTIP 2019, 2020 as well as 2021 are not dependent on the share price. Instead, share price-independent targets are set. Thus, the LTIP 2019, 2020 and 2021 do not have to be reported in accordance with IFRS 2.

The LTIP 2019 and 2020 each start in May of the first year and end on 31 December of the third year. The LTIP 2021 starts in May of the first year and ends on 31 December of the fourth year.

FURTHER GENERAL INFORMATION ON THE LTIP

Entitlement to an incentive payment ceases for the programme and all tranches if employment within the Biotest Group ends for any reason (other than retirement, early retirement, partial retirement, occupational disability or invalidity).

Participants receive a pro rata incentive payment in the event of a change of control in which at least 30% of the voting rights are transferred to a shareholder who did not previously hold these voting rights, of a delisting from the stock market or of a merger or change in the legal status of the parent company, or of the exit of the company by which the participant is employed from the parent group. For the 2020 and 2021 programmes, the Board of Management was offered by the Supervisory Board to waive the pro rata payment of the incentive programme in the context of the Grifols takeover, so that these programmes can continue to run regularly. Both board members have agreed to this offer.

For a detailed description of the LTIP programmes, please refer to our comments in the Remuneration Report of Biotest AG. This is available on the Biotest homepage.

F 2 FINANCIAL INSTRUMENTS

F 2.1 CLASSIFICATION OF FINANCIAL INSTRUMENTS

The Biotest Group classifies financial instruments in accordance with its accounting treatment. Here, derivatives form a separate class.

One class may contain several different items from the statement of financial position. The Biotest Group classifies financial instruments as follows:

The measurement categories under IFRS 9 are abbreviated as follows: financial assets measured at amortised cost (AC), financial assets measured at fair value through the other comprehensive income (FAFVtOCI), financial assets measured at fair value through profit and loss (FAFVtPL), financial liabilities measured at amortised cost (FLAC), financial liabilities measured at fair value through profit and loss (FLFVtPL).

Lease liabilities (as defined in IFRS 16) do not fall within the scope of IFRS 9.

Class of financial instruments	Balance sheet item	Valuation class according to IFRS 9
Financial assets measured at amortised cost	Trade receivables	AC
	Other financial assets	AC
	Cash and cash equivalents	AC
Financial assets at fair value through profit or loss	Trade receivables	FAFVtPL
	Other financial assets	FAFVtPL
Financial liabilities measured at amortised cost	Financial liabilities	FLAC
	Trade payables	FLAC
Lease liabilities	Lease liabilities (as defined by IFRS 16)	n/a
Derivatives	Other financial assets	FAFVtPL
	Other financial liabilities	FLFVtPL

F 2.2 RECONCILIATION OF STATEMENT OF FINANCIAL POSITION ITEMS TO MEASUREMENT CATEGORIES AS WELL AS THEIR MEASUREMENT BASIS AND FAIR VALUES

The Group measures financial instruments, such as derivatives, at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are listed in Chapter F 2.3 Fair value measurement.

Fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring fair value, it is assumed that the transaction in which the sale of the asset or the transfer of the liability takes place takes place either

• in the principal market for the asset or liability, or

• in the most advantageous market for the asset or liability, if no principal market exists.

The Group must have access to the principal market or the most advantageous market.

The fair value of an asset or liability is measured using the assumptions that market participants would use in pricing the asset or liability. It is assumed that market participants act in their best economic interest.

In measuring the fair value of a non-financial asset, the market participant's ability to obtain economic benefits from the highest and best use of the asset or from its sale to another market participant that has the highest and best use of the asset is considered.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. In doing so, the use of significant observable input factors is to be kept as high as possible and that of non-observable input factors as low as possible.

According to IFRS 13.72, the financial instruments measured at fair value in the Consolidated Statement of Financial Position are to be classified in a three-level hierarchy of fair value measurement. The level in each case reflects the market proximity of the data included in the determination of the fair value. The levels of the fair value hierarchy are described below:

Level 1: Quoted market prices for identical assets or liabilities in active markets.

Level 2: Information other than quoted market prices that is observable directly (e.g. prices) or indirectly (e.g. derived from prices).

Level 3: Information for assets and liabilities that is not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reviewing the classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In order to comply with the fair value disclosure requirements, the Group has identified groups of assets and liabilities based on their nature, characteristics and risks as well as the levels of the fair value hierarchy explained above.

In accordance with IFRS 7.29, it was assumed that the fair value of current financial instruments corresponds to the carrying amount, unless stated otherwise.

in € million		Measurement basis in the statement of financial position according to IFRS 9			
Item of the statement of financial position	Carrying amount as of 31 December 2021	At amortised cost	At fair value through profit or loss	Fair value as of 31 December 2021	Fair value level
Financial assets at fair value (FAFVtPL)					
Trade receivables	11.4	–	11.4	11.4	–
Derivatives without a hedging relationship	0.0	–	0.0	0.0	2
Surrender claim against trustee	4.4	–	4.4	4.4	3
Pension fund	0.1	–	0.1	0.1	1
Total	16.0	–	16.0	16.0	
Financial assets measured at amortized cost (AC)					
Trade receivables	95.9	95.9	–	95.9	–
Cash deposits with banks	8.7	8.7	–	8.7	–
Loans to third parties	5.4	5.4	–	5.4	–
Receivables from joint ventures	0.0	0.0	–	0.0	–
Miscellaneous other financial assets	0.1	0.1	–	0.1	–
Cash and cash equivalents	104.4	104.4	–	104.4	–
Total	214.5	214.5	–	214.5	
Financial liabilities at fair value (FLFVtPL)					
Derivatives without a hedging relationship	1.6	–	1.6	1.6	2
Total	1.6	–	1.6	1.6	
Financial liabilities at amortized cost (FLAC)					
Trade payables	38.8	38.8	–	38.8	–
Subordinated shareholder loans	314.8	314.8	–	341.4	2
Secured loans from financial institutions	122.7	122.7	–	139.6	2
Unsecured bank liabilities	2.0	2.0	–	2.1	2
Other financial liabilities	63.4	63.4	–	67.4	2
Total	541.7	541.7	–	589.3	
Valuation in the statement of financial position according to IFRS 16					
Lease liabilities	26.8	–	–	–	–

in € million		Measurement basis in the statement of financial position according to IFRS 9			
Item of the statement of financial position	Carrying amount as of 31 December 2020	At amortised cost	At fair value through profit or loss	Fair value as of 31 December 2020	Fair value level
Financial assets at fair value (FAFVtPL)					
Trade receivables	7.5	–	7.5	7.5	–
Derivatives without a hedging relationship	1.3	–	1.3	1.3	2
Surrender claim against trustee	5.6	–	5.6	5.6	3
Pension fund	0.2	–	0.2	0.2	1
Total	14.6	–	14.6	14.6	
Financial assets measured at amortized cost (AC)					
Trade receivables	108.3	108.3	–	108.3	–
Cash deposits with banks	12.3	12.3	–	12.3	–
Loans to third parties	0.0	0.0	–	0.0	–
Receivables from joint ventures	–	–	–	–	–
Miscellaneous other financial assets	0.1	0.1	–	0.1	–
Cash and cash equivalents	71.3	71.3	–	71.3	–
Total	192.0	192.0	–	192.0	
Financial liabilities at fair value (FLFVtPL)					
Derivatives without a hedging relationship	1.3	–	1.3	1.3	2
Total	1.3	–	1.3	1.3	
Financial liabilities at amortized cost (FLAC)					
Trade payables	42.0	42.0	–	42.0	–
Subordinated shareholder loans	310.3	310.3	–	338.8	2
Secured loans from financial institutions	97.3	97.3	–	115.6	2
Unsecured bank liabilities	2.0	2.0	–	2.1	2
Other financial liabilities*	49.9	49.9	–	53.1	2
Total	501.5	501.5	–	551.6	
Valuation in the statement of financial position according to IFRS 16					
Lease liabilities	27.4	–	–	–	–

*adjusted

F 2.3 AGGREGATION OF THE MEASUREMENT CATEGORIES, INCLUDING MEASUREMENTS AND FAIR VALUE

Trade receivables (both sold and unsold) and other assets mainly have remaining terms of less than one year. For this reason, the carrying amounts at the reporting date correspond approximately to the fair values. In the case of other non-current receivables and financial investments held to maturity, which therefore have remaining terms of more than one year, the fair values correspond to the present values of the payments associated with the assets, taking into account the respective current interest rate parameters, which reflect market- and partner-related changes in conditions and expectations.

For the financial (non-derivative) assets measured at fair value, the fair value is determined by reference to the share price of ADMA Biologics Inc. taking into account a discount. The discount is estimated based on the size of the share block, the trading volume, the profitability of the company and the urgency of the sale. The estimates are derived from historical experience. The fair value is allocated to hierarchy level 3.

Derivative financial assets and liabilities (foreign exchange transactions and embedded derivatives) are measured on a mark-to-market basis using quoted foreign exchange rates and yield curves available in the market. The fair value is allocated to hierarchy level 2.

The fair value of the bond funds is assigned to hierarchy level 1.

Trade accounts payable and other liabilities generally have remaining terms to maturity of less than one year. For this reason, the carrying amounts here also approximate the corresponding fair values.

The fair values of liabilities to financial institutions, liabilities to the shareholder and other financial liabilities are determined as the present values of the payments associated with the liabilities on the basis of the relevant yield curve and the credit spread curve broken down by currency. The fair value is assigned to hierarchy level 2.

F 2.4 NET GAIN OR LOSS BY MEASUREMENT CATEGORY

The net gain or loss for financial year 2021 by measurement category is as follows:

in € million		From subsequent measurement				
Categories	From interest	At fair value	Currency translation	Impairment	From disposal	Net gain/loss 2021
Financial assets measured at amortised cost	0.2	–	1.4	3.1	–	4.7
Financial assets measured at fair value through profit or loss	–	–1.3	–	–	–	–1.3
Financial liabilities measured at amortised cost	–11.9	–	–0.2	–	–	–12.1
Financial liabilities measured at fair value through profit or loss	–	–1.4	–	–	–	–1.4
Total	**–11.7**	**–2.7**	**1.2**	**3.1**	**–**	**–10.1**

The net gain or loss for the previous financial year by measurement category is as follows:

in € million		From subsequent measurement				
Categories	From interest	At fair value	Currency translation	Impairment	From disposal	Net gain/loss 2020
Financial assets measured at amortised cost	0.8	–	–4.2	1.0	–	–2.4
Financial assets measured at fair value through profit or loss	–	–5.4	–	–	–	–5.4
Financial liabilities measured at amortised cost	–12.6	–	0.2	–	–	–12.5
Financial liabilities measured at fair value through profit or loss	–	1.7	–	–	–	1.7
Total	**–11.9**	**–3.8**	**–4.0**	**1.0**	**–**	**–18.6**

All components of the net gain or loss are recorded under other financial expenses or other financial income. Exceptions to this are value adjustments on trade receivables and other financial assets. These are reported in the change in valuation allowances on financial assets measured at amortised cost under other operating income or other operating expenses.

The result from the subsequent measurement of financial instruments allocated to the measurement category fair value through profit and loss includes a loss of € 2.7 million (previous year: € 3.8 million), which includes both interest rate and currency effects.

F 2.5 CASH FLOW BY TIME BAND

The tables below show the contractually agreed, undiscounted interest payments and principal repayments relating to primary financial liabilities and derivative financial instruments with positive and negative fair values. The second table contains comparative values for cash flows in specific periods based on the previous financial year.

This presentation includes all instruments that were in the portfolio on the reporting date and for which payments were already contractually agreed. It does not include budgeted figures for future new liabilities. Amounts in foreign currencies are translated at the corresponding closing rate. The variable interest payments from the financial instruments are calculated based on the interest rates last fixed before 31 December 2021. Financial liabilities repayable on demand are always allocated to the earliest time period.

in € million		Cash flow in 2022			Cash flow in 2023		
Balance sheet items	Carrying amount as of 31 December 2021	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments
Primary financial liabilities:							
Liabilities to shareholders	–314.8	–	–	–	–	–	–
Liabilities to banks	–2.0	–0.1	–	–	–0.1	–	–2.0
Liabilities to fianancial instututions	–122.7	–1.7	–8.8	–	–1.7	–7.2	–
Lease liabilities	–26.8	–0.4	–	–4.8	–0.3	–	–3.9
Other financial liabilities	–63.4	–2.1	–0.0	–36.2	–1.2	–0.0	–7.2
Trade payables	–38.8	–	–	–38.8	–	–	–
Derivative financial liabilities:							
Foreign exchange derivatives without hedge relationships	–0.6	–	–	–0.5	–	–	–0.1
Derivative financial assets:							
Foreign exchange derivatives without hedge relationship	0.0	–	–	0.0	–	–	–

in € million		Cash flow in 2021*			Cash flow in 2022		
Balance sheet items	Carrying amount as of 31 December 2020*	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments
Primary financial liabilities:							
Liabilities to shareholders	–310.3	–	–	–	–	–	–
Liabilities to banks	–2.0	–0.1	–	–	–0.1	–	–
Liabilities to financial institutions	–97.3	–2.1	–5.8	–	–0.2	–5.8	–
Lease liabilities	–27.4	–0.5	–	–4.5	–0.4	–	–4.0
Other financial liabilities*	–49.9	–1.8	–0.0	–19.0	–1.2	–	–0.0
Trade payables	–42.0	–	–	–42.0	–	–	–
Derivative financial liabilities:							
Foreign exchange derivatives without hedge relationships	–0.0	–	–	–0.0	–	–	–
Derivative financial assets:							
Foreign exchange derivatives without hedge relationship	1.3	–	–	1.3	–	–	–

*adjusted

The cash flows include a financing commitment of € 17.2 million (previous year: € 6.2 million).

Liabilities to financial institutions also include commitment interest based on the undrawn volume of € 115.0 million (previous year: € 140.0 million).

Cash flow in 2024			Cash flow in 2025			Cash flow in 2026			Cash flow after 2026		
Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments
–	–	–	–47.3	–	–290.0	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
0.7	–5.0	–	–	–	–	–	–	–	–	–	–
–0.3	–	–125.0	–0.2	–	–2.9	–0.2	–	–2.7	–0.4	–	–9.4
–1.2	–0.0	–3.1	–1.2	–0.0	–1.3	–0.6	–	–30.0	–	–0.0	–0.1
–	–	–1.9	–	–	–	–	–	–	–	–	–
		–									
–	–		–	–	–	–	–	–	–	–	–
		–1.0									
–	–		–	–	–	–	–	–	–	–	–

Cash flow in 2023			Cash flow in 2024			Cash flow in 2025			Cash flow after 2025		
Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments
–	–	–	–	–	–	–49.3	–	–290.0	–	–	–
–0.1	–	–2.0	–	–	–	–	–	–	–	–	–
–0.2	–5.7	–	–0.0	–4.1	–100.0	–	–	–	–	–	–
–0.4	–	–3.2	–0.3	–	–2.9	–0.2	–	–2.7	–0.6	–	–10.1
–1.2	–	–	–1.2	–	–	–1.2	–	–	–0.6	–	–30.0
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–

F 3 FINANCIAL RISK MANAGEMENT

In the course of its ordinary operations and due to existing international trade relationships, Biotest is exposed to currency and interest rate risks.

To hedge currency positions, Biotest uses derivative financial instruments to minimise risks inherent in exchange rate fluctuations. In addition, Biotest concluded a hybrid loan agreement the previous year that contains embedded derivatives. Other contracts are reviewed for hybridity. If they contain a derivative, this is measured separately. Derivative financial instruments are generally subject to changes in market prices.

Biotest does not make use of hedge accounting. Consequently, all gains and losses arising from market valuation of derivative financial instruments used to hedge interest rate and currency risks are recognised through profit or loss.

Financial instruments are recognised at the time that the corresponding contracts are concluded. They are initially recognised at cost of purchase and then measured at their respective market values as of the reporting date. Financial instruments are derecognised once contractual obligations have been fulfilled by both parties or upon the closing out of the instrument.

The market values of the derivative financial instruments are reported in the balance sheet under other financial assets or financial liabilities. As at 31 December 2021, € 0.0 million (previous year: € 1.3 million) are reported under other financial assets and € 1.6 million (previous year: € 1.3 million) under financial liabilities.

CREDIT RISK

A credit risk is the financial risk that a contractual partner will not meet his payment obligations. Default risk is countered through the continuous management of receivables. The customer's credit rating is assessed and subsequently credit terms and other conditions are defined. In addition, portions of domestic receivables and select foreign receivables are sold to factoring companies or banks.

There are trade receivables and contract assets from customers in the Middle East, Africa and France (MEAF) sales region amounting to € 91.9 million (previous year: € 98.0 million). These account for around 58% (previous year: 55%) of gross trade receivables and gross contract assets in the current year. Valuation allowances of € 6.7 million (previous year: € 9.8 million) were made for these receivables. Of the net trade receivables, € 16.1 million (previous year: € 17.6 million) relate to receivables from customers in Iran. Valuation allowances of € 1.4 million (previous year: € 4.6 million) are attributable to this. Credit insurance policies have been taken out with various companies for certain customers in selected countries. Economic risks are insured for an amount of € 25.2 million (previous year: € 27.9 million) and political risks for an amount of € 26.8 million (previous year: € 29.8 million). The deductible agreed within the framework of the existing credit insurances amounts to up to 5 %.

Possible default risks for primary financial instruments that are not held at fair value through profit or loss are taken into account through value adjustments for expected credit losses due to ratings with or without increased credit risk.

Expected losses for other financial assets and cash and cash equivalents are of minor significance for the Group.

To present the maximum default risk of primarily financial assets, the corresponding carrying amount is used as an equivalent for the maximum default risk:

in € million	2021	2020
Trade receivables	107.3	115.8
Contract assets	39.1	46.3
Other financial assets	18.8	19.5
Cash and cash equivalents	104.4	71.3

To cover the default risk, corresponding value adjustments are made in the amount of the expected credit default in accordance with IFRS 9.5.5. The simplified approach is mainly used for trade receivables. Default probabilities for individual customers or customer groups are determined for this purpose. These are based on rating information from an external service provider. Potential increases in default risk as a result of the COVID-19 pandemic are reflected in the external service provider's rating information, as forward-looking information such as financial statements and industry and country information is incorporated into his analysis.

Based on the risk classifications, the carrying amounts per rating class are shown below:

in € million	Debtors with increased credit risk	Debtors without increased credit risk
31 December 2021		
Trade receivables	24.0	83.3
Contract assets	–	39.4
Cash and cash equivalents	–	104.4
Other financial assets	–	18.8
Total	**24.0**	**245.9**

in € million	Debtors with increased credit risk	Debtors without increased credit risk
31 December 2020		
Trade receivables	24.2	91.6
Contract assets	46.3	–
Cash and cash equivalents	–	71.3
Other financial assets	–	19.5
Total	**70.4**	**182.4**

Biotest categorises all of the assets listed above into credit grades and makes value adjustments of between 0.04% and 34.6% depending on the credit grade and the origin of the corresponding debtor. Individual value adjustments are also made for receivables with increased credit risk, which can be up to 100% due to impending insolvency, for example.

The Biotest Group does not hold any assets that are impaired upon initial recognition or upon settlement (purchased or originated credit impaired, POCI).

MARKET RISK

Market risk results from changes in market prices. These lead to fluctuations in fair values or future cash flows from financial instruments. Market risk comprises foreign exchange risk, interest rate risk and other price-related risk.

CURRENCY RISK

The Biotest Group operates internationally and is therefore exposed to foreign currency risk based on the exchange rates of different foreign currencies, primarily the US dollar. There are also foreign currency risks from leasing contracts concluded in foreign currency (mainly HUF and CZK). Foreign currency risks arise from expected future transactions, recognised assets and liabilities and net investments in foreign operations. The Biotest Group protects itself as a matter of principle against identifiable future currency risk whenever it anticipates such exposure. In addition, risks in the consolidated statement of financial

position are hedged selectively. The Biotest Group makes use of opportunities to offset currency risk naturally and to use currency futures to manage currency risk.

The Biotest Group holds the following positions in foreign currencies that are material to the Group:

Foreign currency risk	USD		GBP	
in € million	**2021**	2020	**2021**	2020
Cash and cash equivalents	0.7	1.8	2.7	1.5
Trade receivables	16.4	15.7	12.9	1.7
Other primary financial assets	7.4	5.5	–	–
Other derivative financial assets	0.0	1.2	–	0.1
Trade payables	–4.6	–0.3	–0.2	–0.1
Lease liabilities	–	–	–0.2	–0.3
Other primary financial liabilities	–10.2	–3.1	–	–
Other derivative financial liabilities	–0.0	–	–0.4	–0.0
Net position	**9.8**	**20.8**	**14.8**	**2.9**

The following currency futures for the sale of USD, GBP and RUB were held as of the reporting date:

in € million	Nominal amount		Market values	
	2021	2020	**2021**	2020
Forward exchange transactions	30.5	55.5	–0.6	1.3

See section B 3 for information about the main exchange rates during the reporting period.

INTEREST RATE RISK

The Biotest Group's interest rate risk arises from non-current financial liabilities. Loans with variable interest rates expose the Group to interest-related cash flow risks. Fixed-rate loans and the embedded derivatives of the hybrid loan agreement give rise to an interest-related risk from changes in fair value.

As in the previous year, there were no interest rate hedging transactions as of 31 December 2021.

The impact of the interest rate benchmark reform was analysed. As of 31 December 2021, the Group has analysed all variable-rate financial instruments. Nearly all of these are linked to the Euribor. The method of calculating the Euribor changed in 2019. In July 2019, the Belgian Financial Services and Markets Authority granted approval for Euribor in accordance with the European Union Benchmarks Regulation. This allows market participants to continue using the Euribor for both current and new contracts. The Biotest Group assumes that Euribor will remain as a benchmark interest rate for the foreseeable future. Therefore, the interest rate benchmark reform will not have any impact on the original financial instruments. The only possible impact in the future could be on the fair value calculation of the derivative financial instruments.

LIQUIDITY RISK

Liquidity risk is the risk that a company will be unable to meet its financial obligations to a sufficient extent at all times. A shortage of financial capital could result in an increase in financing costs.

The Biotest Group finances itself through shareholder loans, long-term loans from financial institutions and other loans, promissory note loans, leasing agreements and factoring.

As of 31 December 2021, the Biotest Group has a contractually agreed credit line:

in € million	**2021**	2020
Loans drawn down	474.5	444.7
Loans not drawn down	115.0	140.0

As at 31 December 2021, the Biotest Group has issued secured financing commitments to suppliers for € 22.6 million, of which € 5.4 million has been drawn down.

In order to reduce potential liquidity risks, the individual corporate divisions supply Group Treasury with the necessary information for creating a liquidity profile. All financial assets, financial liabilities and anticipated payment flows from planned transactions are included in it.

A maturity overview illustrating how cash flows from liabilities as of 31 December 2021 impact the Group's liquidity position is provided in Section F 2.

The changes in liabilities from financing activities are as follows:

in € million	**January 1 2021**	Cash flows	Addition of RoU assets in 2021 (non-cash)	Exchange rate changes	Other	**December 31 2021**
Financial liabilities	443.1	25.0	–	–	36.3	504.4
Lease liabilities	27.4	–5.8	5.8	–0.6	–	26.8
Total	**470.5**	**19.2**	**5.8**	**–0.6**	**36.3**	**531.2**

in € million	**January 1 2020**	Cash flows	First-time adoption of IFRS 16	Addition of RoU assets in 2020 (non-cash)	Modifications of leases (non-cash)	Exchange rate changes	Other	**December 31 2020**
Financial liabilities	383.7	47.5	–	–	–	–	11.9	443.1
Liabilities from finance leases	26.7	–4.8	–	6.1	–	–0.6	–	27.4
Total	**410.4**	**42.7**	**–**	**6.1**	**–**	**–0.6**	**11.9**	**470.5**

The item "Other" essentially includes the changes in commission liabilities and the repayment obligation from a supply contract as well as effects from accrued but not yet paid interest on interest-bearing loans and interest liabilities in financial liabilities.

The Biotest Group classifies interest paid as cash flow from operating activities.

F 4 SENSITIVITY ANALYSIS PURSUANT TO IFRS 7.40

The Biotest Group is exposed to market risks comprising currency risks, interest rate risks and other price risks. The disclosures on the sensitivity analysis in accordance with IFRS 7.40b include both the fair value risk and the cash flow risk.

By using sensitivity analyses, the effects of any changes in the relevant risk variables on profit or loss and equity as of the reporting date are determined for each type of risk.

CURRENCY RISK

A sensitivity analysis is carried out to analyse the currency risks for certain foreign currencies with a significant risk for the Biotest Group. The currencies USD and GBP are considered separately.

Based on total exposure of € 31.6 million (previous year: € 24.8 million), the currency sensitivities result in the following hypothetical impact on earnings:

in million €	Appreciation of EUR of 10 %		Depreciation of EUR of 10 %	
	2021	2020	**2021**	2020
EUR to USD	0.1	3.4	0.1	–3.4
EUR to GBP	0.5	1.2	–0.2	–1.2
EUR to other exhange rates	–0.3	0.3	0.5	–0.3
	0.2	**4.9**	**0.4**	**–4.9**

It should be noted that the sensitivity analysis required by IFRS 7 only takes into account exchange rate risk on financial assets and liabilities but not translation risk. If translation risk had been taken into account, the effect would have been different.

INTEREST RATE RISK

For interest rate risk, a sensitivity analysis serves to illustrate the effects of changes in market interest rates on interest income and expenses, other income components and, where applicable, equity.

Changes in the market interest rates of primary financial instruments with fixed interest rates only impact income if recognised at fair value. Financial instruments with fixed interest rates measured at amortised cost are therefore not exposed to interest rate risk as defined by IFRS 7.

Changes in the market interest rates of interest rate derivatives (embedded derivatives) impact other financial income (measurement result from the adjustment of financial assets to fair value) and are therefore incorporated in income-related sensitivity calculations.

Currency derivatives and changes in their value due to interest rate changes were not taken into account in calculating interest rate sensitivities.

The sensitivity analysis is based on the net effect of interest-bearing liabilities, bank balances and current financial assets.

in million €	increase in interest rate structure of 100 BP	
	2021	2020
from derivative financial instruments	0.7	1.2
from primary financial instruments	1.0	0.6
total hypothetical impact on results	**1.7**	**1.8**

Considering the very low reference interest rates as of the balance sheet date, a sensitivity analysis in the event of a downward deviation in the market interest rate level is not performed for reasons of insignificance.

If the market interest rate level as of 31 December 2021 had been 100 basis points higher or 0 basis points lower, equity would have remained unchanged. Please see the remarks in Section E 13 for changes in equity due to actuarial gains and losses from pension plans.

OTHER PRICE-RELATED RISK

As part of the presentation of market risk, IFRS 7 also requires information about how hypothetical changes in risk variables affect the prices of financial instruments. Possible risk variables are, in particular, stock market prices or indices.

The sensitivity analysis relates to the surrender claim against the trustee arising from the sale of shares in ADMA Biologics Inc. If the share price on 31 December 2021 had been 10% higher (10% lower), the fair value would have been € 0.4 million higher (€ 0.4 million lower).

If the package discount had been 10% higher (10% lower) at 31 December 2021, the fair value would have been 2.1% lower (2.1% higher).

Other price-related risks have no material impact on the prices of financial instruments held by the Biotest Group.

F 5 CAPITAL MANAGEMENT

The primary objective in managing capital is to ensure an attractive overall rating for investors and to maintain adequate capital ratios in order to guarantee the strategic business development of the Biotest Group.

The equity of the Biotest Group that is the focus of capital structure optimisation efforts is the equity disclosed on the consolidated statement of financial position which is attributable to the owners of Biotest AG as the parent company. Share capital consists of 19,785,726 ordinary voting shares and 19,785,726 non-voting preference shares.

Strategic capital management analyses are based on long-term forecast calculations, which are used to determine the corresponding future values and indicators. In the short term, budget forecasts for the following year serve as the basis for financial indicators.

As part of its strategy, the Biotest Group seeks to maintain an equity ratio of at least 40%. The equity ratio of the Biotest Group was 34.4% as of 31 December 2021 (previous year: 39.0%). Due to the Biotest Next Level project, the equity ratio may

also lie below 40% for a short period of time. In addition, both long-term and quarterly special financial ratios are used for analysis and management purposes. The key figures here are adjusted EBIT and net debt.

No fundamental changes were made to the objectives or processes for managing capital in the financial year 2021. An adequate organisational structure and defined work flows and monitoring processes were implemented for the necessary controlling of the Biotest Next Level project and related required financial resources.

The Biotest Group has various options at its disposal for achieving its capital management objectives. These include capital increases through the issue of new shares with or without preemptive rights, dividend policies and the repurchase of shares. Efforts to optimise the capital structure are supported by the active management of working capital.

Biotest AG carried out a capital increase in June 2013. The maximum possible number of 1,461,909 new preference shares was subscribed to at a price of € 52 per share either by existing shareholders using their subscription rights or by being placed with institutional investors. New no-par value bearer preference shares were issued with a proportionate amount of the share capital of € 2.56 per share. Gross issue proceeds of € 76 million were thus generated.

In financial year 2013, Biotest AG privately placed promissory notes with an equivalent value of € 210 million on the capital markets. EUR tranches with a maturity of 5, 7 and 10 years and a USD tranche with a maturity of 5 years were underwritten. The tranches with a maturity of 5 and 7 years had fixed and variable interest rates. The tranche with a maturity of 10 years has a fixed rate coupon. A liability from promissory note loans in the amount of € 2.0 million remains on the balance sheet date 2021.

The main financing is provided by a shareholder loan, a "hybrid" loan and a long-term loan agreement. As of the balance sheet date, the shareholder loan was valued at € 314.8 million including accrued interest and the long-term loan at € 30.0 million. The shareholder loan is subordinated and ranks behind senior liabilities and all other non-subordinated liabilities of Biotest AG. The shareholder may not assert its claims under this agreement for as long as this would result in the insolvency or over-indebtedness of the borrower.

A secured "hybrid" loan agreement with a total volume of € 240 million is a further key component of the financing. Of the volume made available, € 125 million (previous year: € 100 million) had been utilised as at 31 December 2021. This financing agreement includes a covenant to be met, which is monitored regularly by Biotest. Restrictions apply in particular with regard to the sale and collateralisation of assets.

As collateral, the Biotest Group has arranged a first-rank land charge in the total amount of € 240 million on the real estate located in Dreieich. As of the balance sheet date, the real estate assets secured by the Biotest Group had a book value of € 202.5 million (previous year: € 209.8 million).

Furthermore, Biotest AG has completely pledged its shares in Biotest Pharma GmbH, Dreieich.

In addition, a global assignment with regard to current and future cash pooling receivables was agreed in a separate contract dated 28 June 2019. As of the balance sheet date, collateral from receivables from affiliated companies amounted to € 12.9 million (previous year: € 25.6 million).

Biotest Pharma GmbH, Dreieich, and Biotest Grundstücksverwaltungs GmbH, Dreieich, have joined the financing agreement as further guarantors.

Further information is provided in section E 15 Financial liabilities.

F 6 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

A contingent asset is a potential asset that results from past events and whose existence will not be confirmed until the occurrence or non-occurrence of one or more uncertain future events that are not entirely under the Company's control.

Contingent liabilities are potential obligations that result from past events and whose existence will not be confirmed until the occurrence or non-occurrence of one or more uncertain future events that are not entirely under the Company's control. Contingent liabilities may also be based on current obligations that result from past events but are not recognised, either because an outflow of resources with a loss of economic benefits is not likely or because the amount of the obligation cannot be estimated sufficiently reliably.

Cash deposits in the amount of € 8.7 million were made with banks as collateral.

There are contingent liabilities of € 3.0 million (previous year: € 3.3 million) from collateral for liabilities of affiliated companies.

As in the previous year, there were no contingent assets at the reporting date.

F 7 OTHER FINANCIAL COMMITMENTS

in € million	in 2022	2023 to 2026	starting in 2027	Total
Commitments under longterm supply agreements with fixed purchase volumes	204.5	622.7	269.8	1,096.9
Commitments under longterm service agreements	5.4	5.5	–	11.0
Other financial obligation	13.6	16.8	8.1	38.4
	223.5	**645.0**	**277.8**	**1,146.3**

Commitments under long-term supply agreements for intermediates with fixed purchase volumes relate to supply agreements for the years 2021 to 2026, under which Biotest is to receive products worth € 9.3 million (previous year: € 32.6 million) in subsequent years. This item also includes plasma supply contracts with a volume of € 1,087.6 million (previous year: € 585.1 million). These contracts include obligations for the purchase of plasma by Biotest AG. The amount of the obligations depends on the availability of the natural resource plasma (willingness of the population to donate).

Obligations under long-term service agreements mainly relate to purchase commitments under two toll manufacturing agreements for the periods from 2021 to 2023 totaling € 11.0 million (previous year: € 17.0 million).

F 8 RELATED PARTIES

The Biotest Group maintains reportable relationships with the following related parties as well as with members of the Board of Management and the Supervisory Board and related parties as well as shareholders with a significant influence on Biotest AG:

Parent Company: the shareholder Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany ("Tiancheng (Germany)") and its parent company Tiancheng International Investment Ltd. ("Tiancheng International"), Hong Kong, People's Republic of China,

Joint venture: BioDarou P.J.S. Co., Teheran, Iran,

Sister companies: Bio Products Laboratory Ltd. ("BPL"), Elstree, UK, Shanghai RAAS blood products Co., Ltd. ("Shanghai RAAS"), Shanghai, People's Republic of China, and Anhui Tonrol Pharmaceutical Co., Ltd, Hefei, People's Republic of China.

A) PARENT COMPANY: TIANCHENG (GERMANY) PHARMACEUTICAL HOLDINGS AG ("TIANCHENG (GERMANY)")

Tiancheng (Germany) granted Biotest a shareholder loan. Biotest AG drew down the shareholder loan by a total of € 190.0 million on 29 January 2018 and by another € 150.0 million on 7 June 2018. In 2018, Biotest repaid a total of € 50.0 million plus interest of € 0.2 million. In 2021, Biotest repaid interest of € 2.0 million. As at 31 December 2021, the shareholder loan amounts to € 290.0 million (previous year: € 290.0 million) plus unpaid interest of € 24.8 million (previous year: € 20.3 million).

B) TIANCHENG INTERNATIONAL INVESTMENT LTD. ("TIANCHENG INTERNATIONAL")

For financial year 2021, Biotest AG has passed on costs for the annual audit to Tiancheng International totalling € 0.1 million (previous year: € 0.1 million). As in the previous year, there are no receivables from Tiancheng International as at 31 December 2021.

C) JOINT VENTURE: BIODAROU P.J.S. COMPANY

In the financial year, Biotest generated sales of € 8.9 million (previous year: € 8.5 million) from contract fractionation with BioDarou P.J.S. Co.

Receivables and contract assets from joint ventures amount to € 10.1 million (previous year: € 17.2 million) as at 31 December 2021, excluding the allowances recognised for this purpose. No valuation allowance for receivables was recognised in financial year 2021 (previous year: € 1.0 million).

D) BIO PRODUCTS LABORATORY LTD. ("BPL")

In financial year 2021, the Biotest Group acquired goods and services from BPL in the amount of € 0.4 million (previous year: € 0.7 million). The liabilities to BPL amount to € 0.1 million (previous year: € 0.1 million) on the reporting date.

In addition, a contract dated 10 November 2011 expired in 2021, according to which BPL supplies Biotest with biological substances and related know-how under a contract. The biological substances are supplied free of charge on condition that they remain the property of BPL.

By contract with effect from 17 September 2018 and the supplementary agreement dated 24 July 2020, the parties agreed on the provision of analytical services by BPL free of charge on the basis of the substances supplied by Biotest. Separate contracts are to be concluded for individual services, for which remuneration at market rates is to be agreed.

E) SHANGHAI RAAS BLOOD PRODUCTS CO., LTD. ("SHANGHAI RAAS")

No direct business transactions with Shanghai RAAS took place in financial year 2021. In the previous year, Biotest provided 10,000 nasal-mouth protection masks worth € 0.1 million free of charge to the Chinese people via Shanghai RAAS as a humanitarian contribution to the early containment of the COVID-19 pandemic.

F) ANHUI TONROL PHARMACEUTICAL CO., LTD. ("ANHUI TONROL")

In financial year 2021, Biotest Pharma GmbH delivered goods to Anhui Tonrol, Hefei, People's Republic of China, in the amount of € 6.0 million (previous year: € 19.6 million). As at 31 December 2021, receivables from Anhui Tonrol amounted to € 1.0 million (previous year: € 6.0 million).

G) OTHER RELATED COMPANIES AND PERSONS

Dr. Cathrin Schleussner informed the Biotest Group that since 19 December 2007 her share in the voting rights amounts to 50.03%. The voting rights are held via OGEL GmbH, Frankfurt/Main. OGEL GmbH was controlled as a company by Dr. Cathrin Schleussner. By accepting the voluntary public takeover offer, OGEL GmbH sold its shareholding as at 31 January 2018.

The members of Dr. Cathrin Schleussner's family were considered related parties within the meaning of IAS 24 due to their membership in the Supervisory Board, even beyond the acceptance of Creat's takeover bid. In the previous year, there was a reimbursement of € 0.2 million from the acquisition of the monoclonal antibodies BT-061. With effect from 1 January 2019, Biotest acquired the minority shares in Biotest Grundstücksverwaltungs GmbH amounting to 2% from Dr. Cathrin Schleussner and Dr. Martin Schleussner. A subsequent dividend payment of € 0.1 million was made in financial year 2021. Dr. Cathrin Schleussner resigned from her office as a member of the Supervisory Board in May 2020.

In a notification dated 2 February 2018, Mr. Yuewen Zheng informed the Company that his share of voting rights in Biotest AG exceeded the reporting thresholds of 3, 5, 10, 15, 20, 25, 30, 50 and 75% on 31 January 2018 and now amounts to 89.88%.

Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, acquired the majority of voting rights in Biotest AG in 2018. Tiancheng (Germany) Pharmaceutical Holdings AG is the immediate parent company of the Biotest Group.

The next highest parent company that prepares Consolidated Financial Statements is Tiancheng International Investment Ltd, Hong Kong, People's Republic of China. The ultimate parent company is Creat Group Co. Ltd., Nanchang, People's Republic of China, which is controlled by Dr. Yuewen Zheng.

In June 2020, Creat Group and another investor transferred their shares in the intermediate holding company Creat Tiancheng Investment Holdings Co, Ltd to several other investors with whom a Concerted Action Agreement is in place.

According to the agreement, Dr. Yuewen Zheng continues to control Biotest AG as the ultimate controlling company over the complete chain of subsidiaries starting with the ultimate controlling company:

Creat Group Co., Ltd., Nanchang, People's Republic of China

Guangcai Industry LLC, Beijing, People's Republic of China

Creat Tiancheng Investment Holdings Co., Ltd., Nanchang, People's Republic of China

Tiancheng Fortune Management Limited, Hong Kong, People's Republic of China

Tiancheng International Investment Limited, Hong Kong, People's Republic of China

Tiancheng (Germany) Pharmaceutical Holdings AG, Munich

With regard to the changes in the legal structure of the Company after the balance sheet date, we refer to our comments in Chapter A.I.1 of the Group Management Report of this Annual Report.

SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Composition of the bodies

As at 31 December 2021, the members of the Supervisory Board and the Board of Management still hold the following mandates in statutory supervisory boards and comparable supervisory bodies of commercial enterprises:

Supervisory Board

Rolf Hoffmann,
Weggis, Switzerland
Shareholder representative,
Lecturer at the University of North Carolina Kenan-Flagler Business School, Chapel Hill, North Carolina, USA
Chairman of the Supervisory Board of Biotest AG
Member of the Supervisory Board of Paratek Pharmaceuticals Inc., Boston, Massachusetts, USA
Member of the Supervisory Board of Genmab A/S, Copenhagen, Denmark
Member of the Supervisory Board of EUSA Pharma UK Ltd., Hemel Hempstead, UK
Member of the Supervisory Board of Ferring Pharmaceuticals Inc, Parsippany, New Jersey, USA
Member of the Supervisory Board of Semdor Pharma Group GmbH, Cologne, Germany
Member of the Advisory Board of IDT Biologika GmbH, Dessau-Roßlau, Germany

Tan Yang,
Hong Kong, People's Republic of China,
Shareholder representative,
Managing Director of Creat Capital Company Limited, Hong Kong, People's Republic of China
Deputy Chairman of the Supervisory Board of Biotest AG
Member of the Supervisory Board of Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany
Member of the Management Board of Naga UK TopCo Ltd., Elstree, UK
Member of the Management Board of Tiancheng International Investment Limited, Hong Kong, People's Republic of China
Member of the Management Board (non-executive) of Creat Resources Holding Limited, Tasmania, Australia

Kerstin Birkhahn,
Langen, Germany
Graduate engineer, employee of Biotest AG, Dreieich, Germany
Employee representative on the Supervisory Board of Biotest AG (Member until September 30 2021)

Dr. Salome Drechsler,
Frankfurt/Main, Germany
Dr. rer. pol., Graduate in Business Administration
Employee of Biotest AG, Dreieich, Germany
Employee representative on the Supervisory Board of Biotest AG (Member since October 01 2021)

Jürgen Heilmann,
Dreieich, Germany
Commercial employee of Biotest AG, Dreieich, Germany
Employee representative on the Supervisory Board of Biotest AG

Simone Fischer,
Wiesbaden, Germany
Shareholder representative
Business graduate, auditor and tax consultant
Member of the Supervisory Board of Biotest AG
Partner at BK&P Steuerberatungsgesellschaft mbH, Wiesbaden
Managing Director of Bouffier Kaiser GmbH Wirtschaftsprüfungsgesellschaft, Wiesbaden, Germany

Xiaoying (David) Gao,
Naples, Florida, USA
Shareholder representative
Chief Executive Officer (CEO) and Vice Chairman of Bio Products Laboratory Ltd., Elstree, UK;
Member of the Management Board of Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany

Remuneration of the Supervisory Board

In the current financial year, the Supervisory Board received a total of € 383 thousand (previous year: € 383 thousand), which represents a fixed remuneration components in its entirety. In addition to the Supervisory Board remuneration listed, further benefits were recognised as an expense in financial years 2021 and 2020 for employee representatives within the scope of their employee relationship.

The amount of the remuneration is based on the provisions of the collective bargaining agreement or the salary levels applicable in the Company for non-tariff employees.

A detailed description of the remuneration of the Supervisory Board as well as individualised figures can be found in the Remuneration Report of Biotest AG. This is available on the Biotest homepage.

Board of Management

Dr. Michael Ramroth,
Mörfelden-Walldorf, Germany
Chief Executive Officer, Chief Financial Officer

Dr. Georg Floß,
Marburg, Germany
Member of the Board of Management (Chief Operations Officer)

Dr. Jörg Schüttrumpf,
Frankfurt/Main, Germany
Member of the Board of Management (Board member responsible for science and medicine) (since 1 January 2022)

On 20 July 2020, the Supervisory Board of Biotest AG extended the appointment of Dr. Michael Ramroth by three years and Dr. Georg Floß by two years.

Remuneration of the Board of Management

The total remuneration of the Board of Management active in financial year 2021 amounted to 4,450 k€ (previous year: 2,910 k€). The Board of Management remuneration is divided into a non-performance-based component of 1,955 k€ (previous year: 973 k€), a performance-based component of 1,770 k€ (previous year: 1,114 k€) and a pension expense of 725 k€ (previous year: 823 k€).

The participation of the Board members in the long-term incentive programme is included in the performance-based component at the fair value of the tranche of the LTIP issued in the respective financial year at the time of granting.

For the LTIP 2021, in comparison with LTIP 2019 and 2020, instead of an allocation of virtual shares, an amount was defined that is paid out according to the percentage of target achievement. This programme began in May 2021 and ends in December 2024. A provision of 147 k€ was formed for this tranche. Of this amount, Dr. Michael Ramroth is entitled to 78 k€ and Dr. Georg Floß to 69 k€.

The Board members participated in the non-share-based LTIP 2020 programme with allocated shares (Dr. Michael Ramroth and Dr. Georg Floß each with 1,800 shares). A provision of 404 k€ was made for this tranche. Of this amount, Dr. Michael Ramroth received 214 k€ and Dr. Georg Floß 190 k€.

The Board members participated in the non-share-based LTIP 2019 programme with allocated shares (Dr. Michael Ramroth and Dr. Georg Floß each with 1,800 shares). A provision of € 628 thousand was made for this tranche. Of this amount, Dr. Michael Ramroth received 333 k€ and Dr. Georg Floß 295 k€.

Dr. Michael Ramroth received a payment of 64 k€ and Dr. Georg Floß a payment of 57 k€ from the non-share-based LTIP 2018, whose payments were set for financial year 2021. There are no provisions for the LTIP 2018 programme as of 31 December 2021. The remaining amount of the performance-based component consists of the short-term incentive in the amount of 592 k€.

The active members of the Board of Management have pension entitlements of 12,781 k€ (previous year: 12,359 k€).

The employment contracts also include customary severance provisions in the event of a change of ownership or control, as well as in the event of premature termination of employment at the instigation of Biotest AG. Both types of severance payments are limited to twice the annual remuneration, whereby in the case of premature termination of an employment relationship there is an additional cap due to the expected remuneration up to the regular end of the employment period plus company car compensation.

Severance payment claims are ruled out in the event of termination of the employment contract for good cause, illness or incapacity to work, or if the Board of Management member receives benefits or advantages in value from third parties in connection with a change of ownership or control. Similarly, there are no severance payment claims in the event that a service contract is terminated prematurely at the instigation of the respective Board member.

There are no other one-time or recurring commitments with the exception of the above-mentioned pension commitments in the event of regular and premature termination of Board membership.

Provisions of 8,752 k€ (previous year: 10,177 k€) have been made for pension obligations to former Board of Management members and their surviving dependents. As at the balance sheet date, there were no loan receivables from members of the executive bodies.

Pension payments of 512 k€ (previous year: 631 k€) were made for former members of the Board of Management in financial year 2021.

In financial year 2021, 77 k€ was paid to Dr. Bernhard Ehmer for the LTIP 2018. There are no provisions for former Board members in connection with the LTIP as at 31 December 2021.

A detailed description of the remuneration system for the Board of Management as well as individualised figures are presented in the Remuneration Report of Biotest AG. This is available on the Biotest homepage.

F 9 LIST OF SHAREHOLDINGS

The companies that are part of Biotest AG's shareholdings pursuant to Section 313 (2) of the German Commercial Code (HGB) through a direct or indirect interest are listed below. All figures were determined for the purposes of the Consolidated Financial Statements in accordance with IFRS regulations.

Name of the Company	Seat of company	Equity in € million	Share in the capital in %	Results after taxes in € million
Biotest Pharma GmbH **	Dreieich, Germany	128.9	100.0	–
Biotest Grundstücksverwaltungs GmbH */***	Dreieich, Germany	10.1	100.0	–
Biotest France SAS	Paris, France	0.9	100.0	0.1
Biotest (UK) Ltd.	Birmingham, United Kingdom	4.6	100.0	1.3
Biotest Italia S.r.l.	Milan, Italy	6.2	100.0	1.8
Biotest Austria GmbH	Vienna, Austria	2.2	100.0	0.4
Biotest (Schweiz) AG	Rupperswil, Switzerland	3.7	100.0	1.2
Biotest Hungaria Kft.	Budapest, Hungary	5.1	100.0	1.2
Biotest Farmacêutica Ltda.	São Paulo, Brazil	–1.6	100.0	–0.4
Biotest Hellas MEPE	Athens, Greece	–7.9	100.0	–
Biotest Medical S.L.U.	Barcelona, Spain	2.0	100.0	0.2
Plasma Service Europe GmbH */***	Dreieich, Germany	37.7	100.0	–
Plazmaszolgálat Kft. *	Budapest, Hungary	4.9	100.0	–0.6
Cara Plasma s.r.o. *	Prague, Czech Republic	–0.1	100.0	–2.2
BioDarou P.J.S. Company */*****/******	Tehran, Iran	4.1	49.0	0.5
Biotest Pharmaceuticals ILAÇ Pazarlama Anonim Sirketi ****/*****	Istanbul, Turkey	0	100.0	–

* Indirect investment
** After assumption of HGB result by Biotest AG
*** After assumption of HGB result by Biotest Pharma GmbH
****Non-consolidated company
***** Information as of 31 December 2020
****** Excluding an adjustment due to IAS 29

F 10 EXEMPTION OPTION ACCORDING TO SECTION 264 (3) HGB

For the separate financial statements of Biotest Pharma GmbH, Plasma Service Europe GmbH and Biotest Grundstücksverwaltungs GmbH, all Dreieich, the exemption option pursuant to Section 264 (3) of the German Commercial Code (HGB) will be used for financial year 2021, as in the previous year, to the extent that no Management Report will be prepared for the individual companies Biotest Pharma GmbH and Plasma Service Europe GmbH and the annual financial statements of all three companies will not be published.

F 11 PENDING AND IMMINENT LEGAL PROCEEDINGS

Provisions of € 0.3 million (previous year: € 1.8 million) were recognised for pending and threatened legal proceedings as of the balance sheet date. The provision for litigation risks essentially takes into account the expected costs in connection with the concluded proceedings regarding Biotest AG's business in Russia as well as the expected legal costs from antitrust proceedings with the Romanian authorities.

F 12 EVENTS AFTER THE REPORTING DATE

In January 2022, Biotest received the operating license for two additional plasmapheresis centers in the Czech Republic from the Czech health authority SUKL. This means that Biotest now operates 29 plasma collection centers in Europe.

The first acceptance period for the takeover offer (cash offer) published on 26 October 2021 by Grifols, S.A., Barcelona, Spain, to acquire all outstanding publicly traded ordinary and preference shares in Biotest AG ended on 4 January 2022. The further acceptance period began on 8 January 2022 and ended on 21 January 2022. Since then, Grifols, S.A., Barcelona, Spain holds an interest of approximately 96.20% of all issued ordinary shares and consequent voting rights and an interest of approximately 42.15% of all preference shares issued. This equates to a share of approximately 69.18% of the share capital of Biotest AG.

The completion of the offer and the share purchase agreement are subject to the condition precedent of clearance by the competition authorities in Germany (or in the case of a referral by the European Commission), Spain (or in the case of a referral by the European Commission) and Turkey and must be fulfilled cumulatively by 17 December 2022 at the latest. On 2 March 2022, the Spanish competition authority announced that the proposed concentration does not pose a threat to competition and will therefore be cleared without the need for a commitment. In a letter dated 7 March 2022, the Federal Cartel Office announced that the overall transaction is no longer subject to a ban on implementation in Germany.

Russia has been at war with Ukraine since the end of February 2022 (“Russia-Ukraine war”). The effects of the Russia-Ukraine war represent a non-adjusting event and therefore has no impact on the recognition and measurement of assets and liabilities as of the reporting date.

Effects on the earnings, financial and asset positions in 2022 cannot be ruled out at the present time. Due to the volatile geopolitical situation, these effects cannot be quantified at the present time. The increased risks known at the present time as a result of the Russia-Ukraine war are described in the Risk and Opportunity Report.

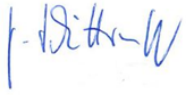
F 13 CORPORATE GOVERNANCE

The Board of Management and the Supervisory Board of Biotest AG have issued the Declaration of Conformity required by Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders on the Company's website.

Dreieich, 18 March 2021

Dr. Michael Ramroth
Chairman of the
Board of Management

Dr. Georg Floß
Member of the
Board of Management



Dr. Jörg Schüttrumpf
Member of the
Board of Management

DECLARATION OF THE LEGAL REPRESENTATIVES IN ACCORDANCE WITH SECTION 117 NO. 1 OF THE GERMAN SECURITIES TRADING ACT (WPHG) IN CONJUNCTION WITH SECTION 297 (2) SENTENCE 4 AND SECTION 315 (1) SENTENCE 5 OF THE GERMAN COMMERCIAL CODE (HGB)

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Dreieich, 18 March 2022

Biotest Aktiengesellschaft

Board of Management

Dr Michael Ramroth
Chairman of the
Board of Management

Dr Georg Floß
Member of the
Board of Management

Dr Jörg Schüttrumpf
Member of the
Board of Management

Independent auditor's report

To Biotest Aktiengesellschaft, Dreieich

Report on the audit of the consolidated financial statements and of the Group management report

Opinions

We have audited the consolidated financial statements of Biotest Aktiengesellschaft, Dreieich, and its subsidiaries (the Group) – which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2021 and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Biotest AG for the financial year from 1 January to 31 December 20021. In accordance with the German legal requirements, we have not audited the content of the elements of the group management report set out in the "Other information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the contents of the elements in the "Other information" section of the group management report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the group management report.

Basis for the opinions

We conducted our audit of the of the consolidated financial statements and the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter the "EU-AR"), taking into account the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Furthermore, pursuant to Article 10 (2)(f) EU-AR we declare that we have not provided any prohibited non-audit services referred to in Article 5 (1) EU AR. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are such matters that, in our professional judgement, were the most significant in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were taken into account in connection with our audit of the consolidated financial statements as a whole and in forming our audit opinion; we do not provide a separate audit opinion on these matters.

Recoverability of property, plant and equipment relating to the "Biotest Next Level" investment project

For further information on the estimate uncertainties related to the BNL investment project, please refer to the disclosures on the accounting policies applied in the notes to the consolidated financial statements under Section B 18. In addition, for

further information please refer to the disclosures in the notes to the consolidated financial statements under Section E 2 on the carrying amount of the "Biotest Next Level" investment project and the disclosures on the accounting policies applied in the notes to the consolidated financial statements under Section B 5.

For comments on the progress of the "Biotest Next Level" investment project (hereinafter "BNL"), please refer to the group management report in B.V. Overall presentation of the Group's economic position, D.II.5 Risk report – Company strategic risks, D.II.6. Overall presentation of the Group risk situation and D.I.1. Forecast.

RISK FOR THE FINANCIAL STATEMENTS

Property, plant and equipment with a carrying amount of EUR 524.7 million are recognised in the consolidated financial statements of Biotest Aktiengesellschaft as at 31 December 2021. With manufacturing authorisation in line with Section 13 of the German Medical Products Act being granted in the financial year 2021, the IgG Next Generation process facility was commissioned with a carrying amount of EUR 156.9 million. This corresponds to a share of approximately 14.2 % of the total assets. The chief aim of the project is to double production capacity for fractionation of human blood plasma at the Dreieich site.

After delays in project progress, in July 2021 manufacturing authorisation for the new product, IgG Next Generation, in line with Section 13 German Medical Products Act was granted by the Darmstadt Regional Council. In this context, production of process performance qualification (PPQ) charges for this product were commenced. These are necessary for obtaining approval from the Paul-Ehrlich Institut.

The assumptions made by the Board of Management on the future progress of the project and commissioning the facilities have a material influence on the Group's strategic planning, and thus also the recoverability of the property, plant and equipment capitalised. If there are indications of impairment on the basis of the actual project and product development or changed market conditions, the Group determines the fair value as at the reporting date and compares this with the carrying amount. Currently the Board of Management considers there are no indications for impairment of the capitalised property, plant and equipment.

The estimate is discretionary and is subject to estimate uncertainties in terms of time and fact. In particular, assumptions are made about the future point in time of approval and the commercial production start for individual BNL products, the length of the ramp-up phase as well as the planned granting of authorisations from foreign approval bodies and the completion of the agreed work by suppliers. Related risks are seen in non-compliance with the stipulated process and production specifications, in delays resulting from supply bottlenecks at external contractual partners and in personnel shortages.

There is the risk for the consolidated financial statements that the property, plant and equipment capitalised in the context of the BNL investment project are not fully recoverable.

OUR AUDIT APPROACH

In an initial step, on the basis of enquiries with members of the Finance and Controlling departments and by evaluating the group accounting policy we obtained an understanding on the Company's processing for identifying indications of impairment on property, plant and equipment.

As the strategic planning which included assumptions made on realising the BNL investment project forms a material basis of the Board of Management's assessment of the future development of the group and thus of the recoverability of the property, plant and equipment related to the BNL investment project, with the support of our valuation specialists, we subsequently evaluated the strategic planning approved by the Supervisory Board. After a review of the mathematical correctness on a sample basis, we evaluated in particular the plausibility of the assumptions made and their consistency against other available internal and external information. The latter included in particular market studies on the plasma market, analyses of the business performance of key competitors as well as publicly available analyst estimates.

In relation to the BNL investment project, we obtained an overview on sub-projects which had already been realised on the basis of enquiries to the project managers. On the basis of further explanations on the part of the project managers, we gained an understanding of the monitoring process and internal reporting on project progress. On the basis of enquiries to the Board of Management, the project managers and employees of the Finance and Controlling departments and by reading the minutes of the Supervisory Board and Board of Management meetings and the inspection reports received from the Darmstadt Regional Council and the Paul-Ehrlich-Institut, we affirmed the non-existence of indications which could have an impact on the future use and utilisation of the BNL investment.

We examined the property, plant and equipment deployed and used. In respect to commissioning the IgG Next Generation process facilities in the financial year, we evaluated the operational readiness and the point in time of the commencement of straight-line depreciation and the useful life.

OUR CONCLUSIONS

The assumptions underlying the assessment of recoverability are proper and appropriate.

Recoverability of trade receivables from business relationships with customers in Iran

For information on the accounting policies applied and impairment on financial assets, please refer to Section B 12 in the notes to the consolidated financial statements.

For comments on the risks relating to trade receivables from business relationships with customers in Iran, please refer to Section D.II.5 Risk report – Political risks of the management report and on the political and financial risks.

RISK FOR THE FINANCIAL STATEMENTS

Biotest Aktiengesellschaft maintains business relationships with customers in Iran, with some of whom longer terms of payment have been agreed. Furthermore, Iran is subject to international sanctions which particularly impede the transfer of foreign currency.

As at 31 December 2021, trade receivables from business relationships with customers in Iran amount to EUR 16.1 million. Due to their size, they thus have a significant impact on the Company's financial position and financial performance. Trade receivables are recognised at cost less impairment.

Due to the length of the terms of payment and the payment behaviour, in conjunction with the existing foreign transfer restrictions, determining any necessary impairment requires discretionary judgement to a particularly large extent. For the consolidated financial statements, there is the risk that insufficient account is taken of the recoverability risks for trade receivables in the form of impairment. Furthermore, there is the risk that these risks are not presented in the necessary extent in the consolidated financial statements and the group management report.

OUR AUDIT APPROACH

In an initial step, we considered the design and the establishment of controls set up by Biotest for releasing credit limits and delivery releases in the case of credit limit overruns and for securing the appropriate subsequent measurement of trade receivables from business relationships with customers in Iran. In talks with representatives of the Finance department, we gained an understanding of the specific recoverability risks identified by the Company and dealt intensively with the Company's approach to determine impairment that may be required.

In doing so we considered the assessment of the Board of Management on the recoverability of the receivables on the basis of monthly analyses of the payment behaviour of Iranian customers and in view of the restrictions on transferring foreign currency tested details of the possibility of transferring cash and cash equivalents from Iran. We focussed particularly on receivables which were already past due according to the ageing structure list as at 31 December 2021. We examined the payments received after the reporting date for the receivables outstanding as at the reporting date and took them into consideration in the assessment of the subsequent measurement of receivables.

Finally we assessed if the recoverability risks for the trade receivables are accurately presented in the consolidated financial statements and the group management report. For trade receivables from business relationships with customers in Iran specific valuation allowances of EUR 1.4 million (prior year: EUR 4.6 million) were recognised as at the reporting date.

OUR CONCLUSIONS

The assumptions underlying the subsequent measurement of trade receivables from business relationships with customers in Iran are appropriate. The disclosures on this matter are complete and appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information includes the following elements of the group management report, the content of which has not been audited:

- the reference on the Company's website to the group non-financial statement referred to in Section F of the group management report,
- the reference on the Company's website to the published group corporate governance statement, referred to in Section E of the group management report.

The other information additionally includes the other parts of the annual report.

The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of management and the Supervisory Board for the consolidated financial statements and the group management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined 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 Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU-AR in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. 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 controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report 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 these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence and the safeguards put in place to protect against this.

From the matters that we have discussed with those charged with governance, we determine which matters were most important during the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the independent auditor's report, unless laws or other legal provisions preclude their public disclosure.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file „biotestag-2021-12-31-de.zip" (SHA256 hash value: 5708edd425594ee9e21c876aa5dc6b029ed91f7b105d2ddf005f6cf032f6f022)made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the audit of the consolidated financial statements and the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised)]. Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Other disclosures in accordance with Article 10 EU-AR

We were elected by the Annual General Meeting on 11 May 2021 as auditor of the consolidated financial statements. We were engaged by the Supervisory Board on 28 July 2021. We have been the Group auditor of Biotest Aktiengesellschaft since the 2021 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee according to Article 11 EU-AR (audit report).

Other matter – Use of the Auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

Responsible auditor

The partner with responsibility for the audit is Alexander Bock.

Frankfurt am Main, 18 March 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft

[signature] Bock	[signature] Walter
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

SUPERVISORY BOARD REPORT

Financial year 2021 was again dominated by the COVID-19 pandemic. The Company was able to continue to meet this challenge and will continue to do so in the future with the remarkable support of its employees. Thus, despite the tense situation in the crisis regions, especially in the Middle East and Asia, as well as the global impact of the COVID-19 pandemic, the Company succeeded in continuing the expansion of its plasma collection capacity and the Biotest Next Level (BNL) expansion project. In addition, the submission of the voluntary public takeover bid by Grifols, S.A. was of particular importance in financial year 2021.

In financial year 2021, the Supervisory Board, in its function as a supervisory body and guided by the principles of responsible and good corporate governance, performed the duties incumbent upon it by law, the Articles of Association and the Rules of Procedure without restriction. It regularly and carefully monitored the management of the Board of Management and advised it on all matters of importance to the company. The Board of Management informed the Supervisory Board at regular intervals, comprehensively and in a timely manner by means of written and oral reports about all events that were of fundamental importance to the Company, including those decisions that do not require the approval of the Supervisory Board. In particular, the Board of Management informed the Supervisory Board about important key business figures. In particular, the Board of Management regularly informed the Supervisory Board on issues of planning, business development, strategic development, personnel and succession planning, the risk situation, risk management and compliance. Where the course of business deviated from the planning, the Board of Management explained these deviations in detail and always involved the Supervisory Board in the coordination of the strategy and the status of the implementation of the strategy in the Company.

Where the approval of the Supervisory Board was required by law or the Articles of Association for individual measures of the Board of Management, the Supervisory Board passed resolutions on them.

The Chairman of the Supervisory Board was in intensive personal and telephone contact with the Chairman of the Board of Management on a weekly basis, also outside the Supervisory Board meetings, and kept himself informed about the development of the business situation, significant business transactions and pending decisions, as well as long-term perspectives and considerations on emerging developments. In addition, the Chairman of the Supervisory Board and the Chairwoman of the Audit Committee automatically received all reports from Internal Audit. The members of the Supervisory Board also discussed current topics with the Board of Management outside of the meetings.

In financial year 2021, there were no conflicts of interest involving members of the Board of Management or the Supervisory Board that had to be disclosed to the Supervisory Board without delay and about which the Annual General Meeting has to be informed.

The Supervisory Board held six meetings in financial year 2021. In addition, five resolutions were passed by circulation. In connection with the fulfilment of their tasks, the members of the Supervisory Board had sufficient opportunity, both in the committees and in the plenary sessions, to critically and comprehensively discuss the reports and resolution proposals submitted by the Board of Management. They were able to contribute their own suggestions to discussions at all times.

FOCAL POINTS OF THE SUPERVISORY BOARD'S DELIBERATIONS

The business activities and developments of the Company in connection with the COVID-19 pandemic were of major importance for the deliberations of the Supervisory Board in financial year 2021. In addition, the deliberations in the Supervisory Board were characterised by considerations on the expansion of the Board of Management by another member for the area of science and medicine (Chief Scientific Officer), the progress of the Biotest Next Level project and the expansion of the plasma collection capacity. Developments and the handling of the COVID-19 pandemic in the workplace and the voluntary public takeover offer of Grifols, S.A. were also important topics for the Supervisory Board meetings.

On 16 March 2021, the Supervisory Board unanimously passed a resolution by circulation to approve the Declaration of Conformity submitted to it and the Corporate Governance Statement 2021.

At the meeting on 25 March 2021, the Chairman of the Board of Management, Dr. Michael Ramroth, reported comprehensively on the business development of the Group and presented the Annual Financial Statements for Biotest AG and the Group for financial year 2020 as well as the audit report to the Supervisory Board. The auditor from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn / Frankfurt/Main, who was present, explained the results of his audit and informed the Supervisory Board that he had issued an unqualified audit opinion on the Annual Financial Statements of Biotest AG and the Group on 22 March 2021. The Chairwoman of the Audit Committee, Mrs. Simone Fischer, reported on the audit of

the individual and Consolidated Financial Statements and their discussion by the Audit Committee together with the Board of Management and the auditor on 24 March 2021. At the proposal of the Audit Committee, the Supervisory Board, after conducting its own review, unanimously adopted the resolution on the approval of the 2020 Annual Financial Statements for Biotest AG and the Group as well as the joint proposal of the Board of Management and the Supervisory Board to the Annual General Meeting on the appropriation of profits. At the same meeting, the Supervisory Board also approved the audited Report of the Supervisory Board, the Dependent Company Report and the audited non-financial statement (Sustainability Report) for financial year 2020. The Supervisory Board took note of the EMIR Report for financial year 2020. The Supervisory Board resolved to propose KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, as auditor for the 2021 Financial Statements to the 2021 Annual General Meeting. In addition, the Supervisory Board unanimously passed resolutions to select KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, as the auditor for the sustainability report and to approve the agenda for the 2021 Annual General Meeting. The Supervisory Board also approved the new terms of the Long-Term Incentive Programme for 2021-2024 presented by the Chairman of the Board of Management, the 2021 targets for the Board of Management and the target achievement of the members of the Board of Management for 2020. The Supervisory Board also dealt with the amendment of the contracts of the members of the Board of Management, the expansion of the Board of Management to include an additional member for science and medicine (Chief Scientific Officer) and the reports of the Audit Committee on the internal control system and the sustainability targets.

On 18 April 2021, the Supervisory Board unanimously elected Mr. Reinhard Eyring as Chairman of the virtual Annual General Meeting 2021 by circular resolution.

On 23 April 2021, the Supervisory Board also unanimously adopted by circular resolution the resolution on the approval of the joint statement of the Board of Management and the Supervisory Board on the motion of the shareholders Polygon European Equity Opportunity Master Fund and Blackwell Partners LLC-Series A to supplement the agenda of the Annual General Meeting 2021.

The meeting of the Supervisory Board on 11 May 2021 took place after the 2021 Annual General Meeting. At the meeting, the Supervisory Board was comprehensively informed about the current business situation of the Group as well as the status of the proceedings in context with the Company's business in Russia.

The Supervisory Board meeting on 27 and 28 July 2021 focused on informing the Supervisory Board about the current business situation of the Group and the strategic long-term business outlook, taking into account the impact of the COVID-19 pandemic. Furthermore, the Supervisory Board was informed about the status and major developments of the strategic considerations of the major shareholder Tiancheng International Investment Limited regarding its shareholding in the Company and the 10-year plan from 2019. The Supervisory Board also considered the working environment and conditions following the COVID-19 pandemic. In addition, the Supervisory Board was briefed on the current status of the plasma market, an industry analysis with the current market and project developments, and the current status on sustainability. Mr. David Gao was partially excused from the meeting.

At the meeting on 5 October 2021, the Supervisory Board was informed about the current business situation of the Group, the current status of measures to strengthen the internal control system, the current status of the announced takeover bid by Grifols, S.A. and the results of the ESsCOVID study. In addition, the Supervisory Board was informed about the sustainability strategy and the status of the Biotest Next Level project.

After the conclusion of the proceedings before the Darmstadt Regional Court in connection with the Company's business in Russia, the Supervisory Board unanimously passed a resolution by circular resolution on 25 October 2021, after extensive consultation and for the final conclusion of the complex of issues, taking into account the interest of the Company, on the assumption of the costs within the framework of the proceedings by the Company.

The subject of the Supervisory Board meeting on 28 October 2021 was, in particular, to inform the Supervisory Board about the meeting of the Chairman of the Supervisory Board together with the Board of Management with representatives of Grifols, S.A., the main points and the schedule of the takeover bid by Grifols, S.A. Furthermore, the Supervisory Board was informed about the legal framework of a joint reasoned opinion and about the background and status of the fairness opinion. Mr. Jürgen Heilmann was excused from the meeting.

On 5 November 2021, the Supervisory Board passed a resolution by circulation to recommend the acceptance of the takeover offer by Grifols, S.A. in a joint reasoned opinion by the Board of Management and the Supervisory Board.

In the meeting on 8 and 9 December 2021, the Supervisory Board was informed about the revenue and business development from January to October 2021, the 2021 business forecast and the current COVID-19 activities. The Supervisory Board approved the strategic realignment with regard to the Factor VIII business fields. The Board of Management also presented the budget for 2022 to the Supervisory Board, which was approved by the Supervisory Board after detailed discussion. Furthermore, the

Supervisory Board approved an extended budget for the accelerated development of Trimodulin and Fibrinogen. The Chairwoman of the Audit Committee reported on the key deliberations of the Audit Committee and gave the Supervisory Board a summary overview of the compliance report and risk management. The Supervisory Board unanimously approved the audit plan for the internal audit for financial year 2022. The Supervisory Board also passed a resolution to appoint Dr. Jörg Schüttrumpf as an additional member of the Board of Management of the Company with effect from 1 January 2022. Mr. David Gao was excused for part of the meeting.

COMMITTEES

In order to perform its duties efficiently, the Supervisory Board formed committees in the reporting year. The two committees are composed as follows as at the reporting date 31 December 2021:

Personnel and Remuneration Committee

Rolf Hoffmann (Chairman)

Dr. Salome Drechsler

Tan Yang

Audit Committee

Simone Fischer (Chairwoman)

Rolf Hoffmann

Jürgen Heilmann

Tan Yang

The Audit Committee met three times with the Board of Management in financial year 2021. The Chairwoman of the Audit Committee was also in regular contact with the Board of Management and the auditor outside of the meetings. The meetings and resolutions were prepared by reports and other information from the Board of Management. The heads of the relevant Group functions also reported on individual agenda items and were available to answer questions. The Chairwoman of the committee informed the Supervisory Board promptly and comprehensively about the content and results of the committee meetings. At all meetings, the Audit Committee dealt with the accounting of the Company and the Group, including the financial reports during the year, and discussed these with the Board of Management. The auditor for 2021, the KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, also took part in two of the three meetings.

At the meeting on 24 March 2021, the Audit Committee discussed the Annual and Consolidated Financial Statements as well as the Management Report and Group Management Report in the presence of the auditor for financial year 2020, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/ Frankfurt/Main, the dependency report and the separate sustainability report summarised for Biotest AG and the Group for financial year 2020, including the respective audit reports and notes of the auditor and the auditor for the sustainability report, the corresponding proposal for the appropriation of profits and the risk report, and prepared the corresponding resolutions of the Supervisory Board. As in previous years, other members of the Supervisory Board also participated as guests in this financial statements meeting of the Audit Committee. The Audit Committee also dealt with the EMIR mandatory audit in accordance with Section 32 of the German Securities Trading Act. In the further course of the meeting, the Audit Committee discussed the appointment of KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, as auditors for the audit of the Annual and Consolidated Financial Statements, the Management Report and Group Management Report and the Dependent Company Report for financial year 2021. KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, is also to conduct the audit of the 2021 Non-Financial Statement of Biotest AG and the Group.

On 27 July 2021, the Audit Committee dealt with the results of the internal audit on the functionality and effectiveness of the internal control system and the risk and compliance management system, the reporting of the risk and compliance officers and the current risk report, as well as the impact of the COVID-19 pandemic in the context of the financial indicators. In addition, the Audit Committee dealt with accounting issues regarding the half-year financial report and the Financial Market Integrity Strengthening Act. The auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, introduced itself to the Audit Committee and explained an overview of the effects of the Financial Market Integrity Strengthening Act.

In the meeting on 8 December 2021, the Audit Committee dealt with the results of the internal audit on the functionality and effectiveness of the internal control system and the risk and compliance management system, the reporting of the risk and compliance officers and the current risk report as well as selected accounting issues. In addition, the internal audit plan for

2022 was discussed and approved. In the next meeting, the auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, explained the updated audit plan for the 2021 audit and the results of the preliminary audit. The audit priorities for 2021 were confirmed by the Audit Committee. In addition, the auditor provided an overview of the non-audit services provided in 2021.

The Personnel and Remuneration Committee met three times in the reporting year.

In the meeting on 24 March 2021, the Personnel and Remuneration Committee dealt with the achievement of the targets for the Board of Management in 2020, new targets for the Board of Management in 2021 and the Long-Term Incentive Programme 2021-2024. In addition, the amendment of the Board of Management contracts and the expansion of the Board of Management to include an additional member from January 2022 were discussed.

At the meeting on 30 March 2021, the Personnel and Remuneration Committee again dealt with the expansion of the Board of Management from January 2022. In addition, the subject of the meeting was an overview of the impact of the COVID-19 pandemic. At the meeting, the first draft of the remuneration report in accordance with the new legal requirements was also discussed.

At the meeting on 4 December 2021, the Personnel and Remuneration Committee dealt with the recommendation of the election of a new Board of Management member and the succession planning for the Board of Management. Another topic of discussion was a preliminary review of the achievement of the 2021 Short-Term Incentive (STI) target and the presentation of initial ideas for 2022 targets.

INDIVIDUALISED MEETING ATTENDANCE

Due to the special circumstances of the COVID-19 pandemic, meetings during the year under review were held as virtual meetings or face-to-face meetings with the option to participate in virtual form. The attendance of the members of the Supervisory Board at the meetings of the Supervisory Board and the committees is disclosed below in individualised form. Only the meetings that took place during the respective membership in the Supervisory Board or the committee are shown.

Supervisory Board	Plenary-Meeting		Audit-Committee		Personnel and Compensation Commitee	
Rolf Hoffmann (Chairman)	6/6	100%	3/3	100%	3/3	100%
David Gao	6/6	100%	-	-	-	-
Jürgen Heilmann	5/5	89%	3/3	100%	-	-
Kerstin Birkhahn, until 30. September 2021	3/3	100%	-	-	1/1	100%
Dr. Salome Drechsler, since 1. Oktober 2021	3/3	100%	-	-	2/2	100%
Tan Yang	3/3	100%	3/3	100%	3/3	100%
Simone Fischer	6/6	100%	3/3	100%	-	100%
Attendance (total)		**98%**		**100%**		**100%**

CORPORATE GOVERNANCE

The Supervisory Board continued to pay attention to the further development of corporate governance standards in the Company in 2021. In accordance with Principle 22 of the German Corporate Governance Code, the Board of Management and the Supervisory Board report on the Company's corporate governance in the Corporate Governance Declaration, which is published together with the Declaration of Conformity with the Recommendations of the Government Commission on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG). The Board of Management and Supervisory Board of Biotest AG issued a Declaration of Conformity with the Recommendations of the Government Commission on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act on 10 March 2022.

CHANGES TO THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

The following personnel changes took place in the Supervisory Board in the current financial year: Mrs. Kerstin Birkhahn resigned from the Supervisory Board of Biotest AG as an employee representative with effect from 30 September 2021. Dr. Salome Drechsler moved up to the Supervisory Board of Biotest AG as a substitute member with effect from 1 October 2021. The Supervisory Board would like to thank Mrs. Birkhahn for her commitment and many years of trustful cooperation.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Germany, audited the Annual Financial Statements of Biotest AG and the Consolidated Financial Statements as at 31 December 2021 as well as the Management Report and the Group Management Report and issued an unqualified audit opinion. Furthermore, the report prepared by the Board of Management on the Company's relationships with affiliated companies (dependency report) was audited by the aforementioned auditing company and issued with an unqualified audit opinion:

"Based on our audit and assessment in accordance with professional standards, we confirm that the actual information in the report is correct, the Company's consideration for the legal transactions listed in the report was not unreasonably high."

The external auditor commissioned by the Supervisory Board to review the content of the separate non-financial statement also issued an unqualified audit certificate. The aforementioned financial statement documents, the auditor's report, the dependency report, the separate non-financial statement and the Board of Management's proposal for the appropriation of the balance sheet profit were submitted to all members of the Supervisory Board in good time. They were discussed in detail at the meeting of the Audit Committee on 23 March 2022 and at the meeting of the Supervisory Board on 24 March 2022. At both meetings, the auditor reported on the main results of the audit and was available to answer questions and provide additional information.

After its own examination and discussion of the Annual Financial Statements and the Consolidated Financial Statements, the Management Report and the Group Management Report, the Board of Management's proposal for the appropriation of the balance sheet profit, the Dependent Company Report and the separate non-financial statement, the Supervisory Board determined that it had no objections and approved the results of the audit by the auditor and the external auditor. Following the final result of the audit of the dependency report, the Supervisory Board also raises no objections to the Board of Management's declaration on the dependency report. The Supervisory Board approved the Annual Financial Statements and the Consolidated Financial Statements for financial year 2021 prepared by the Board of Management. The Annual Financial Statements are thus adopted. The Supervisory Board approved the Board of Management's proposal for the appropriation of the profit.

The Supervisory Board would like to thank the Board of Management and all employees for their constant commitment and constructive cooperation, without which the positive development of the Company in financial year 2021 would not have been possible.

Dreieich, 24 March 2022

Rolf Hoffmann
Chairman

GLOSSARY / TECHNICAL TERMS

A

ALBUMIN (OR HUMAN ALBUMIN)

Protein produced in the liver that serves to maintain plasma volume and acts as a transport vehicle for many physiological and pharmacological substances.

ANTIBODIES

Proteins produced by special cells of the immune system as a defense reaction against various disease pathogens.

ANTIBODY DEFICIENCY SYNDROME

The body's inability to produce sufficient antibodies. A distinction is made between primary (congenital) and secondary (acquired) antibody deficiency syndromes.

C

CHRONIC INFLAMMATORY DEMYELINATING POLYNEUROPATHY (CIDP)

Chronic inflammatory demyelinating polyneuropathy (CIDP) is a rare inflammatory disease of the peripheral nervous system, starting with an increasing weakness in legs and sometimes arms. The increasing state of weakness develops over a period of two or more months. This is the main diagnostic criterion for differentiating CIDP from Guillain-Barre syndrome. The disease is caused by a damage of the myelin sheath that encases the nerve fibres.

COAGULATION FACTORS

Proteins responsible for blood coagulation

CYTOMEGALOVIRUS (CMV)

Usually harmless infection caused by cytomegalovirus (CMV). If it occurs during pregnancy, it can cause severe damage to the unborn child. As the viruses stay permanently in the body after an infection, there can be serious consequences in case of reactivations or new infections in the event of a suppressed immune system. One of the most common virus infections in organ transplantation, which can lead to loss of the transplant.

F

FACTOR VIII

The coagulation factor VIII or anti-hemophilic globulin A is an essential element of blood clotting. A lack results in hemophilia A. An excess can cause thrombus formation combined with an increased risk of venous thrombosis and pulmonary embolisms.

FIBRINOGEN

Protein produced in the liver that plays a central part in blood coagulation. During clotting, it is converted to fibrin, which acts like a glue in the blood for sealing wounds. A fibrinogen deficiency is one possible cause of blood coagulation disorders.

FOOD AND DRUG ADMINISTRATION (FDA)

US-American agency responsible for monitoring foods and licensing drugs.

FRACTIONATION (PLASMA FRACTIONATION)

Process for obtaining proteins from human blood plasma.

G

GUILLAIN-BARRÉ-SYNDROME (GBS)

Guillain-Barré syndrome is an acute or sub-acute neurological disease in which inflammatory changes occur in the peripheral nervous system. The nerve roots arising from the spinal cord and the associated anterior or proximal nerve sections are mainly affected.

H

HAEMATOLOGY

Branch of medicine that involves blood and diseases of the blood.

HAEMOPHILIA

A blood clotting disorder resulting from defective or missing coagulation factors VIII (type A haemophilia) or IX (type B haemophilia).

HEPATITIS

Inflammation of liver, which can be attributed to various causes, especially virus infections and autoimmune diseases. It leads to death or damage of liver cells and to impairment or even cessation of the liver's metabolic functions. Liver transplantation is often necessary.

HUMAN ALBUMIN

See ALBUMIN

I

IMMUNE SYSTEM

Totality of all factors responsible for recognising and defending against infectious agents in the body and which exercise control over self-destructive processes.

IMMUNE THROMBOCYTOPENIA

Idiopathic Thrombocytopenic Purpura (ITP) belongs to the group of autoimmune diseases. Its main characteristic is the destruction of thrombocytes in the spleen. As the full-blown disease (including internal bleedings; purpura) is rare, today the term Immune Thrombocytopenia is more often used.

IMMUNOGLOBULINS

Synonymous with antibodies. They recognise and bind disease pathogens, facilitating their destruction by cells of the immune system.

IIMMUNOGLOBULIN A (IgA)

Immunoglobulin A accounts for approximately 10 % of the antibodies in human plasma. Its main purpose is to develop a defense function against pathogens in the body liquids (saliva, breast milk, intestinal secretion, urogenital secretion).

IMMUNOGLOBULIN G (IgG)

IgG are the most important group of immunoglobulins as they account for approximately 80 % of all immunoglobulins. They circulate in human plasma and exist in body secretions.

IMMUNOGLOBULIN M (IgM)

Largest antibody molecule in the plasma. In conjunction with the complement system (a system of plasma proteins that is activated as part of the immune response), it destroys bacteria and neutralises bacterial toxin.

IMMUNOLOGY

The study of immune defenses and immune regulation that enables the body to fight disease pathogens.

INDICATION

The area of therapeutic use for which a substance or medication can be developed and authorised.

INTENSIVE CARE MEDICINE

Medical specialty that deals with the diagnosis and treatment of life-threatening conditions.

INTRAVENOUS (I.V.)

Administration of a medication through an injection into a vein.

K

KAWASAKI SYNDROME

Kawasaki syndrome is an acute, febrile, systemic illness characterised by inflammation of the small and medium-sized arteries. In addition, systemic inflammation is present in many organs.

L

LIVER TRANSPLANTATION

A liver transplant is the surgical transplantation of a liver or parts of a liver into a patient with liver disease.

M

MEDIA SYSTEMS

Technical facilities (production and piping systems for distribution) for the manufacture and distribution of media, e.g, highly purified water (e. g. as “water for injection”) or compressed air, which are used to manufacture the pharmaceutical products.

MONOCLONAL ANTIBODIES (MAB)

Antibodies whose production can be traced back to a single cell and which each specifically recognise and bind only a certain antigen.

P

PAUL-EHRLICH-INSTITUT (PEI)

German Federal Institute for Vaccines and Biomedicines. The PEI examines and evaluates benefits and risks of biomedical drugs and is responsible, among other things, for the approval of clinical trials, the authorisation of vaccines and preparations derived from human plasma and for the release for sale of production batches.

PHARMACOKINETICS

The sum of all processes that a medication undergoes in the body, from its absorption into the bloodstream to its distribution in the body, biochemical conversion and breakdown, and elimination of the substance (release, absorption into the bloodstream, distribution in the organism, metabolisation, elimination).

PHARMACOVIGILANCE

Systematic monitoring of a drug’s safety to identify undesirable effects and take appropriate risk minimisation measures.

PHASE I/III

A pivotal clinical trial investigating both pharmacokinetics and safety (phase I) and efficacy (phase III) at first use in humans.

PLACEBO

A dummy medication. Medically inactive substance that is used to meet a subjective need for drug therapy. In many clinical studies, a control group is treated with placebo. The results are compared with those of the participants who have received the trial drug (verum).

PLASMAPHERESIS

Obtaining of plasma from whole blood. The cellular components are returned to the donor by centrifugation. This leaves blood plasma, a clear yellowish fluid, which contains the blood’s soluble protein components.

PLASMA PROTEINS

Collective term for blood proteins that occur most commonly in the blood plasma.

PLASMA PROTEIN THERAPEUTICS ASSOCIATION (PPTA)

Association of the world's leading manufacturers of plasma proteins.

PRIMARY IMMUNE DEFICIENCY (PID)

Congenital defect in the immune system that results in a deficiency of antibodies.

R

RECOMBINANT

Produced with the aid of genetically modified microorganisms or cell lines.

S

SEVERE COMMUNITY ACQUIRED PNEUMONIA (sCAP)

Spread of the inflammation from the lung to the body often results in complications such as sepsis, septic shock or organ failure.

STANDARD OPERATING PROCEDURE (SOP)

A Standard Operating Procedure (SOP) is a binding written description of process flows including the checking of results and their documentation especially in areas with critical processes with the potential to affect the environment, health or safety. SOPs are used in the official marketing authorisation of products and services and are found in the pharmaceutical industry and elsewhere.

SUBCUTANEOUS (S.C.)

In anatomical terms, the layer of tissue beneath the skin. This consists mainly of connective tissue and fat. The subcutaneous application of a drug is an injection under the skin

SUBSTITUTION THERAPY

Medicinal use of a substance that is not produced sufficiently by the body itself.

V

VARICELLA ZOSTER VIRUS

A virus belonging to the herpes virus family. The first infection usually leads to chickenpox. Reactivation, for instance if the immune system is weakened, can lead to shingles.

GLOSSARY / FINANCIAL TERMS

C

CASH FLOW

Actual movement of cash into or out of the company in a period (inflows and outflows). An indicator of a company's internal financing ability.

CONTRIBUTION MARGIN

A category used in cost accounting. Difference between revenue and variable costs.

CURRENCY OPTION

Transaction that hedges the risk of fluctuations in exchange rates. The buyer of a currency option acquires the right, but not the obligation, to purchase or sell a currency at a specific rate on a specified date.

D

D&O INSURANCE

Directors' and officers' insurance (also: executive body and manager liability insurance). Financial loss liability insurance that a company obtains for its executive bodies (Board of Management and Supervisory Board) and senior managers.

DEFERRED TAXES

Income taxes payable or receivable in the future, which do not constitute actual receivables or payables at the time the financial statements are prepared.

DERIVATIVE

Financial instrument, the price of which is based on market-related factors. Used among other things to hedge against fluctuations in value.

DIRECTORS' DEALINGS/MANAGERS' TRANSACTIONS

Transaction in securities issued by a listed company executed by the company's management or related companies or persons.

E

EAT

Earnings after taxes.

EBIT

Earnings before interest and taxes.

EBIT adjusted

Earnings before interest and taxes excluding special effects such as expenses in connection with the Biotest Next Level investment project and the development of monoclonal antibodies.

EBT

Earnings before taxes.

F

FACTORING

Financial service. The factor acquires a company's accounts receivables due from the company's debtors.

FAIR VALUE

A rational and unbiased estimate of the potential market price of an asset or liability.

FINANCIAL ASSETS AT AMORTISED COSTS (AC)

A financial instrument class as defined in IFRS 9.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FAFVtPL)

A financial instrument class as defined in IFRS 9.

FINANCIAL LIABILITIES AT AMORTISED COST (FLAC)

A financial instrument class as defined in IFRS 9.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (FLFVtPL)

A financial instrument class as defined in IFRS 9.

H

HEDGE ACCOUNTING

Accounting technique. Creates hedging relationships between the underlying transaction and the derivative financial instruments used for hedging purposes.

HYBRID FINANCIAL INSTRUMENT

Host contract with embedded derivative.

N

NET PRESENT VALUE

Key business indicator for dynamic capital budgeting, in which payments that occur at any point in time are made comparable by discounting such payments back in time to the start of the investment. The net present value is the sum of the present values of all payments (inflows and outflows) resulting from the investment.

O

ORDINARY SHARE

A share that confers voting rights and is the counterpart to the preference share.

P

PREFERENCE SHARE

Share without voting rights, but which entitles the holder to a preferred and generally higher dividend. The counterpart to a preference share is the ordinary share.

PROMISSORY NOTE

Form of (long-term) debt financing for companies, in which a borrower is granted a loan by different creditors through the provision of capital.

R

RETURN ON CAPITAL EMPLOYED (ROCE)

A measure of the return that a company realises on its capital.

S

SENSITIVITY ANALYSIS

Used to determine the impact of specific factors on certain performance indicators.

SWAP

Exchange of receivables and liabilities in the same or a foreign currency with the aim of obtaining a financing, interest rate or yield advantage.

W

WEIGHTED AVERAGE COST OF CAPITAL (WACC)

The weighted average cost of capital approach denotes an approach that forms part of the discounted cash flow methods used for valuing companies. This method is also often called the free cash flow method. It is mostly used to determine the minimum rate of return for investment projects.

WORKING CAPITAL

Short-term tied-up capital.

FINANCIAL CALENDAR

05 MAY 2022
Three-month report

05 MAY 2022
Annual General Meeting

11 AUGUST 2022
Half-year report

14 NOVEMBER 2022
Nine-month report

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Biotest photo

The annual report contains forward-looking statements on overall economic development as well as on the state of business, results of operation, cash flows and financial position of Biotest AG and its subsidiaries. These statements are based on current plannings, estimates, forecasts and expectations of the company and are thus subject to risks and elements of uncertainty that could result in significant deviation of actual developments from expected developments. The forward-looking statements are only valid at the time of publication of this annual report. Biotest does not intend to update the forward-looking statements and assumes no obligation to do so.

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