Biotest

From Nature for Life

INTERNATIONAL. INNOVATIVE. SPECIALISED. | Annual Report 2022

KEY FIGURES

BIOTEST GROUP		2022	2021
Revenue	€ million	**516.1**	515.6
thereof:			
Germany	€ million	**149.6**	140.5
Rest of World	€ million	**366.5**	375.1
thereof:			
Therapy	€ million	**459.5**	461.6
Plasma & Services	€ million	**50.3**	46.7
Other Segments	€ million	**6.2**	7.3
EBITDA	€ million	**19.2**	-16.0
Depreciation & amortization	€ million	**2.6**	31.1
Operating result (EBIT)	€ million	**-16.6**	-47.1
EBIT in % of sales	*%*	***-3.2***	*-9.1*
Profit (loss) before taxes (EBT)	€ million	**-30.8**	-62.6
Profit (loss) (EAT)	€ million	**-31.7**	-63.4
Financing			
Cash flow from operating activities	€ million	**-40.5**	33.8
		31.12.2022	31.12.2021
Equity	€ million	**371.1**	380.4
Equity ratio	*%*	***30.8***	*34.4*
Total assets	€ million	**1,203.0**	1,104.2
Employees in FTEs	amount	**2,227.6**	1,967.1
Earnings per ordinary share	€	**-0.81**	-1.61

CONTENTS

AINHOA MENDIZABAL ZUBIAGA
Chief Financial Officer

PETER JANSSEN
Chief Operations Officer

DR. JÖRG SCHÜTTRUMPF
Chief Scientific Officer

DR. MICHAEL RAMROTH
Chief Executive Officer

FOREWORD

Dear Shareholders,

In many respects an extraordinary 2022 financial year lies behind us, during which Biotest successfully responded to the challenges from the macroeconomic situation. We made important progress in research as well as in the distribution of our products and, despite difficult market conditions, achieved the revenue guidance and exceeded earnings guidance for 2022 that we issued. We can be very satisfied with this performance.

A significant milestone for our company in the past financial year was the successful completion of the acquisition of Biotest by Spanish pharmaceuticals group Grifols, S.A. Grifols has acquired a majority of the voting rights in Biotest. A close collaboration with a strategic investor like Grifols brings far-reaching benefits for our company. We share the goal of providing patients with innovative treatment solutions in haematology, clinical immunology and intensive care medicine. This partnership enables Grifols and Biotest to combine their existing experience and resources in the blood plasma therapeutics area in order to increase the availability of life-saving drugs and expand the product range. As a consequence, with Grifols' support, we can accelerate our development projects for additional proteins such as Fibrinogen, as well as boost the future production scale and commercial reach of future plasma protein products. In addition, within this new constellation we see the possibility of regaining access to further attractive markets such as the USA. This will be a crucial factor for the scalability of our business.

We achieved a breakthrough in the Biotest Next Level expansion project in the past financial year. The intravenous immunoglobulin Yimmugo® was successfully launched in November 2022. Biotest is now producing this as the first commercial preparation in an innovative manufacturing process in the new Biotest Next Level production facility at the Dreieich site. The relevant competent authority in Germany, the Paul Ehrlich Institute, had previously granted approval for the product. Biotest is thereby expanding its immunoglobulin product portfolio with an innovative product whose safety, efficacy and tolerability have been proven in pivotal trials, and which offers patients and doctors a further important treatment option. At the same time, the approval of Yimmugo® represents an important milestone on the path to a broader portfolio and greater product availability.

The Supervisory Board of Biotest AG has appointed Ms. Ainhoa Mendizabal to the Management Board as Chief Financial Officer (CFO) with effect from 15 February 2023. A warm welcome to our new colleague.

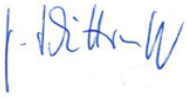
We would like to take this opportunity to express our special thanks to all those who contributed to our positive performance as a company in 2022. In particular, we would like to thank our employees for their great commitment and valuable expertise. We would also like to thank all plasma donors who have made their contribution to the supply of this important raw material. Without the outstanding performance of our employees and the dedication of our plasma donors, it would not have been possible to produce vital preparations for patients in a very challenging economic environment. We would like to thank you for your continuing commitment to Biotest and for accompanying the company on its targeted growth path.

Sincerely yours,

Dr. Michael Ramroth
Chairman of the
Board of Management

Ainhoa Mendizabal Zubiaga
Member of the
Board of Management

Peter Janssen
Member of the
Board of Management



Dr. Jörg Schüttrumpf
Member of the
Board of Management

COMBINED GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2022

A. PRINCIPLES OF THE GROUP

A.I. THE GROUP'S BUSINESS MODEL

The Biotest Group, headquartered in Dreieich, Germany, is an international supplier of biological medicines. Currently marketed products as well as 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 distribution and sales.

A.I.1. CORPORATE STRUCTURE

The consolidated financial statements include the parent company Biotest AG as well as 14 further fully consolidated companies.

All of Biotest's shareholdings 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's website at www.biotest.com.

Grifols, S.A., a Spanish pharmaceutical company in the plasma industry, announced a voluntary tender offer for the ordinary and preference shares of Biotest AG on 26 October 2021, which was effectively completed on 25 April 2022 ("closing"). Following the completion of the public tender offer and the closing of the acquisition of Grifols Biotest Holdings GmbH (formerly Tiancheng (Germany) Pharmaceutical Holdings AG) Grifols, S.A. holds 96.20 % of the ordinary shares and 43.2 % of the preference shares and consequently 69.72 % of the share capital of Biotest AG. On 2 May 2022, Grifols, S.A. announced pursuant to Section 23 (2) Sentence 1 of the German Securities Acquisition and Takeover Act (WpÜG) that Grifols, S.A. had indirectly acquired an additional 0.94 % of the voting rights of Biotest AG. As a consequence, Grifols, S.A. indirectly holds a total of 97.14 % of the voting rights of Biotest AG. At the request of Grifols, S.A., the Frankfurt am Main Regional Court ruled by order dated 27 October 2022 that the ordinary shares of Biotest AG not already owned by Grifols, S.A. are to be transferred to Grifols, S.A. against payment of compensation. According to information from Grifols, S.A., an appeal has been lodged against the order of the Frankfurt am Main Regional Court, as a consequence of which the shares have not yet been transferred.

A.I.2. THE BIOTEST GROUP'S OPERATING SEGMENTS

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

A.I.3. VALUE CREATION

The Biotest Group covers the main 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 from Biotest's headquarters in Dreieich.

Human blood plasma forms the basis for the manufacturing of marketed Biotest products. To obtain this raw material for its own production as well as for the purposes of selling some of this raw material to contractual partners, Biotest currently operates

34 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. Furthermore, Biotest procures blood plasma from a variety of suppliers. The plasma is then further processed into the respective Biotest preparations at the Dreieich production site.

If Grifols were to become in the future a distributor in the USA of the immunoglobulin preparation Yimmugo®, which was granted marketing authorisation in November 2022, it is possible that Grifols would then provide Biotest with the requisite volume of US plasma.

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 project in 2013. Further progress was made on this project in the 2022 financial year. The dossier was submitted to the drug competent authority for the newly developed polyvalent intravenous immunoglobulin preparation IgG Next Generation on 31 March 2022. In mid-November 2022, this was approved for the German market by the Paul Ehrlich Institute, the relevant competent authority in Germany, under the trade name Yimmugo®. Biotest thereby added an innovative product to its immunoglobulin product portfolio.

Yimmugo® is the first commercial preparation to be manufactured in an innovative production process at the new Biotest Next Level production facility at the Dreieich site. Yimmugo® was approved and launched in Germany in November 2022. Market authorisation for Austria was granted in December 2022. Biotest is also seeking marketing authorisations in further European countries. In addition, Saudi Arabian company Pharma Pharmaceutical Industries (PPI), with which Biotest announced a licensing agreement in 2022, is expected to launch the first local polyvalent intravenous immunoglobulin based on Yimmugo® in Saudi Arabia by the end of 2023.

Moreover, Biotest received approval in 2022 to utilise plasma components from the new facility for the production of the approved products human albumin (Albiomin®) and Factor VIII (Haemoctin®). With Fibrinogen and Trimodulin, two new plasma proteins, which will also be produced in the new facility, are also in an advanced development phase (Phase III). The first patient in the TRICOVID study with Trimodulin (Phase III) was treated in December 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.

BIOTEST GROUP'S PRODUCTS AND DEVELOPMENT PROJECTS

Product	Lead indication	Status as of 31 December 2022
Haematology therapeutic area		
Haemoctin® SDH	Haemophilia A (acute therapy and prophylaxis)	Commercialisation in Europe, Asia and the Middle East; Market launch of Haemoctin® 500 and 1000 with double concentration in Europe
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
Clinical Immunology therapeutic area		
Cytotect® CP Biotest	Prophylaxis of the clinical manifestation of cytomegalovirus (CMV) infection in patients undergoing immunosuppressive therapy. In development*: prevention of infection of the foetus during pregnancy in the case of primary CMV infection of the mother	Commercialisation in Europe, Asia, South America, Africa and the Middle East Clinical development; ongoing Phase III trial
Fovepta®	Immunoprophylaxis of hepatitis B in neonates	Commercialisation in Asia, South America, Africa and the Middle East
Hepatect® CP	Prophylaxis of hepatitis B reinfection following liver transplantation as well as immunoprophylaxis of hepatitis B	Commercialisation in Europe, Africa, Asia and the Middle East
Intratect® 50 g/l (5 %)	Primary immunodeficiency (PID) and secondary antibody deficiency syndromes (SID), autoimmune diseases (including neurological indications CIDP, MMN, GBS, ITP and Kawasaki syndrome)**	Commercialisation in Europe, South and Central America, Asia and other regions
Intratect® 100 g/l (10 %)	PID and SID, autoimmune diseases (including neurological indications CIDP, MMN, GBS, ITP and Kawasaki syndrome)**	Commercialisation in Europe and the Middle East
Yimmugo® (IgG Next Generation)	EU/Rest of the world: PID and SID, autoimmune diseases (including neurological indications CIDP, MMN, GBS, ITP and Kawasaki syndrome)	Marketing authorization granted in November 2022; commercialisation in Germany since November 2022; marketing authorization granted in Austria in December 2022
Varitect® CP	Prophylaxis and treatment of varicella zoster virus infection	Commercialisation in Europe, South America, Asia and the Middle East
Intratect®	Prophylaxis of hepatitis B reinfection following liver transplantation	Commercialisation in Europe
Intensive Care Medicine therapeutic area		
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; global commercialisation as excipient with focus on Europe
Biseco®	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 clinical trials 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 III clinical trials in COVID-19 and sCAP in submission phase; first patient treated in TRICOVID trials since December
Pentaglobin®	Severe bacterial infection with concomitant use of antibiotics	Commercialisation in Central and South America, Asia, Europe and the Middle East

* Preparations in the development phase (status as of 31 December 2022)

** 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 2022, Biotest employed 2,228 full-time equivalents. This represents an increase of 13.3 % compared to 1,967 full-time equivalents at the end of 2021. The increase is mainly due to the personnel requirements in the new plasma centres and production, especially in the new Biotest Next Level plant. As of 31 December 2022, Biotest AG employed 1,435 full-time equivalents (FTEs) (previous year: 1,283). Around three out of four employees (75.7 %) worked in Germany (previous year: 76.6 %).

A.I.6. EXTERNAL FACTORS INFLUENCING THE BUSINESS

Regulatory environment

Biotest's manufacturing facilities for plasma proteins are subject to regulation 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, competent authorities in the international environment increasingly demand national approval of Biotest manufacturing facilities. In EU member states, 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 competent authority. 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 increasing in the international environment. These developments led to rising costs for marketing authorisation procedures with national and international authorities in financial year 2022.

The war in Ukraine

In the 2022 financial year, the Biotest Group was confronted with the effects of the Russia-Ukraine war, which have continued during 2023. Supply chain disruptions that occurred in the wake of the COVID-19 pandemic were further exacerbated following the outbreak of war in Ukraine. This led to longer delivery times for construction materials, spare parts, and of auxiliary and operating materials, some of which could only be procured in reduced volumes. Similarly, 2022 saw a significant increase in prices on the procurement market, especially for gas and electricity.

In addition, significant uncertainty exists regarding future energy supplies. As a consequence, the Biotest Group faced the risk of a potential undersupply, so that even an interruption in production cannot be completely ruled out. This would have negative consequences for the Biotest Group's future business development and growth.

The COVID-19 pandemic

Over the course of the 2022 financial year and at the time of publication of this annual report, the effects of the COVID-19 pandemic continued to influence the Biotest Group's economic and social environment. In 2022, the COVID-19 pandemic has repeatedly caused employee absences at Biotest. In conjunction with the already existing shortage of skilled workers in the labour market, this led to temporary personnel shortages. Supplies of plasma, the most important raw material for Biotest, has not yet reached the level prior to the COVID-19 pandemic. Prices have increased significantly as a consequence. It cannot be ruled out that the aforementioned factors could have a negative impact on the Biotest Group's future business trends.

The safety of Biotest preparations and the patients treated with them was ensured at all times in the 2022 financial year.

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 focused on the ongoing internationalisation and diversification of its portfolio. As a consequence, the Biotest strategy is also in line with the strategy of the majority shareholder Grifols, S.A.

The Biotest Group has been expanding its capacities at the Company's headquarters in Dreieich since 2013 in order to participate in future global market growth. The Biotest Next Level 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 thereby its competitiveness in markets worldwide in order to lay the foundation for the Group's further profitable growth. In November 2022, the first Biotest Next Level preparation Yimmugo® (IgG Next Generation) was approved in the German market and commercialisation commenced in November 2022.

Biotest is continuing to work intensively on bringing the product candidates Fibrinogen and Trimodulin, which are currently in Phase III, to marketing authorisation as rapidly as possible.

Biotest is continuing to actively seek development and/or distribution partnerships for selected plasma proteins. The affiliation with Grifols Group opens up new possibilities and opportunities in this context.

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

The acquisition by Grifols, S.A. did not lead to any change in the Group's strategy. However, it enables an accelerated implementation of the strategy and leads to new opportunities. Further details are presented in section D.III. Opportunities report.

A.III. GROUP MANAGEMENT

Biotest uses both financial and non-financial indicators in order to manage its business. The trends in such indicators influence the Company's value in various ways. Financial and non-financial performance indicators are measured continuously and form part of monthly reporting to the Board of Management. These reports include an analysis of actual figures and their deviations from budgeted and prior-year figures by segment and by company. Additional specific analyses are prepared as required.

Due to the presentation in millions of euros, rounding differences of +/- one decimal place may arise when summing the amounts stated below.

A.III.1. FINANCIAL PERFORMANCE INDICATORS

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

KEY PERFORMANCE INDICATORS AT GROUP LEVEL

Indicator	Calculation method	Values as of 31.12.2022	Values as of 31.12.2021
Revenue in € million	See statement of income	516.1	515.6
EBIT operating result in € million	See statement of income	–16.6	–47.1
Adjusted EBIT in € million	EBIT less expenses for exceptional items	60.7	29.4
Return on Capital Employed (ROCE)	EBIT/capital employed*	–1.7%	–5.1%
EBIT margin	EBIT/revenue	–3.2%	–9.1%
EBT margin	EBT/revenue	–6.0%	–12.1%
Gross margin	(Revenue - cost of sales)/revenue	24.2%	15.7%
Cash flow from operating activities in € million	See cash flow statement	–40.5	33.8
Cost of sales ratio	Cost of sales/revenue	75.8%	84.3%
Marketing and distribution cost ratio	Marketing and distribution costs/revenue	9.5%	9.9%

* 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 revenue 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 Biotest Group's operating performance excluding exceptional items. In the 2021 and 2022 financial years, exceptional items related to expenses from the Biotest Next Level expansion project, which comprises the Biotest Next

Level manufacturing facility and the Biotest Next Level research and development portfolio. This key figure is an alternative performance measure (APM) that is not defined in IFRS (International Financial Reporting Standards). The Biotest Next Level project was completed in the 2022 financial year. In November 2022, the first Biotest Next Level preparation Yimmugo® was approved in the German market and commercialisation commenced. For this reason, management will no longer use adjusted EBIT for management purposes from the 2023 financial year onwards.

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

Further indicators include revenue and gross 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 the sales area. In addition, the structure of receivables as well as their associated risks are continuously analysed. Inventories and changes in receivables are measured and verified on a monthly basis.

A.III.2. NON-FINANCIAL PERFORMANCE INDICATORS

Non-financial performance indicators within the overall Company are referred to particularly in the production area, and relate to capacity utilisation levels, processing times and downtimes, quality parameters, as well as the level of inventories along the production chain and yield per unit volume of plasma. However, these are not as important as the financial performance indicators.

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

Regular portfolio analysis is performed for the management of research and development projects. Reference is made to development time lines, costs, probabilities of success, risks, strategic importance and market size as well as the commercial potential, including in the form of a net present value analysis. This portfolio analysis ensures Company-wide prioritisation of projects and thereby an organisational focus on strategically important projects.

A.IV. RESEARCH AND DEVELOPMENT (GENERAL)

As part of the corporate strategy, research and development, among other areas, forms the basis for the Biotest Group's future growth. The ongoing development of existing products and the development of new products enables considerable potential to be tapped in this area.

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

In addition to the approval of Yimmugo®, in 2022 Biotest continued to intensify its efforts to rapidly develop late-stage clinical product candidates such as Fibrinogen and Trimodulin in readiness for marketing authorisation.

In addition, existing products are also systematically developed to further enhance patient benefits or to achieve new indications and approvals in additional countries. For example, Cytotect® is currently in clinical development for a further indication: prevention of infection of the foetus during pregnancy in the case of primary Cytomegalovirus (CMV) infection of the mother. In addition, Biotest will collect further data for its marketed products in three ongoing and further planned non-interventional trials (NIS). The non-interventional trials serve to continue the investigation of safety and efficacy in large patient populations and to gain further knowledge under everyday conditions, such as on quality of life, treatment course and application behaviour.

A list of the progress made on research and development projects in 2022 is presented in the "Research and development" section of the economic and business report.

In the 2022 financial year, the Biotest Group's research and development costs amounted to € 50.5 million (prior-year period: € 52.3 million). These expenses amounted to 9.8 % of revenue compared with 10.1 % in the same period of the previous year. The number of employees working in research and development amounted to 223 full-time equivalents as of 31 December 2022, compared to 213 full-time equivalents as of 31 December 2021.

In July 2022, Biotest announced for the first time that it would award the "Renate & Hans Schleussner Prize for Scientific Research" in order to promote scientific research and innovation in the hyperimmunoglobulins area. With this award, Biotest aims

to attract the interest of scientists worldwide to the diverse potential offered by plasmatic specialty products. The overall intention is to boost innovation in this area, which is particularly important for Biotest. Dr. Philipp Kolb from the Institute of Virology at the University of Freiburg was the first recipient of the award, which supported his research project in the area of cytomegalovirus (CMV) infection. CMV is one of the herpes viruses, and transmission during pregnancy to the unborn child can lead to severe foetal development disorders. Although CMV infections are common, awareness of the problem is low among both pregnant women and obstetricians.

B. ECONOMIC AND BUSINESS REPORT

B.I. MACROECONOMIC CONDITIONS

According to the Kiel Institute for the World Economy (IfW), economic growth worldwide slowed over the course of the 2022 financial year. In addition to high energy prices and great uncertainty, the global economy was also restrained by significantly tighter central bank monetary policy in response to high inflation rates.[1] Major advanced economies, in particular, are at risk of a period of weak economic activity.[2] At the same time, the IfW estimates that inflation in industrialised economies has peaked following last year's record levels. Inflation rates in both the USA and Europe have recently been falling again. This decrease is mainly attributable to the noticeable drop in energy prices from the very high levels reached in summer 2022.[3]

For 2022, the IfW estimates that global production expanded by 3.2 %, 0.3 percentage points faster than forecast in September, although the forecast decrease compared with the previous year's level of 5.9 % is still considerable. The forecast for 2023 remains unchanged, with growth of just 2.2 %.[4] In addition to the deterioration in financial conditions caused by the tighter central bank monetary policy, economic activity is suffering from China's zero COVID policy and problems in China's real estate sector.[5]

The economic outlook for Germany has improved again since the autumn of 2022. Nevertheless, a weak winter half-year is forecast for the German economy due to the strain on household purchasing power caused by high energy costs and the difficult global economic environment.[6] According to data from the German Federal Statistical Office, the German gross domestic product increased by 1.8 % in 2022.[7] Contrary to an earlier forecast, the IfW's economists still expect at least a slight increase of 0.3 % for 2023.[8] In addition, given government subsidies for gas and electricity customers, inflation is forecast to be lower, at 5.4 % in 2023.[9]

After a significant expansion in US gross domestic product in 2021, the US economy was only able to grow by 1.9 % in 2022, according to the IfW. For 2023, even a slight decrease in economic output is forecast (2021: 5.9 %; 2022: 1.9 %; 2023: -0.4 %; 2024: 0.5 %). The outlook for the Eurozone as a whole is somewhat better (2021: 5.3 %; 2022: 3.4 %; 2023: 0.5 %; 2024: 1.6 %), and for Asia even significantly better (2021: 7.7 %; 2022: 4.1 %; 2023: 5.3 %; 2024: 5.7 %). Following a marked recovery last year, economic output in the UK (2021: 7.5 %; 2022: 4.3 %; 2023: -0.6 %; 2024: 1.5 %) is now expected to decrease in 2023. For Latin America, economic forecasts (2021: 7.0 %; 2022: 3.7 %; 2023: 1.0 %; 2024: 1.6 %) envisage a further slowdown in growth momentum in 2023 following moderate growth in the previous year.[10]

Due to high medical demand worldwide for plasma protein products, the Biotest Group is exposed to global economic cycles to only a limited extent. This assessment by the management also applies under the current economic conditions. Nevertheless, effects on the operating business, particularly due to local crises, the Russian invasion of Ukraine, disrupted supply chains, and a continued potential gas embargo, as well as exchange rate changes, cannot be ruled out.

[1] Kiel Institute for the World Economy (2022), Kiel Economic Outlook, World Economy Winter 2022, p. 2.
[2] Ibid. p. 2.
[3] Ibid. p. 4.
[4] Ibid. p. 2.
[5] Ibid. p. 2.
[6] Kiel Institute for the World Economy (2022), Kiel Economic Outlook, World Economy Winter 2022, p. 2.
7 Federal Statistical Office (2023), online at: https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23_070_811.html.
[8] Kiel Institute for the World Economy (2022), Kiel Economic Outlook, World Economy Winter 2022, p. 2.
[9] Ibid. p. 3.
[10] Ibid. p. 7, p. 18.

B.II. INDUSTRY-SPECIFIC CONDITIONS

B.II.1. IMMUNGLOBULINS AND ALBUMIN

The Biotest Group is active in global markets for immunoglobulins and albumin, which generated the strongest sales revenues of the product range in the past financial year. Established markets such as the USA and Europe as well as further regions of the world are continuing to contribute to this positive trend.

The long-term growth of the global albumin market is estimated to amount to around 6 % per year.[11] For the immunoglobulin (IgG) market, sector experts expect the long-term target range to reflect an annual global increase in demand in the mid-single-digit percentage range.[12] In the USA, IgG volumes grew by a low single-digit percentage in the first six months of 2022.[13] In Europe, the market volume for immunoglobulins in the first half of 2022 decreased slightly year-on-year. Despite supply difficulties at competitors, the German market, which is important for Biotest, grew at low single-digit year-on-year rates in the first half of 2022.[14] This trend is likely to have been significantly influenced by the general scarcity of plasma and the associated reduced availability of finished products.

As a consequence of the COVID-19 pandemic and associated lockdowns and restrictions on movement, plasma donations in the USA were down significantly in 2020 and 2021. This led to a product shortage of immunoglobulins and albumin that continues up to the present. In 2022, US plasma donations showed a significant uptrend and a recovery in human blood plasma supplies, primarily due to significantly higher donor reimbursements. However, owing to long production cycles, the supply situation for plasma products is not expected to recover until during the course of 2023. Given the macroeconomic situation, plasma costs are expected to continue to rise. Collected plasma volumes in the EU countries Germany, Austria, Czech Republic and Hungary, which are significant for Biotest, stood at a slightly higher level in 2022 than in 2019 (before the pandemic).[15]

Prices for intravenous immunoglobulins (IVIG) in the EU continue to be significantly below the price level in the United States, while globally the average price continues on a positive trend.[16] Albumin prices also recorded an upward trend.[17]

B.II.2. HAEMOPHILIA

The treatment of haemophilia A is increasingly characterised by non-factor replacement therapies in addition to the use of recombinant Factor VIII preparations. Numerous alternative treatments make competition more intense and keep price pressure high in the overall market.

New therapeutic options are restraining the growth of the Factor VIII market, particularly in the USA, Europe and other developed markets. Only in emerging markets is growth in the low to mid-single-digit percentage range still expected due to increasingly established Factor VIII therapies.[18] 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 27 % of the world's population, they account for around 76 % of the global Factor VIII market volume.

In August 2022, the first gene therapy for the treatment of haemophilia A received marketing authorisation from the European Commission. This therapy promises to eliminate the need for traditional treatments for several years. Although the population of suitable patients is limited, this will place further pressure on developed Factor VIII markets and further strengthen the importance of markets outside the USA and Europe. Up to 2027, the global market is projected to diminish at a single-digit negative percentage rate in terms of volumes of plasmatic Factor VIII preparations. The volume decrease is expected to be particularly significant in the USA, the largest market for haemophilia preparations, and in the European market, which is important for Biotest. Volume increases in the low single-digit percentage range are expected only in some emerging markets. The simultaneous decrease in prices for plasmatic Factor VIII preparations in developed markets and the shift of the market to lower-priced emerging markets led to a negative trend in sales revenues of plasmatic Factor VIII products.

[11] Markets and Markets (2020).
[12] MRB (2021) supplemented by Biotest internal analyses.
[13] PPTA North America Data Program (2022).
[14] PPTA European Distribution Data (2022).
[15] PPTA (2022).
[16] IQVIA (2022), CMS.gov.
[17] IQVIA (2022).
[18] MRB (2022).

B.II.3. TRANSPLANTATIONS

Despite the extensive lifting of coronavirus protection measures, a decrease of around 7 % in the number of transplants reported to Eurotransplant up until May 2022 was evident. The further trend in transplantation figures is strongly dependent on the further course of the COVID-19 pandemic and the risk of infection for transplant patients.

B.III. BUSINESS PERFORMANCE OF BIOTEST IN 2022

B.III.1. TARGETS 2022: FORECAST-ACTUAL COMPARISON

For the 2022 financial year, the Board of Management forecast revenue at the previous year's level.

In the year under review, the Biotest Group generated revenue of € 516.1 million compared with € 515.6 million in the previous year. This corresponds to a slight increase in revenue of 0.1 % (€ 0.5 million).

In view of a worldwide increase in demand for immunoglobulins, with the pandemic continuing at the same time, Biotest succeeded in significantly increasing sales, particularly of the immunoglobulin preparation Intratect®, compared to the previous year, on the basis of a careful and effective pricing policy. In addition, from November 2022 onwards revenue of approximately € 3.2 million was generated for the first time with the newly approved immunoglobulin Yimmugo®. Factors offsetting this positive effect offset included diminishing demand for drug therapies with coagulation factors.

EBIT in the 2022 financial year of € -16.6 million was up compared with € -47.1 million in the previous year. For the 2022 financial year, excluding the possible impact of the Russian attack of Ukraine and taking into account accelerated R&D activities, the Board of Management had expected EBIT in a range between € -20 million and € -25 million. The risks still identified on 24 March 2022 in connection with the COVID-19 pandemic and the war in Ukraine failed to materialise to the extent expected and were no longer anticipated in November 2022 for the remaining weeks of the year, as a consequence of which the guidance pointing to an increase of the range for the net loss to between € -40 million and € -60 million was withdrawn.

The Biotest Group's core business (adjusted EBIT) of € 60.7 million (previous year: € 29.4 million) is positive and lies in the upper range of the guidance range of between € 40 million and € 70 million.

The expenses for Biotest Next Level amounting to € 77.3 million (previous year: € 76.5 million) were mainly allocated to the cost of sales in an amount of € 40.0 million (prior-year period: € 38.3 million) and to research and development costs in an amount of € 36.6 million (prior-year period: € 37.5 million) for products which can only be manufactured in the new plant.

The Group had forecast a return on capital employed (ROCE) of around -5.1 %. The ROCE for the 2022 financial year amounted to -1.7 %, as EBIT exceeded the guidance.

At the start of the financial year, cash flow from operating activities was forecast to be negative. At € -40.5 million, this guidance was confirmed. This was mainly due to the negative cash flow from the change in working capital as a result of the increase in inventories and trade receivables.

B.III.2. FURTHER EVENTS IN THE COURSE OF BUSINESS

The COVID-19 pandemic

Business performance in 2022 in the countries where the Biotest Group operates was significantly impacted by state measures to contain the COVID-19 pandemic. Detailed information on this topic is provided in a separate part of section A.I The Group's business model, subsection 6. External factors influencing the business.

Virtual Annual General Meeting

At the 2022 Annual General Meeting on 5 May 2022, which was held as a virtual Annual General Meeting due to the prevailing COVID-19 pandemic, the shareholders of Biotest AG voted to pay a dividend of € 0.04 per preference share. As a consequence, a total amount of approximately € 0.8 million was paid out.

Personnel changes on the Supervisory Board

The election of employee representatives to the Supervisory Board was held in April 2022. Mr. Jürgen Heilmann was re-elected and Mr. Dirk Schuck was elected for the first time to succeed Dr. Salome Drechsler. Their term of office began at the close of the

Annual General Meeting on 5 May 2022. Dr. Bernhard Ehmer and Ms. Uta Kemmerich-Keil were elected to the Supervisory Board by the Annual General Meeting following their nomination. Dr. Ehmer was elected Chairman of the Supervisory Board following the Annual General Meeting. Mr. Tomás Dagá Gelabert and Mr. David Bell were initially elected as substitute members by the Annual General Meeting and then succeeded Mr. Tan Yang and Mr. Xiaoying (David) Gao in their Supervisory Board positions in June 2022.

Personnel changes on the Board of Management

In 2022 personnel changes occurred on the Board of Management of Biotest AG. Dr. Jörg Schüttrumpf joined the Biotest AG Management Board on 1 January 2022. As Chief Scientific Officer and Chief Medical Officer, Dr. Schüttrumpf is responsible for Research & Development as well as Drug Safety, Regulatory Affairs and Project Management within the Biotest Group. In addition, the Supervisory Board appointed Mr. Peter Janssen as a further member of the Company's Board of Management with effect from 1 September 2022. Mr. Janssen first familiarised himself with the area of responsibility of Dr. Georg Floß as a member of the Executive Board and succeeded him as Chief Operating Officer at the end of 2022, after the latter left the company as planned at the end of his contract. As Chief Operations Officer, Mr. Janssen is responsible within the Biotest Group for Quality Operations, Global Sales & Marketing, Production, Supply Chain Planning, Engineering and Development Plasmaproteins. The Supervisory Board of Biotest AG has appointed Ms. Ainhoa Mendizabal to the Management Board as Chief Financial Officer (CFO) with effect from 15 February 2023.

B.III.3. GROUP BUSINESS STRATEGY AND IMPLEMENTATION IN THE FINANCIAL YEAR 2022

Internationalisation

The Biotest Group is active in more than 60 countries. In the 2022 financial year, the Biotest Group opened up new countries through additional marketing authorisations and thereby further strengthened its international alignment. In the 2022 financial year, marketing authorisations included Cytotect® CP in Ireland and Lithuania, Hepatect® CP in Lithuania, Fovepta® in Saudi Arabia, Zutectra®, Intratect® 10 % and Hepatect® CP 40 ml in Turkey, Albiomin® 20 % and Albiomin® 5 % in Ghana, and Albiomin® 20 %, Cytotect® CP, Fovepta®, Haemoctin® 250, 500 & 1000, Hepatect® CP, Intratect® 5 % and Intratect® 10 % in Libya. Marketing authorisations in the second half of the year also included Albiomin® 20 % in Lithuania, Cytotect® CP in Turkey, and Pentaglobin® in the Philippines.

Partnerships

Already in 2018, Biotest entered into a partnership to support the construction of a plasma fractionation plant in Turkey as a technology supplier. Biotest agreed milestone payments and royalties with the partner as part of the project. During project development, Biotest receives payments for the transfer of know-how, training and ongoing consulting. On completion, royalties are to be paid from ongoing production. Delays also occurred in project implementation in Turkey due to the COVID-19 pandemic. The receivables under the project were now written off in full due to outstanding payments, and services will no longer be rendered until further notice. The continuation of the project is currently unclear for Biotest.

In 2020, Biotest entered into a cooperation with a partner in order to invest in the future establishment of plasma centres. The first payments toward establishing new plasma centres were rendered to the partner in 2021. In 2022, Biotest entered into a second cooperation with a further partner in order to continue with the strategy. As part of the partnership, Biotest already invested in the establishment of plasma centres in 2022. As a consequence, four plasma centres have been established from which Biotest will later be exclusively supplied. The necessary inspections and acceptances by the local regulators are still pending, as is the inspection by European competent authorities.

After submission, Biotest announced the signing of a licensing agreement for its novel immunoglobulin Yimmugo® with Saudi Arabian company Pharma Pharmaceutical Industries (PPI). On the basis of this agreement and with the help of Biotest's immunoglobulin expertise, PPI will be able to launch the first local polyvalent intravenous immunoglobulin in Saudi Arabia. The agreement is based on an upfront payment for the licence, which will be based on three milestones from the signing of the contract, and a ten-year manufacturing and supply agreement. Biotest will manufacture the product at the new Biotest Next Level fractionation plant. The market launch in Saudi Arabia is expected by the end of 2023.

B.III.4. RESEARCH & DEVELOPMENT

OVERVIEW OF CLINICAL STUDIES

Type of study	Study number	Dosage/study design	Number of study participants	Status as of 31 December 2022
Clinical Immunology therapeutic area				
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	A Phase III clinical trial (PreCyssion) to prevent transmission of the mother's CMV infection to the unborn child is currently in the treatment phase.
Yimmugo® (IgG Next Generation)				
Phase III Primary immunodeficiency (PID)	991	Multiple dosing, 12-month treatment duration	67	Biotest received marketing authorisation for new intravenous immunoglobulin Yimmugo® (IgG Next Generation) on 11 November 2022.
Phase III immune thrombocytopenia (ITP)	992	Multiple dosing	34	Biotest received marketing authorisation for new intravenous immunoglobulin Yimmugo® (IgG Next Generation) on 11 November 2022.
IgG Next Generation (Yimmugo®)				A further study involving high-dose therapy in the dermatological are is currently being planned for Europe and the USA.
Intensive Care Medicine therapeutic area				
Fibrinogen				
Phase I/III Congenital fibrinogen deficiency	984	Phase I: single dose for determination of pharmacokinetics, Phase III: prevention or treatment of acute haemorrhages	36	Study completed. The results confirm high expectations regarding efficacy and safety. The dossier for Fibrinogen for submission to the drug regulatory authorities is being prepared.
Phase III Congenital fibrinogen deficiency	995/ ADFIRST	Treatment for severe blood loss during planned spinal or abdominal tumour surgery. Actively controlled, randomised study comparing frozen fresh plasma or cryoprecipitate	220 planned	The interim analysis in the pivotal Phase III trial was successful and confirmed the originally planned patient number. Further interim analysis is planned as soon as 80 % of the patients planned for the study can be evaluated.
Trimodulin (IgM Concentrate)				
Phase III (ESsCAPE) Severe community-acquired pneumonia	996	Multiple dosing, placebo-controlled	ca. 590 planned	Submissions for the Phase III sCAP study in the selected countries started in October 2022.
Phase III (TRICOVID) in hospitalised and oxygen-dependent COVID-19 patients	1001	Multiple dosing, placebo-controlled	ca. 350 planned	The submissions for the Phase III trial in COVID-19 in the various countries are underway. Initial approvals have been issued. First patient treated in December 2022.

The dossier for IgG Next Generation was submitted to the drug regulator on 31 March 2022. In mid-November 2022, this was approved for the German market by the Paul Ehrlich Institute, the relevant competent authority in Germany, under the trade name Yimmugo®. Marketing authorisation for Yimmugo® was granted in Austria at the end of December.

The focus of research and development projects is on plasma proteins. Research activities are currently concentrating on the further new products Fibrinogen and Trimodulin. Alongside Yimmugo®, these form the core for the manufacture of the new product portfolio in the new Biotest Next Level production plant.

A Phase III clinical trial of Cytotect® CP in pregnant women for the prevention of CMV infection of the unborn child is currently in the treatment phase. This Phase III clinical trial is investigating the efficacy and safety of Biotest's CMV hyperimmunoglobulin (CMVIG) Cytotect® CP for the treatment of pregnant women with a primary CMV infection in order to prevent CMV transmission to the foetus. Cytomegalovirus causes an infection that is usually asymptomatic or unproblematic in healthy immuno-competent individuals. However, women who first become infected with CMV during pregnancy ("primary infection") have an approximately 30-40 % risk of transmitting the virus to the foetus, which can lead to hearing loss as well as neurological and developmental disorders. At present, no drug is approved for the prevention of CMV transmission from mother to foetus.

In addition, Biotest is collecting "real world" data on its marketed products in three ongoing and further planned non-interventional studies (NIS). This serves the continued investigation of safety and efficacy in large patient populations and the gaining of further knowledge under everyday conditions, such as quality of life, treatment course and application behaviour.

In a Phase II trial (ESsCOVID – Escape from severe COVID-19) in COVID-19 patients, post hoc analyses showed a marked benefit in a relevant subgroup of 96 hospitalised patients who were still in an early systemic inflammatory phase. Biotest considers the reduced disease progression and mortality in this group to be 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) during a scientific advisory meeting and the PEI recommended continuing clinical development in a proposed Phase III trial on COVID-19. This development is supported by the German Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung, BMBF) and the German Federal Ministry of Health (Bundesministerium für Gesundheit, BMG) with public funds totalling € 29 million, of which € 15.3 million was recognised in profit or loss in the 2022 financial year.

The Phase III trial in COVID-19 (TRICOVID, 1001) has already been submitted and approved in several countries. Further submissions are currently underway. The first patient was treated in December 2022.

In addition, a second Phase III trial 996 (ESsCAPE) with Trimodulin in the severe community-acquired pneumonia indication was initiated. Submissions to regulators in the various countries began in October 2022.

Pentaglobin® is a further treatment option for COVID-19 patients. Pentaglobin® is successfully deployed for severe bacterial infections in combination with antibiotics. Biotest supports the investigation of the efficacy of Pentaglobin® in COVID-19 patients as part of academic-industrial collaborations (Investigator Initiated Studies). This is being conducted by the University Hospital in Bochum, Germany, in a large international register study. Preliminary evaluations suggest that Pentaglobin® may also lead to reduced mortality in certain COVID-19 patients. Initial data were presented at the International Symposium on Intensive Care and Emergency Medicine (ISICEM) in March 2022.

B.III.5. MARKETING & DISTRIBUTION

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

In addition, Biotest is developing its albumin business in the non-therapeutic area, which posted sales revenue growth in 2022. Biotest was also represented at the CPHI pharmaceutical trade fair for the first time with Albumin Excipient, with the aim of expanding its business with further strong potential partners both regionally and globally in the market segment for cell media and cryopreservation as well as drug delivery (nanoencapsulation of chemotherapeutics). In addition, Biotest distributes albumin in the therapeutic area, although this environment faced major challenges in 2022 and this led to a lower level of sales revenue.

Clinical immunology therapeutic area

The 2022 financial year was characterised by high demand worldwide for immunoglobulins (IgG) at a stable level and by rising prices. Some markets continue to report supply problems with immunoglobulins (IgG) and in many other countries there are signs that product shortages could arise in the coming months. The reasons are the significant decrease in plasma donations since 2020, especially in the USA, the supply situation at Biotest's competitors and continuing growth in demand for immunoglobulins. Plasma collection volumes in the USA remained at a persistently low level in 2022, so that a short-term recovery in the immunoglobulin supply situation is not expected.

Volume growth was achieved in important markets such as Central Europe. In addition, an increase in list, reimbursement and selling prices was evident in numerous countries.

With the marketing authorisation of Yimmugo® in Germany, initial sales revenues of € 3.2 million were already generated in 2022. In times of global shortage of immunoglobulin products, Yimmugo® offers an additional treatment option and thereby contributes to secure supplies for Biotest customers.

The hyperimmunoglobulin portfolio with the most important products Cytotect®, Hepatect® and Zutectra® was exposed to many difficulties in 2022. Only a slight increase in sales revenue was achieved in this area. Besides sharply fluctuating transplantation numbers due to the COVID-19 pandemic and continuing diminishing numbers of hepatitis B infections, continuously strong competition from antiviral therapies represents the greatest challenge.

Biotest placed an emphasis on personal contact and on proximity to the market and customers at scientific conferences in 2022. Following the successful introduction of the International CMV Symposium into the global conference landscape in the autumn of 2021, the tandem event CMV Virtual was established this year. These were stand-alone expert discussion panels on the topic of CMV following heart/lung, kidney, or stem cell transplantation. The format was aimed at medical professionals in the areas

of solid organ and stem cell transplantation and featured live transmission from a TV studio internationally to more than 20 countries. In total, several hundred participants took part in the meeting series. In 2022, marketing authorisation for Cytotect® was granted in Libya, Ireland and Lithuania. Sales revenues are expected to be generated in these countries in 2023.

Biotest achieved year-on-year growth in sales revenues of Cytotect® in all sales regions. Despite the difficult transplantation situation due to the lingering coronavirus situation and increasing competition from antiviral therapies, a record result was achieved for Cytotect®. Overall, this led to significant growth in sales revenues in the double-digit percentage range. Double-digit growth was recorded especially in the following sales regions: MEAF (Middle East, Africa and France), ESECA (East and South Europe, Central Asia, America) and ICON (Intercontinental).

The market situation for hepatitis B hyperimmune globulins (Hepatect®, Zutectra® and Fovepta®) remains difficult due to a diminishing level of hepatitis B cases in developed markets and strong competition from antiviral therapies, leading to slightly lower sales revenues year-on-year. For this reason, it is all the more gratifying that marketing authorisations for all hepatitis B hyperimmunoglobulins were obtained in new countries, thereby offering additional market potential. For example, Hepatect® was newly authorised in Libya, while the subcutaneous hepatitis B hyperimmuneglobulin Zutectra® received its first marketing authorisation in Turkey. Biotest received new marketing authorisation for Fovepta® in Saudi Arabia and Libya. In addition, further marketing authorisation are in preparation in order to further advance marketing in various countries in Asia, South America, Africa and the Middle East.

Intensive Care Medicine therapeutic area

The development of Pentaglobin® (IgM preparation) continued to be advanced in 2022, including through various partnerships. Observational evidence suggests that Pentaglobin® may also reduce mortality rates in certain COVID-19 patients. Initial results of this treatment option from an international COVID-19 registry were published and discussed in a Biotest symposium at the largest international conference for intensive care practitioners (ISICEM). Biotest will use the experience gained with COVID-19 in order to expand the indication of severe community-acquired pneumonia.

Due to limited product availability, Biotest was unable to fully meet the sales volumes for Pentaglobin®, despite existing demand.

Biotest is active in the therapeutic area with Albiomin®. A reduced number of operations during the pandemic and the resulting decrease in albumin consumption combined with a continued high level of immunoglobulin production (within co-production) led to higher market stocks of albumin at the start of the year and thereby to falling prices for producers. As a consequence, sales revenues of Albiomin decreased. However, as global vaccination campaigns progressed and hospitals resumed planned treatments, demand for albumin increased again in the first half of 2022. This trend continued in the second half of the year.

A new marketing authorisation was obtained in Ghana for Albiomin® 5 % and 20 %. Similarly, a new marketing authorisation for Albiomin® 20 % was issued in Libya.

In 2022, Grifols and Biotest signed an agreement to further develop the Albumin business in China. In this context, the target for the next two years is to achieve a revenue volume of more than € 50 million in the Chinese market.

Haematology therapeutic area

In the coagulation factor product portfolio, Factor VIII (Haemoctin®) and Factor IX products (Haemonine®) remained under pressure in 2022 due to the intensively competitive situation with recombinant products, and constantly falling prices. For Haemoctin, this led to a year-on-year lower level of sales revenues, whereas sales revenues of Haemonine were maintained.

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. This system enables 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 new transfer system was also introduced in Switzerland in 2022 and is helping to create greater convenience for patients. A launch in further international markets is currently being prepared.

A symposium with renowned speakers was held on the occasion of the 66th Annual Meeting of the Society for Thrombosis and Haemostasis Research (GTH). In September, the XXXV Biotest Haemophilia Forum was held in Mondsee, Austria, with numerous national and internationally recognised opinion leaders.

In Algeria, an extension of the FVIII contract for substantial volumes of Haemoctin® was achieved. Furthermore, sales revenues in Libya grew significantly. Despite individual positive developments, however, the FVIII business can be described as diminishing overall due to the market trend described above.

B.IV. RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

B.IV.1. RESULTS OF OPERATIONS

In the 2022 financial year, the Biotest Group generated revenue of € 516.1 million, which stands at the previous year's level (prior-year period: € 515.6 million).

Revenue in the Therapy Segment was down slightly as compared to the previous year (-0.4 %). This revenue level reflected lower revenue generated in the Intensive Care Medicine therapeutic area. Diminishing demand for drug therapies with coagulation factors has also contributed to a lower level of revenue in the Haematology therapeutic area. By contrast, continuing high demand for immunoglobulins, particularly for the human intravenous immunoglobulin preparation Intratect® in the UK and Germany, had a positive effect. Revenue in the Plasma & Services Segment of € 50.3 million was 7.8 % higher than in the previous year due to a higher level of toll manufacturing. In addition, revenue in Other Segments amounted to € 6.2 million in 2022, compared with € 7.3 million in the previous year. This decrease (-15.8 %) was mainly due to a lower level of revenue from merchandise.

CHANGE IN REVENUE BY SEGMENT

€ million	**2022**	2021	Change in %
Therapy	459.5	461.6	-0.4%
Plasma & Services	50.3	46.7	7.8%
Other Segments	6.2	7.3	-15.8%
Biotest Group	**516.1**	**515.6**	**0.1%**

As a globally operating company, the Biotest Group generated 71.0 % of its revenue outside Germany in the 2022 financial year (prior-year period: 72.8 %). Biotest reports in the four sales regions of "Central Europe", "Eastern and Southern Europe, Central Asia, America", "Intercontinental" and "Middle East, Africa and France". At the beginning of the 2022 financial year, the sales regions were reorganised in order to optimise market development. This entailed a modification of the assignment of countries to regions. The Biotest Group achieved revenue growth in all sales regions except "Eastern and Southern Europe, Central Asia, America". In particular, the Central Europe and Intercontinental regions with 9.8 % and 17.5 % respectively reported significant growth. As in the previous year, the Central Europe region, which also includes Germany, made the greatest contribution to revenue with € 205.2 million. This was due, among other factors, to increased sales volumes of the important product Intratect® and the first revenues from November 2022 onwards generated with the new immunoglobulin Yimmugo® amounting to € 3.2 million.

REVENUE TRENDS BY REGION

€ million	**2022**	2021*	Change in %
Central Europe	205.2	186.9	9.8%
East and South Europe, Central Asia, America*	106.6	138.1	-22.8%
Intercontinental*	89.2	75.9	17.5%
Middle East, Africa and France*	115.1	114.7	0.4%
Biotest Group	**516.1**	**515.6**	**0.1%**

* The previous year's figures have been adjusted according to the definition of the sales regions in 2022.

In the 2022 financial year, the cost of sales decreased by 10.0 %, which was more than the rate of decrease in revenue, from € 434.9 million to € 391.2 million. Accordingly, the overall cost of sales ratio improved significantly from 84.3 % to 75.8 %. This effect resulted in particular from year-on-year slightly with significantly higher selling prices, mainly for Intratect®, accompanied by low materials input. In addition, the cost of sales in the previous year was negatively affected by an impairment loss for plasmatic coagulation Factor VIII in the amount of € 40.1 million in connection with the disadvantageous market trend for medications with clotting factors (2022 reporting year: depreciation of € 18.2 million).

Marketing and distribution costs decreased by 4.2 % year-on-year in the 2022 financial year and amounted to € 49.0 million (prior-year period: € 51.1 million). The decrease was due, among other factors, to lower commissions to customers and lower conferences due to travel restrictions in connection with the pandemic. Accordingly, the share of revenue decreased by 0.4 percentage points from 9.9 % to 9.5 % in the 2022 financial year.

MAIN INCOME STATEMENT ITEMS OF THE BIOTEST GROUP*

€ million	2022	as % of revenue	2021	as % of revenue
Revenue	516.1	100.0	515.6	100.0
Cost of sales	–391.2	–75.8	–434.9	–84.3
Marketing and distribution costs	–49.0	–9.5	–51.1	–9.9
Administrative expenses	–31.7	–6.1	–30.1	–5.8
Research and development costs	–50.5	–9.8	–52.3	–10.1
Other operating income and expenses	–10.3	–2.0	5.7	1.1
Financial result	–13.3	–2.6	–16.8	–3.3

* Expenses are marked with a negative sign.

Administrative expenses increased by 5.2 % from € 30.1 million to € 31.7 million in the 2022 financial year. The increase is due to higher recruitment and consulting costs, among other factors. The administrative expense ratio as a percentage of revenue rose from 5.8 % to 6.1 % in the 2022 financial year.

By contrast, research and development costs decreased by 3.3 % to € 50.5 million in the 2022 financial year (prior-year period: € 52.3 million). The decrease is mainly due to the recognition of a research allowance in accordance with the Research Allowance Act (FZulG) and the German Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung, BMBF) grant totalling € 15.3 million (prior-year period: € 2.2 million), which reduced expenses. This effect was largely offset by € 12.6 million higher development costs for the Trimodulin project. In addition, development costs for Yimmugo, which has already received marketing authorisation, as well as for the ongoing Cytotect and Fibrinogen development projects totalling € 4.1 million were capitalised as intangible assets for the first time in the fourth quarter of 2022. Research and development costs as a percentage of revenue thereby decreased slightly to 9.8 % in the past financial year (prior-year period: 10.1 %).

Other operating expenses rose from € 3.5 million in the previous year to € 14.8 million in the 2022 financial year. This change mainly reflects € 9.4 million of impairment losses on financial assets measured at amortised cost (prior-year period: other operating income of € 2.2 million).

The operating result (EBIT) amounted to € -16.6 million for the 2022 financial year, compared with € -47.1 million in the previous year, representing a significant improvement. This marked improvement reflected a 10.0 % (€ 43.7 million) reduction in the cost of sales. The cost of sales in the previous year was negatively affected by an impairment loss of € 40.1 million on plasmatic coagulation Factor VIII, while in the 2022 reporting year only € 18.2 million of depreciation was incurred for Factor VIII stocks. The positive effect from the decrease in marketing and distribution costs and the capitalisation of development costs was more than offset especially by higher impairment losses on receivables. As a consequence, the EBIT margin amounted to -3.2 % in 2022 (previous year: -9.1 %).

The financial result improved to € -13.3 million in the 2022 financial year, from € -16.8 million in the previous year. This improvement mainly reflected income from € 8.4 million of value adjustments applied to the surrender claim against the trustee of shares in ADMA Biologics Inc., Ramsey, NJ, USA. The increase in interest expenses from € 9.0 million in the previous year to € 15.9 million in the 2022 financial year had a negative effect on the financial result.

For the Biotest Group, an overall loss before taxes (EBT) of -30.8 million arose, compared to € -62.6 million in the previous year.

Compared to the previous year, the tax expense for the 2022 financial year in the amount of € 0.8 million reflects an increase (prior-year period: € 0.7 million). The Biotest Group's loss (EAT) for the 2022 financial year amounted to € -31.7 million compared to € -63.4 million in 2021. This results in earnings per ordinary share of € -0.81 compared with € -1.61 in the previous year.

KEY EARNINGS FIGURES OF THE BIOTEST GROUP

€ million	2022	2021	Change in %
EBIT	–16.6	–47.1	64.7
EBT	–30.8	–62.6	50.7
EAT	–31.7	–63.4	50.0

B.IV.2. NET ASSETS

Total assets increased by € 98.8 million, from € 1,104.2 million as of 31 December 2021 to € 1,203.0 million as of 31 December 2022.

Non-current assets rose by € 1.6 million to € 583.6 million as of 31 December 2022, compared with € 582.0 million as of the previous year's reporting date. The increase is mainly due to the expansion of financing to third parties to support the establishment of new plasma collection centres, which led to an increase in other non-current financial assets of € 7.7 million. The increase is

also due to the € 4.1 million in development costs capitalised for the first time. This was offset by the decrease in deferred tax assets of € 9.5 million. Property, plant and equipment decreased slightly by € 4.4 million from € 524.7 million to € 520.3 million, as depreciation exceeded net additions by this amount.

Current assets amounted to € 619.4 million as of 31 December 2022, up € 97.2 million compared with the level of € 522.2 million as of 31 December 2021. This change is due to, among other factors, to the significant increase in inventories by € 49.2 million in order to be able to supply the market in the 2023 financial year. In addition, trade receivables rose by € 17.2 million, while cash and cash equivalents of € 116.6 million were up by € 12.2 million. The increase in trade receivables reflects a year-on-year deterioration in average payment behaviour. Contract assets were down year-on-year because the value of deliveries exceeded the value of production additions. Other financial assets rose by € 13.8 million. The increase resulted in particular from the higher level of receivables due from the trustee from the sale of the shares in ADMA Biologics Inc., from the increase in cash deposits with banks, and from the value adjustments applied to financial assets measured at fair value.

On the equity and liabilities side of the statement of financial position, equity decreased by € 9.3 million to € 371.1 million due to the net loss for the financial year under review, which was partly offset by actuarial gains (31 December 2021: € 380.4 million). At 30.8 %, the equity ratio was below the previous year's level (31 December 2021: 34.4 %).

Debt rose by € 108.1 million to € 831.9 million in the past financial year (31 December 2021: € 723.8 million). Non-current liabilities amounted to € 701.7 million as of 31 December 2022 (31 December 2021: € 617.5 million). Non-current financial liabilities rose by € 116.4 million, from € 496.4 million to € 612.8 million as of 31 December 2022. This increase is mainly based on the utilisation of a further tranche of a secured loan, which was already arranged in 2019 for a total volume of € 240.0 million and with a term ending in 2024. Pension provisions amounted to € 85.8 million as of 31 December 2022, compared with € 116.5 million as of the previous year's reporting date. The marked decrease is mainly due to the increase in actuarial gains due to the higher discount rate.

Current liabilities rose by € 23.8 million to € 130.2 million (31 December 2021: € 106.4 million). The increase mainly relates to trade payables, which rose by € 12.3 million, and other liabilities, which increased by € 8.6 million. In addition, the increase in other provisions by € 6.4 million also had an effect. The change in other liabilities arose in particular from a commitment to deliver plasma volumes as part of an exchange transaction. Other provisions increased mainly due to higher personnel-related provisions.

The long-term capital available to the company (equity, pension provisions and long-term financial liabilities) covered 88.9 % of total assets as of 31 December 2022 (previous year: 90.0 %). Net debt rose from € 393.0 million to € 502.3 million as of 31 December 2022.

B.IV.3. FINANCIAL POSITION

On 24 June 2019, Biotest signed a financing agreement with five-year term for a volume of € 240 million. The funds are used to finance the further steps towards the commissioning of the Biotest Next Level facilities and to finance current assets. A total of € 225 million of this amount had been drawn down as of 31 December 2022. This financing agreement includes a financial covenant to be complied with, which is monitored by Biotest on a monthly basis. This financial covenant was complied with at all times during the 2022 financial year. The financing agreement contains restrictions on the sale and collateralisation of assets.

For the loan, collateral was provided to the lenders 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 of the reporting date, the real estate secured by the Biotest Group has a carrying amount of € 194.0 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 arranged in a separate agreement dated 28 June 2019. As of the reporting date, collateral from receivables from affiliated companies exist in the amount of € 19.0 million. Biotest Pharma GmbH, Dreieich, and Biotest Grundstücksverwaltungs GmbH, Dreieich, have joined the financing agreement as further guarantors.

Cash flow from operating activities decreased significantly year-on-year in the 2022 financial year, from € 33.8 million to € - 40.5 million. Operating cash flow before changes in working capital amounted to € 19.8 million (prior-year period: € 26.1 million). The main reason for the year-on-year decrease was the € 8.4 million year-on-year deterioration in earnings before taxes, which also reflected the one-off non-cash impairment of plasmatic Factor VIII in the amount of € 40.1 million in the previous year. Cash flow from changes in working capital decreased year-on-year to € -45.2 million, from € 21.4 million in the previous year, mainly as a consequence of the higher level of inventories and trade receivables. Interest and taxes paid totalled € -15.1 million in 2022, compared with € -13.7 million in the previous year.

Cash flow from investing activities amounted to € -37.0 million in the 2022 financial year (prior-year period: € -23.4 million). This increase was due, among other factors, to payments for investments in non-current assets and loans to partners to support the establishment of plasma collection centres abroad, as well as the capitalisation of development costs.

Cash flow from financing activities amounted to € 89.6 million in the 2022 financial year (prior-year period: € 22.6 million). The cash inflow in the financial year under review was mainly characterised by the fact that a loan tranche of € 100.0 million (previous year: € 25.0 million) was drawn down. In addition, cash deposits for guarantees issued to banks were allocated in the amount of € 3.8 million (previous year: reduction of € 3.6 million). The cash outflows arising from financing activities mainly reflected a repayment amount relating to leasing liabilities in accordance with IFRS 16, and the dividend payout.

Cash and cash equivalents rose to € 116.6 million at the end of the 2022 financial year, compared with € 104.4 million as of 31 December 2021.

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 deploys both equity and debt capital for its financing purposes and aims to achieve a solid and conservatively oriented financing structure. The long-term target for the equity ratio is 40.0 %. With an equity ratio of 30.8 % as of 31 December 2022, Biotest stands below this target level. This was primarily due to the impact of the Biotest Next Level expansion project on earnings, and the raising of additional debt capital.

Biotest is financed by a subordinated shareholder loan from Grifols Biotest Holdings GmbH, Munich (formerly shareholder loan from Tiancheng (Germany) Pharmaceutical Holdings AG, Munich), Germany, in the nominal amount of € 290 million and by a € 240 million financing facility of which € 225 million had been drawn down as of 31 December 2022. To cover further financing requirements in 2023, Biotest AG and Grifols Worldwide Operations Limited, Dublin, Ireland, concluded a € 147 million financing agreement on 7 March 2023.

The equity capital and the long-term component of the debt financing together are intended to cover non-current assets. The capital structure is described in sections E 12 and F 5 of the notes to the consolidated financial statements.

B.V. OVERALL ASSESSMENT OF THE GROUP'S BUSINESS SITUATION

The Biotest Group achieved its revenue guidance for the 2022 financial year. For the 2022 financial year, the Board of Management forecast that the Group would match its 2021 revenue level, although it did not rule out a 5-10 % lower revenue level. The Biotest Group generated revenue of € 516.1 million in the 2022 financial year, compared with € 515.6 million in the previous year. This corresponds to a slight increase in revenue of 0.1 %.

For EBIT in 2022, excluding the possible impact of the Russian attack on Ukraine and taking into account accelerated R&D activities, the Board of Management had expected EBIT in a range between € -20 million and € -25 million. The risks still identified on 24 March 2022 in connection with the COVID-19 pandemic and the war in Ukraine failed to materialise to the extent expected and on 14 November 2022, the date on which the nine-month figures were published, were no longer anticipated for the remaining weeks of the year, so that a widening of losses to a range between € -40 million and € -60 million was ruled out. EBIT amounted to € -16.6 million in the 2022 financial year compared with € -47.1 million in the previous year, as a consequence of which the adjusted EBIT guidance was met.

The company succeeded in driving forward the important Biotest Next Level project last year.

In November 2022, the first Biotest Next Level preparation Yimmugo® (IgG Next Generation) was approved in the German market. A list of progress made on research and development projects in 2022 is presented in the section "Research and Development" of the economic and business report.

Seven new plasma centres were opened in the 2022 financial year. As a consequence, Biotest currently operates 34 of its own plasma collection centres in Europe. The opening of additional plasma collection centres is planned for 2023 in order to further expand the plasma collection network in Europe. Together with plasma purchases from existing partners, the Biotest Group has thereby secured sufficient supplies of its most important raw material – human blood plasma – for the future.

C. SUPPLEMENTARY REPORT

Please refer to our comments in section F12 Events after the reporting date, in 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 THE OUTLOOK FOR GROUP PERFORMANCE

Due to rising demand for plasma protein preparations in Europe, the USA and in many Asian countries as well as the expansion of Biotest's manufacturing capacities through the new Biotest Next Level facility, the Board of Management expects revenue growth in the upper single-digit percentage range. Uninterrupted supplies of human plasma, which serves as the raw material for all Biotest products, represent a particular challenge. Although Biotest has significantly increased its access to additional plasma volumes, this plasma often cannot be used in a timely manner due to significant delays in inspections by the European authorities as a follow-on effect of the pandemic. In the Board of Management's assessment, a lack of, or late, provision of plasma volumes, especially from the USA, replacement parts not arriving on time, or staff shortages could even lead to interruptions in production and thereby to lost sales revenues. The majority shareholder Grifols, S.A. is especially interested in accelerating the Trimodulin and Fibrinogen development projects. Encouraged by this, the Board of Management, with the approval of the Supervisory Board, has initiated additional measures that will lead to further R&D expenditures, in excess of those previously planned, of € 7 million to € 10 million in 2023. Together with the planned and also accelerated commissioning of additional production lines from 2023 to expand production capacities at the headquarters in Dreieich as part of the Biotest Next Level expansion project, as well as the related start-up costs, the Biotest Group again anticipates an operating loss. This could be additionally increased by the possible further burdens due to the uncertainty regarding the future supply situation (energy, raw materials and supplies, etc.).

D.I.2. DIRECTION OF THE GROUP IN THE 2023 FINANCIAL YEAR

The general direction of the Biotest Group in the 2023 financial year will not change. Biotest will focus on the plasma business and on the ramp-up of the new production facility as a key component of its strategy. In close partnership with Grifols, S.A., R&D activities will be increased well above the 2022 levels. The aim is to achieve marketing authorisation more rapidly with the new developments, not only in Europe but above all also in the USA.

D.I.3. TRENDS IN THE MARKET ENVIRONMENT

Target markets

According to current forecasts, global demand for immunoglobulins (IgG) is set to grow annually in the mid-single-digit percentage range over the coming years.[19] The prices of these preparations continue to rise due to the tight supply situation.[20] The attack on Ukraine has not yet led to a tightening of the supply situation for plasma products internationally.

The long-term growth of the global albumin market is forecast to amount to around 6 % per year.[21]

[19] MRB (2021) supplemented by Biotest internal analyses.
[20] IQVIA (Nov 2022), www.cms.gov.
[21] Markets and Markets (2020) supplemented by Biotest internal analyses.

Growth of -5 % to -1 % per year is forecast for the global market for plasmatic Factor VIII preparations up to 2024.[22]

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

Expected business and results of operations of the Biotest Group

The Board of Management is aiming for revenue growth in the upper single-digit percentage range in the 2023 financial year compared with 2022. This revenue growth is enabled by the start-up of the Yimmugo production facility within Biotest Next Level. The Board of Management does not expect any immediate negative effects from Russia's invasion of Ukraine. However, it does not rule out negative revenue and earnings developments as a consequence of potential cyclical reductions in demand and country-specific savings in the healthcare sector. Production interruptions may also still occur in 2023 due to a lack of or late availability of plasma volumes, particularly from the USA, replacement parts failing to arrive to schedule, or staffing shortages. Biotest expects that earnings in 2023 will be negatively impacted by various factors. In addition to the higher level of R&D expenses and the ongoing costs from the start-up and ramp-up of the Biotest Next Level plant amounting to between € 30 million and € 40 million, a potential recession, the effects of the COVID-19 pandemic that were evident in China at the beginning of 2023, as well as supply shortages, could also exert a negative effect on earnings. Moreover, prices for electricity, gas and oil have risen sharply in recent months, and at present it is difficult to forecast the trend in energy prices for 2023 as a whole. Prices for other important operating materials for Biotest, such as ethanol, have also risen by between 15 % and 25 % as of the end of February 2023. The estimation of the further cost trends is subject to a high level of forecasting uncertainty.

Given the above factors, the Board of Management anticipates EBIT in a range between € -20 million and € -15 million. As a consequence, the Board of Management expects the return on capital employed (ROCE) for 2023 to be slightly better than in 2022, with a continued significantly negative cash flow from operating activities below the previous year's level.

Expected financial and net assets position of the Biotest Group

The Biotest Group aims 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 and will continue to use the majority of the cash and cash equivalents received in recent years for the Biotest Next Level project in order to secure the ramp-up of the new production facility and to ensure the requisite raw material supplies of plasma. For the 2023 financial year, capital expenditure by the Biotest Group in a volume of approximately € 50 million to € 60 million is planned, including around € 16 million of capitalised development costs. Around one tenth of the investments are accounted for by further investments for the expansion of existing plasma centres and the establishment of new centres in Europe. The major share of capital expenditure will go towards the expansion and maintenance of production facilities and infrastructure measures at the Dreieich site. Financing in 2022 was mainly provided by shareholder loans and the financing facility concluded on 24 June 2019. These financing sources, which are available to Biotest on a long-term basis, and the contractual financing commitment from Grifols Worldwide Operations Limited, Dublin, Ireland, secure the emerging financing requirements for the ramp-up of the Biotest Next Level project as well as further R&D activities.

In the Therapy and Plasma & Services segments, Biotest anticipates the following development:

A. **Therapy** Segment:

Haematology therapeutic area

Haemoctin® SDH: The market launch of a reduced volume of commercial forms of Haemoctin® 500 and Haemoctin® 1000 International Units (IU) is expected in additional countries in 2023. In a decreasing market, Biotest intends to sell its coagulation factor products at economically viable prices in only a few markets.

Haemonine®: For this product, Biotest is focusing on maintaining its position in the main markets due to the decreasing market trend.

Vihuma®: Biotest will continue to deploy Vihuma® in 2023 in order to pursue its full-range strategy as well as to maintain its market position.

[22] MRB (2019), Biotest intenal analysis

Clinical Immunology therapeutic area

Cytotect®: Bone marrow transplants and selected areas of solid organ transplantation in all EU countries, including the UK, will form the main focus for **Cytotect® CP** Biotest in 2023. In addition, further marketing authorisation procedures outside Europe are underway or planned. A study on the use of Cytotect in gynaecology is expected to open up a further application area.

Intratect® 50 g/l (5%) and Intratect® 100g/l (10%): This preparation is successfully marketed in numerous European countries as well as further regions, and Biotest will focus on markets with high price levels.

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.

Yimmugo®: Yimmugo® was approved by the Paul Ehrlich Institute in mid-November 2022 for Germany. The first revenues with Yimmugo® in Germany were already generated in 2022. Available volumes of Yimmugo® will increase continuously over the next few years. The market launch in further European countries is planned for 2023. In addition, the product will be shipped to Saudi Arabia under a Bulk Supply Agreement.

Hepatect® CP, Zutectra® and Fovepta®: Biotest is the market leader for hepatitis B immunoglobulins. The strategy is to maintain market share in the overall diminishing 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.

Intensive Care Medicine therapeutic area

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 aims 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 2023. These are intended to support Pentaglobin's sales revenues in this therapeutic area, especially in the main markets of Germany and Italy.

Fibrinogen– congenital fibrinogen deficiency: The Phase I/III trial (No. 984) has already been completed. Marketing authorisation for this new generation of fibrinogen concentrate is being sought in conjunction with the development of Fibrinogen – acquired fibrinogen deficiency, the Phase III trial of which is still ongoing.

Fibrinogen – acquired fibrinogen deficiency due to high blood loss: At present, recruitment of patients with high blood loss during major surgery is ongoing for the Phase III trial (No. 995; ADFIRST) in the therapeutic area of acquired fibrinogen deficiency. A total of 173 patients with acquired fibrinogen deficiency have already been treated. The study was expanded in 2020 to include not only spine surgery, but also patients with high blood loss during surgery for abdominal tumour disease. The inclusion and treatment of patients will continue in 2023.

Trimodulin (IgM Concentrate): In recent years, Biotest has presented the data from the Phase II trial with Trimodulin (IgM concentrate) in the severe community-acquired pneumonia (sCAP) indication. In 2020 – due to the pandemic – development in sCAP was paused temporarily and a Phase II trial (ESsCOVID – Escape from severe COVID-19) with COVID-19 patients was set up to accelerate the development of Trimodulin in relation to the current COVID-19 pandemic. Although the primary endpoint was not met in the trial, post hoc analyses showed 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 PEI recommended continuing clinical development in a proposed Phase III trial on COVID-19. This study is funded by the German Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung, BMBF). The submissions for the Phase III trial in COVID-19 in various countries are underway. Initial approvals have been issued. The first patient treated in December 2022. The start of Phase III development in severe outpatient pneumonia (sCAP) is also being prepared currently. Again, submissions have begun in the selected countries.

B. **Plasma & Services** Segment:

The aim of the company in the Plasma & Services segment is to optimise the utilisation of the existing plasma production capacities, including toll manufacturing activities. The 2023 toll manufacturing level is expected to lie approximately 5-10 % below the level in the 2022 financial year.

D.II. RISK REPORT

As a globally operating Group in a highly advanced technology area, Biotest is subject to a variety of risk factors that could negatively impact business activities. When and where risks resulting from its business activities or external factors will materialise cannot always be foreseen and could lie partially or completely outside Biotest's control. Revenue and earnings, along with the Group's financial position and cash flows, may be negatively affected. This Risk Report describes the known risks to which Biotest is exposed, both as a Group and at segment level. At the same time, it explains how the Group handles such 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 is presented below.

D.II.1. RISK STRATEGY

As defined by the Board of Management and the 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 at enhancing its value sustainably and systematically. This is also reflected in the Board of Management's forecasts.

D.II.2. RISK MANAGEMENT AND CONTROLLING

Biotest systematically records and evaluates short-term and long-term risks. All risks with fundamental implications and a reasonable likelihood of materialising are monitored closely as far as possible. The Company's IT-supported risk management system 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 objectives of the risk management system that has been implemented are to identify and assess risks in order to enable management to control measures on the basis of risk. Furthermore, any risks identified are reduced as far as possible by involving external experts, if necessary. Lastly, the risk management system is deployed in order to evaluate the impact on the consolidated financial statements of the identified risks, and to map such risks.

Major potential risks form part 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 the management team. This covers short-term as well as medium- and long-term risks. 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 regular 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 close. 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 was conducted in the fourth quarter of 2021.

Biotest has concluded insurance policies in order 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. Recourse is also made to the experience of the Grifols Group.

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

Biotest has implemented an accounting-related internal control system that covers all the main business processes at Biotest AG and at 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.

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

Accounting and reporting at Biotest AG and at all its consolidated subsidiaries is conducted in accordance with stringent schedules and procedures, which set out all the necessary activities in detail.

The main separate financial statements of important Group companies and the 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, whose content is agreed upon on a monthly basis by the departments responsible for finance and controlling. All of the Group companies' reporting packages are subjected to the controls established in the SAP BPC consolidation software, with any differences in consolidation processes being 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 in the consolidated statement of financial position and the consolidated statement of income.

Access to accounting-related data is protected by monitoring access to the company premises (access control) and by password-secured access authorisations to the IT systems.

Both the separate and the 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 the internal audit function 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. INTERNAL CONTROLLING AND RISK MANAGEMENT SYSTEM (UNAUDITED)

The systematic and responsible management of risks and opportunities forms an important part of corporate governance for Biotest AG. Corporate governance functions / processes are implemented in accordance with the "Three Lines" model.

At the first level (1st Line), activities (including the management of financial and non-financial risks) and the deployment of resources are managed in accordance with external and internal requirements. Here, risks are to be prevented as well as recorded and reduced, and internal controls are to be defined and implemented where they can arise, in other words, at the operational level.

At the second level (2nd Line), the framework for the design of the risk management and compliance management system is set by defining corresponding specifications and frameworks for Biotest to apply in the areas of governance, compliance, systems and processes.

At the third level (3rd Line), the Internal Audit function monitors the regularity, security, appropriateness, and effectiveness of existing governance, processes, internal controls and risk management particularly by means of independent audits. This is performed as part of the risk-based annual audit plan or, in individual cases, as part of event-driven audits during the year.

The Board of Management, the Audit Committee and the Supervisory Board are informed regularly and on an ad hoc basis, in particular by the corporate governance functions such as Internal Audit, Compliance and Risk Management, about potential material control weaknesses, the effectiveness and appropriateness of the controls in place, as well as the risk situation. The Board of Management is responsible for the continuous improvement and implementation of an appropriate and effective internal control system and risk management system. The monitoring and assessment of the internal control and risk management system, including its effectiveness and appropriateness, is the responsibility of the Audit Committee and the Supervisory Board.

If necessary, measures are initiated in cooperation with the respective managers. The auditor examines the risk early warning system that is integrated into the risk management system in order to determine whether it is fundamentally suitable for identifying at an early stage any risks that might jeopardise the company as a going concern; in addition, the auditor reports to the Audit Committee and the Supervisory Board as part of the audit of the financial statements on any significant weaknesses identified in the accounting-related internal control and the risk management system.

As of the reporting date, in all material respects no indications exist of an overall inadequacy or ineffectiveness of the internal control and risk management system.

D.II.5. RISK MANAGEMENT SYSTEM FOR FINANCIAL INSTRUMENTS

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

D.II.6. RISK ASSESSMENT AND DESCRIPTION OF SIGNIFICANT RISK CATEGORIES

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 Biotest Group's net assets, financial position and results of operations. Unless stated otherwise, the risks listed below 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, whose occurrence would lead to a divergence from the planning for the current and following financial years, and long-term risks. The long-term risks represent a potential divergence from the planned business trend over the next ten years. Short-term risks are assessed by multiplying the potential negative impact on the net assets, financial position and results of operations by their estimated probability of occurrence. A distinction is drawn between the following classifications for the probability of occurrence of short-term risks:

PROBABILITY OF OCCURRENCE

Probability of occurrence	**Remarks**
0 - 5 %	Very low
5 - 10 %	Low
10 - 25 %	Moderate
25 - 50 %	High
50 - 75 %	Very high
75 - 100 %	Extremely high

As far as short-term risks are concerned, 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					
Level of damage	Very low	Low	Moder-ate	High	Very high	Ex-tremely high
> € 20.0 million	M	H	VH	VH	VH	VH
€ 5.0 to 20.0 million	M	M	H	VH	VH	VH
€ 2.5 to 5.0 million	L	M	M	H	H	VH
€ 1.0 to 2.5 million	VL	L	M	M	H	H
€ 0.2 to 1.0 million	VL	VL	L	M	M	M
€ 0.0 to 0.2 million	VL	VL	VL	L	L	L

VL = very low risk, L = low risk, M = moderate risk, H = high risk, VH = very high risk

Long term risks in the "very high risk", "high risk" and "moderate risk" categories as well as further risks classified as material in the view of the Corporate Risk Officer are prioritised twice a year by the members of the risk management function, the management team and the Board of Management with regard to their risk 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.

Both all long-term and all short-term risks are subject to a routine sustainability assessment. A Monte Carlo simulation function integrated into the risk reporting system is used for this purpose. This helps to assess risks and risk portfolios by determining, for

given probabilities (confidence levels) in a random experiment with 100,000 runs, whether risks will materialise and what damage could be expected. Potential interactions and dependencies between the individual risks are also taken into consideration. Various risk measures, such as expected values, standard deviations, Value@Risk and Conditional Value@Risk in conjunction with predefined confidence levels enable a comprehensive view of the risk portfolio.

Environmental and industry risks

Economic risks

Biotest would be unable to avoid on a sustained basis the consequences of a far-reaching, long-lasting, global recession, even if its direct effects were limited. The risk of a downturn in sales revenue could arise from lower demand and rising pressure from customers to reduce prices. A further 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 were unable to adequately hedge against default on corresponding receivables or were able to do so only at much less favourable terms. If a country's overall economic position were to deteriorate to such an extent that concerns would arise about serious consequences for its solvency and healthcare system, Biotest could be forced to discontinue deliveries to such countries in order to reduce its risk. Inflation, which has increased significantly in major markets during the 2022 financial year, could have a negative impact on business. Persistently high inflation could have a negative effect on expenses (especially for raw materials, energy and logistics). A further consequence could be a further increase in key interest rates, which would in turn could lead to higher financing expenses. The Board of Management assesses this risk as having a moderate probability of occurrence and moderate negative effect on the result of operations, net assets and financial position. For this reason, 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 by establishing longer-term supply agreements. Nevertheless, the risk remains that the volume of sales could be lower than planned, especially in the case of some tendered contracts in the Therapy Segment.

From Biotest's perspective, commercial risks continue to be 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 past few years' price trend, the risk of significant price decreases for plasma proteins has not risen. Due to significant growth in demand for polyvalent immunoglobulins in the USA as well as in Europe and some non-European countries, with at the same time limited supply, price increases can be observed in many countries.

Unpredictable political, economic and regulatory changes in some of the Company's main markets (such as in Asia and the Middle East) could exert a significant effect on sales.

Biotest identifies rising risks from increasing cost pressure in highly developed markets' healthcare sectors due to general recessionary trends. This is because countries are increasingly adopting corrective measures to reduce the cost of medicines. Manufacturer rebates and price moratoriums in Germany and Austria, as well as mandatory rebates in other European countries such as Italy, often set examples for other countries such as France or even the UK. However, temporary relaxations of these coercive measures for intravenous immunoglobulins (IVIG) due to limited product supply and tight supplies of merchandise have recently been questioned, or reversed, in some countries. As a further corrective measure, governments are endeavouring to reduce prices in their own countries by making references to countries with lower prices (so-called price baskets).

Especially in the area of haemophilia A therapy, and thereby also for plasmatic factors, healthcare systems are exerting increasing price pressure, 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 the associated risks as high.

According to the observations of the Biotest Group, demand for plasmatic coagulation factors is increasing less than for recombinant factors and for so-called non-factor preparations (such as emicizumab [Hemlibra®] and Elocta®). In some cases, these can be utilised at longer intervals and thereby more conveniently. For this reason, the use of non-factor preparations is expected to grow further over the coming years.

Further sales risks arise in the area of hyperimmunoglobulins, and especially for the CMV hyperimmunoglobulin Cytotect, given 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.

A general risk also exists 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 a litre of plasma and the Biotest Group's other cost structures could result in disadvantages in terms of the margins achievable on sales markets. The Board of Management regards this risk as moderate.

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 stop on deliveries. Furthermore, credit insurance exists for many countries and customers. The Board of Management considers the default risk relating to receivables from customers in countries subject to sanctions by the European Union, especially in the Near and Middle East, to be a high risk.

Legislative policy changes can also pose a sales market risk: in many European countries, maximum limits have been set for the use of pharmaceuticals. 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. The Board of Management regards this risk as moderate.

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. If countries modify their regulatory frameworks and bureaucratic procedures, unexpected delays could occur to market entries. In this case, Biotest endeavours to assess such risks and minimise them where necessary by making recourse to experts in the respective market. The Board of Management regards this risk as moderate.

Plasma procurement risks

Biotest requires special raw materials and excipients in order to manufacture its biological and biotechnological medicines. If these materials were to become more scarce or increase substantially in price, Biotest's ability to manufacture or to supply could be restricted. Biotest procures many of the raw 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 consequence that only a few free plasma collection centres remain that are not already owned by larger plasma manufacturers. This market consolidation increases the associated risk further and entails more significant increases in plasma prices. The establishment of our own plasma collection centres is a further measure to minimise procurement risks.

Were a shortage in the plasma supply market as well as further price increases to arise, a risk exists that Biotest would only be able to procure sufficient quantities of plasma, particularly from the USA, on terms that are no longer economically viable. This could lead to underutilisation of the old production plant and the new Biotest Next Level plant and thereby to vacancy costs.

As only products made from US plasma may be sold on the US market, US plasma is mandatory for this purpose. Due to a potential 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 endeavours to secure the plasma volumes it requires through long-term supply contracts, and also enters into long-term partnerships in order to secure access to plasma (especially in the USA) (see B.III.1. Partnerships). Furthermore, the possibility exists that Biotest will again purchase plasma from Grifols plasma centres in the USA, as in the past. If Grifols were to become a distributor of Yimmugo® in the USA in the future, it is possible that Grifols would then provide Biotest with the requisite volume of US plasma.

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 level 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 some of its sales revenues via tender business. In certain countries, such business 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 some countries could negatively impact business relationships and business prospects. These could include currency export restrictions, or import and export

bans, which could jeopardise business relationships between Biotest and typically government-run institutions in such countries.

The situation in many Middle Eastern countries failed to stabilise in 2022. As Biotest is represented in these countries, it is thereby exposed to greater risk. A further 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 endeavours to minimise such difficulties through intensive contact with its banks and by explaining the underlying transactions. Biotest continuously monitors all political risks. The potential economic consequences of a materialisation of such risks are analysed closely in order to implement appropriate measures.

In 2022, the new US administration failed to reach an agreement with Iran on a resumption of the nuclear deal, so that tighter US sanctions continue to apply unchanged. Moreover, the domestic political situation in Iran has once again worsened considerably. At Biotest, both developments have a negative impact on the recoverability of recognised assets in a mid double-digit amount in millions of euros, of which € 20.7 million relates to trade receivables from business relationships with customers in Iran. These could also lead to a complete termination of business relations. The Board of Management does not rule out the possibility that the situation may deteriorate in the short term as a consequence of the domestic political situation in Iran or US sanctions.

In June 2018, a constitutional amendment came into force in Turkey. This amendment significantly expanded the power of the President and abolished the office of the Prime Minister. The economic and financial situation is unstable and characterised by sharp fluctuations in the Turkish lira exchange rate. This could lead to income losses in a low double-digit amount in millions of euros for Biotest over the next ten years.

Russia's attack on Ukraine is exacerbating the geopolitical risk situation. For this reason, a risk exists that sales revenues 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. Furthermore, the disruption of Russian supplies could lead to a significant gas shortage that cannot be fully mitigated by measures taken. Likewise, a possibility exists that expenditures for energy will continue on a negative trend. For this reason, even production interruptions in 2023 cannot be completely ruled out.

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 the construction of new production capacities in 2013.

As part of the Biotest Next Level project, the production process is being transferred from the current production facility, from the pilot production plant (Clinical Manufacturing Plant (CMP)) to a larger scale for later commercial production (scale up). 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.

For the production of the first product, Yimmugo® (IgG Next Generation), from the new production facility, regulatory approval for Germany was granted in November 2022.

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 competent 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, such as due to pandemic-related supply bottlenecks at external contractual partners or due to staff shortages, the possibility of a value adjustment of the Biotest Next Level plant might not be ruled out. As 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. The risk exists that a previously assumed therapeutic effect may not be confirmed or that unexpected medical risks will negatively impact the benefit/risk relationship. As 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 forecast accurately – unexpected additional costs and longer development times could arise. The COVID-19 pandemic in particular and the strained situation in clinical trials centres have made delays in clinical development more likely. Changes in the market environment, in particular competitive developments, as well as 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 provide evidence of the additional benefits of new products compared to current products, or to demonstrate economic health benefits, are playing an increasingly important role in drug development. These benefits must be proven as early as possible during the product development stage, otherwise a high risk exists that the Company will be unable to obtain a sufficiently high price on the market to cover its development costs.

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 severe community acquired pneumonia (sCAP), as the coronavirus has been added to the known pathogens of sCAP. This provides an opportunity to accelerate Trimodulin development with the new indication COVID-19. However, the fourth quarter of 2022 showed that COVID-19 infection patterns have changed in comparison to previous infection waves. At least in Europe, fewer severe waves are evident, so recruitment in the ES-COVID trial is much slower than expected.

Moreover, study design and implementation for pneumonia caused by other pathogens acquired outside the hospital is becoming 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 are leading to greater development risk.

This represents both an additional opportunity in the use for therapy of COVID-19 patients and some risk with respect to the planned development for therapy of acquired pneumonia.

In the Biotest Next Level project, the Yimmugo® (IgG Next Generation), Trimodulin and Fibrinogen development projects were advanced simultaneously with the construction, approval and commissioning of the new plant. Yimmugo® received approval in the first indications in mid-November 2022, but is still being developed in one additional indication. The high complexity associated with the construction, qualification and commissioning of the new plant requires particularly close control and monitoring of product development and approval 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 part of the carrying amount of this plant having to be written down. 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. As 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. Development risks are systematically recorded, monitored and managed as part of long-term risk management.

Performance-related risks

Process and production risks

Process and production risks can arise if efficient and environmentally compatible service provision were to be impaired by inefficient structures and production processes as well as by natural hazards. Personnel risks in production arise from potential deliberate or accidental misconduct by employees that could negatively affect production efficiency or safety. The Board of Management regards this risk as moderate.

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. Potential risks are countered by adopting extensive and precisely documented standards and operating procedures as well as regular staff training. A further risk is posed by changes in regulatory requirements, the implementation of which necessitates technical developments.

Supplier relationship risk

A risk exists that individual business or cooperation partners may fail to meet their obligations properly, or that they 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.

In 2022, global shortages arose of raw materials, preliminary products and transport capacities. Production bottlenecks at suppliers could also arise due to COVID-19 infections or disruptions to international supply chains. Furthermore, many upstream suppliers are facing significantly higher demand from vaccine manufacturers, and especially in Asia, which could lead to capacity bottlenecks. Biotest took potential supply bottlenecks into account by setting up a task force at an early stage in the pandemic in 2020 in order to regularly monitor the supply situation and proactively initiate appropriate measures. This also includes greater stockpiling in some areas, close dialogue with suppliers and the evaluation of alternative sources of supply.

In addition, the Biotest Group is exposed 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 being unable 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 is of the opinion 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

A very low risk exists 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. Potential 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 are 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, such as a batch recall. 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. For this reason, the contamination of end products is highly unlikely.

Compliance and legal

In its business activities, Biotest encounters risks arising from both civil and public law.

The risk exists of corruption in competing for supply contracts and in procurement. Employees could 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 the 2022 financial year. The Corporate Compliance Officer is a member of the Company's important decision-making bodies.

The international compliance system was further expanded in close cooperation with the Compliance, Legal and Information Technology departments. Compliance processes continued to be developed in 2022, primarily through the ongoing implementation of an electronic compliance review process and the further expansion of existing training and testing systems.

Transactions with healthcare professionals (in other words, doctors, pharmacists and registered nurses) that may involve compliance risks are subject to the prior written approval of the Compliance Department. Furthermore, the Compliance Department reviews supporting documentation for invoices from this area. 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. In 2022, the Biotest Group Compliance Officers continued to exchange information on activities and work results in their countries during conference calls held several times a year.

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 area. 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 managers of Group companies may only engage in business transactions with a material effect on the Group's net assets, financial position and results of operations or the Group's risk position with the prior approval of the Group's management.

The compliance management system is reviewed regularly for its appropriateness and effectiveness by the Internal Audit department. The last audit was conducted in the first quarter of 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 proceedings are based on the allegation of a coordinated strategy by the companies mentioned to limit or stop the supply of immunoglobulins to Romania. Most recently, the authority issued a fine notice against Biotest, against which Biotest is taking legal action. Biotest considers the allegations to be unfounded. For this reason, Biotest considers the risk of a financial penalty from these antitrust proceedings to be low.

Due to Biotest's activities in many countries with above-average risks of corruption and other white-collar crime, compliance and legal risks are classified as medium risks.

Personnel risks

Further risks include the possibility that Biotest will not be in a position to retain employees in key positions or to find suitable candidates for such positions. Biotest addresses 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 utilising an integrated standard business software package, the SAP ERP Business Suite, since 2008. Business data security and business continuity rank as 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. 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. Key systems (such as SAP and 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

Interest rate risks exist for the variable interest liabilities, as the interest cost can change due to changes in the agreed market interest rate. Changes in interest rates can have both a positive and a negative impact on earnings, although at present a much greater likelihood exists of further interest rate increases and thereby further negative effects on earnings. As far as investments in listed companies are concerned, changes in stock market prices can have both a positive and a negative impact on earnings. At present, interest rate risks are not hedged, although market interest rate changes are continuously monitored in order to be able to take countermeasures if necessary. The Board of Management considers the interest rate risk to be moderate.

As an international Company, Biotest conducts business in various currencies. Changes in exchange rates create opportunities and risks for the business results of Biotest. The risks are determined centrally and appropriate measures are derived to control them. Currency risks are hedged, as far as reasonable and possible, by deploying derivative financial instruments such as forward exchange contracts. As a general rule, already executed underlying transactions are hedged. Sales in US dollars continue to be offset by purchases in the same currency (natural hedging). However, despite these measures, a massive devaluation of individual currencies could affect the consolidated results. For this reason, potential currency risks are monitored continuously, and appropriate hedges are entered into where necessary. The Board of Management considers the currency risks to be moderate risks.

Financing risk

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 five-year term for a volume of € 240 million. In addition, an existing loan was increased from € 30 million to € 44 million and the term extended. Biotest AG is dependent on the fact that financial liabilities that fall due can be refinanced, if necessary, and that existing financing commitments are adhered to. If reliable and timely financing cannot be guaranteed, solvency could be jeopardised. With three significant financing modules – a subordinated shareholder loan of

€ 290.0 million, the financing contract concluded in 2019 and a financing commitment from Grifols – Biotest has diversified its financing structure in a balanced manner. Biotest AG has a stable financing basis until the end of 2024. The financing agreement concluded in 2019 includes a financial covenant that is to be met. If this covenant is not met, the financial parties have the right to terminate the agreement early. Additional ongoing efforts in working capital management are strengthening the Company's internal financing power. In addition, at the end of December 2022, the Biotest Group had cash in hand and bank balances in the amount of € 116.6 million, from which the current business and upcoming investments are financed. To cover additional liquidity required in 2023 and as a liquidity reserve, Biotest agreed a further shareholder loan of up to € 147 million in March 2023.

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

Other risks

Risks due to side effects or interactions of the pharmaceutical products

Unexpectedly severe, more frequent or to date 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 refer to drug monitoring and drug safety. Core elements of the PVS encompass 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 each international subsidiary of Biotest to employ a local contact for pharmacovigilance and each cooperating partner to 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 Standard Operating Procedures (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 through 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 most stringent international criteria of Good Manufacturing Practice (GMP) and ensures, largely through its Manufacturing, Quality Assurance (QA) and Quality Control (QC) departments, that safety-relevant defects remain very rare exceptions. In conjunction with the pharmacovigilance system (PVS), the most rapid 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 conducted 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 risky quality defect 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 directed by 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, such as repeated occurrence, can quality defects lead to the withdrawal of approval. Nevertheless, the costs of a recall limited to certain batches can also incur considerable costs.

In 2022, a recall was implemented for Albiomin® which affected six countries. After issuing a limited extent of credit notes to the distributors affected, no legal risks have arisen from the recall. The financial impact of recall measures is likely to increase in parallel with the growing 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 revenue 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, most recently in September 2018 by the Paul Ehrlich Institute in the context of the Medicinal Products Act (Arzneimittelgesetz, 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. For this reason, 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 previous years' tax audits. This would be the case if the fiscal authorities were to assess tax items in a different manner to the accounting policies 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 represent 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 identifies 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. Furthermore, the spreading of this virus could lead to the closure of plasma centres or negatively impact the population's willingness to donate plasma, as well as employee health and availability for work.

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

Appeals or government orders to restrict contact as well as social distancing measures could reduce the opportunity for plasma donation and lead to a reduction in the capacity of plasma collection centres. This could lead to a significant decrease in the supply of the raw material blood plasma and 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.

It is possible 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.7. GENERAL STATEMENT ON THE GROUP'S RISK POSITION

Due to the effects of the COVID-19 pandemic, the plasma procurement risk for Biotest has risen further. In addition, Russia's attack on Ukraine has exacerbated political risks. Furthermore, in the Board of Management's opinion, 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. Over the next twelve months, Biotest AG will seek financial support from its main shareholder Grifols, S.A., Barcelona, Spain, in order to ensure accelerated development activities and the start-up of the Biotest Next Level facility. 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 in the 2022 financial year, with the exception of the circumstances described above. At present, no discernible risks exist that could jeopardise the Biotest Group as a going concern.

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 form 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. Potential 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

An extension of use for current products or development projects in additional indications could result in further marketing potentials 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 potentials also arise 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 thereby 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 implemented.

D.III.2. OPPORTUNITIES ARISING FROM THE CORPORATE STRATEGY

Biotest and Grifols are in regular discussions with the aim of optimising the commercial strategy and optimally driving the international expansion of the business.

Competitive advantages and consequently 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 derive from productivity enhancement and the doubling of production capacities which are planned as part of the Biotest Next Level project, with a special focus on the marketing authorization and sale of these new products in the important US market. If Grifols were to become a distributor of Yimmugo® in the USA in the future, it is possible that Grifols would then provide Biotest with the necessary volume of US plasma.

In addition, hyperimmunoglobulins are an opportunity for Biotest to extend application to further indications or to generate sales revenues in additional countries. The selection depends on the requirements of the market and the regional conditions.

A further priority is the consistent focus on customer segments such as transplantation. In partnership with leading experts in the transplantation area, the use of Cytotect® CP Biotest, Hepatect® CP, Zutectra®, Varitect® CP and Pentaglobin® form the focus area in this context.

D.III.3. PERFORMANCE-RELATED OPPORTUNITIES

Biotest has invested heavily in expanding its resources and expertise in the areas of drug development and marketing authorisation in recent years. In addition, the Group is moving into a new dimension by doubling its production capacities. 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 potentials will continue to be leveraged especially in order to conduct research and development projects more quickly and cost-effectively and to enhance production efficiency.

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

Grifols welcomes and supports Biotest in its intention to accelerate the 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, opportunities are again arising from the possibility of obtaining, via Grifols US, plasma from the group's own plasma collection centres. As the marketing of plasmatic therapeutics in the USA and other markets is only possible on the basis of products manufactured from US plasma, the procurement of US plasma forms the basis for access to the lucrative US market.

The market potential of the new Biotest products increases many times over with Grifols as a partner. The availability of the raw material blood plasma as well as the purification capacities are crucial in this context. Grifols' greater commercial reach as well as faster scalability play a decisive role in this context. As the new products' market potential exceeds Biotest's production and plasma collection capacities, a collaboration with Grifols, such as in the context of out-licensing or through a faster start-up of the new Biotest Next Level facility, offers the opportunity to leverage greater commercial potential from the products. This also offers Biotest AG opportunities to participate in additional sales revenues.

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

Biotest sees significant opportunities in the greater productivity and of capacity expansion as part of Biotest Next Level and in the enhancement of the product portfolio. Opportunities are also identified in relation to Biotest's plasma collection activities in the USA with the acquisition by Grifols, S.A. Moreover, the partnership with Grifols offers great opportunities to jointly generate significantly higher sales revenues for the new products Trimodulin and Fibrinogen due to higher production capacities and a stronger market presence. Biotest could participate in these through additional product sales or royalties. The assessment of the short-term, medium-term and long-term opportunities has not changed significantly compared with the previous year.

E. GROUP DECLARATION PURSUANT TO SECTIONS 315D / 289F HGB

Biotest AG is a public limited company 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 Sections 315d / 289f of the German Commercial Code (Handelsgesetzbuch, HGB) in its current version can be downloaded from the Company's website (www.biotest.com).

F. GROUP DECLARATION REGARDING NON-FINANCIAL INFORMATION PURSUANT TO SECTIONS 315C / 289C 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's website (www.biotest.com).

G. TAKEOVER-RELEVANT INFORMATION PURSUANT TO SECTIONS 315A / 289A HGB

The subscribed capital of Biotest AG amounts to € 39,571,452.00 in accordance with the Articles of Association (reporting date: 31 December 2022). 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.

On 25 April 2022, Grifols, S.A., Barcelona, Spain, notified Biotest pursuant to Sections 33 (1), 34 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that Grifols, S.A. indirectly held 96.20 % of the ordinary shares and thereby of the voting rights of Biotest AG. On 2 May 2022, Grifols, S.A. announced pursuant to Section 23 (2) Sentence 1 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG) that Grifols, S.A. had indirectly acquired an additional 0.94 % of the voting rights of Biotest AG. As a consequence, Grifols, S.A. indirectly holds a total of 97.14 % of the voting rights of Biotest AG. The voting rights of Biotest AG are held directly by Grifols Biotest Holdings GmbH, Munich (formerly Tiancheng (Germany)) Pharmaceuticals Holdings AG, which is controlled by Grifols, S.A., and attributed to Grifols, S.A. pursuant to

Section 34 WpHG. As a consequence, Biotest AG is indirectly controlled by Grifols, S.A., Barcelona, Spain (reporting date: 31 December 2022).

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) WpHG that it had entered into a purchase agreement on the same date, subject to conditions, and acquired instruments pursuant to Section 38 (1) Sentence 1 No. 2 WpHG which at maturity confer the right to acquire 89.88 % of the ordinary shares and thereby of the voting rights. Grifols, S.A. has entered into this share purchase agreement for the acquisition of all shares in Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, an indirectly controlled subsidiary of Creat Group Co. Ltd, Nanchang, People's Republic of China, (Creat), which at that time was the principal shareholder of Biotest AG. On 17 September 2021, Grifols, S.A. also announced that it would submit a voluntary public takeover offer to the outside shareholders of Biotest AG.

Grifols, S.A. published the offer document for its voluntary public takeover offer to all shareholders of Biotest AG on 26 October 2021.

As of 31 December 2022, the Board of Management was not aware of any further 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 (Aktiengesetz, AktG) and Section 7 (2) of the Articles of Association. In accordance with Section 179 (1) 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 their wording 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 AktG.

At present, no authorisation exists to acquire treasury shares pursuant to Section 71 (1) Sentence 8 AktG (reporting date: 31 December 2022). 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 utilised. Section 4 (5) of the Articles of Association was cancelled and reworded as follows: "The Board of Management shall be authorised, with the approval of the Supervisory Board, until 6 May 2024, to increase the Company's share capital by issuing new bearer shares and / or issuing new bearer preference shares without voting rights against cash capital contributions and / or non-cash capital contributions, once or on several occasion, by up to € 19,785,726.00 (Authorised Capital). The authorisation shall include 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 shall be entitled to a subscription right. The subscription right may also be structured in whole or in part as an indirect subscription right in the meaning of Section 186 (5) Sentence 1 AktG. The Board of Management shall also be authorised to determine the further details of the implementation of capital increases from authorised capital." In addition to the above amendment to 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 utilised, including not in part.

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 that have been concluded. The right of termination is excluded for a 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 early as a consequence 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.

No entitlement exists if the Board of Management employment contract is terminated on good grounds, or due to 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.

H. NOTES TO THE FINANCIAL STATEMENTS OF BIOTEST AKTIENGESELLSCHAFT (HGB)

The following information relates to the parent company Biotest AG. The information provided in this section supplements the information provided in the preceding sections.

H.I. THE COMPANY'S BUSINESS MODEL

As the parent company of the Biotest Group, Biotest AG is an internationally active supplier of biological drugs. Products 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. In addition, the Company markets free capacity as part of toll manufacturing.

Biotest AG conducts research and development work in all three therapeutic areas, mainly on behalf of its subsidiary Biotest Pharma GmbH.

H.II. CORPORATE STRUCTURE

Biotest AG is a public limited company under German law; the Company's registered office is located in Dreieich, Germany. The shares of Biotest (both the ordinary and the preference shares) have been listed on the stock exchange (XETRA, Frankfurt am Main) since 1987, and the preference shares are also listed in Deutsche Börse's Prime Standard. In addition, the securities are traded on further German regional stock exchanges.

As the parent company, Biotest AG is managed and controlled by the Board of Management and the Supervisory Board in accordance with the dual control principle established in Germany. In accordance with the Company's Articles of Association, the Board of Management may consist of one or more individuals. It works closely with the Supervisory Board, which regularly advises and monitors the Board of Management in its management of the Company. At the end of the 2022 financial year, the Board of Management consisted of four persons. The contract of the Chief Executive Officer and Chief Financial Officer, Dr. Michael Ramroth, runs until 31 December 2023. The contract of Dr. Jörg Schüttrumpf (Board of Management member responsible for Science and Medicine) ends on 31 December 2024. The contract of Mr. Peter Janssen (Chief Operations Officer) ends on 31 August 2025. Dr. Georg Floß stepped down as Chief Operations Officer with effect as of 8 January 2023. With effect as of 15 February 2023, the Supervisory Board of Biotest AG appointed Ms. Ainhoa Mendizabal to the Management Board as Chief Financial Officer.

The Supervisory Board of Biotest AG comprises six individuals; four of these are elected by the Annual General Meeting, and two by employees. The Supervisory Board has formed two committees in order to enhance its efficiency.

The Audit Committee is responsible for monitoring the financial accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, as well as the audit of the financial statements, in particular the selection and independence of the auditor and the additional services provided by the auditor. The Personnel and Remuneration Committee deals with issues relating to Board of Management contracts and remuneration.

With effect from 1 January 2015, Biotest AG concluded a control and profit and loss transfer agreement with Biotest Pharma GmbH, Dreieich. The agreement may be terminated by giving one year's notice as of the end of the controlled company's financial year. This right of termination had not been exercised as of 31 December 2022.

In addition, an operating lease agreement exists with Biotest Pharma GmbH, which transferred the right to use the facilities of Biotest Pharma GmbH, as well as the approvals and processes for the manufacture of plasmatic products, to Biotest AG by way of leasing and licensing. Biotest Pharma GmbH remains the owner of the facilities and buildings as well as the drug marketing authorisations, and continues to act as the party responsible in the meaning of the German Drugs Act (AMG). Contracts have been concluded between Biotest Pharma GmbH and Biotest AG for the implementation of investments in production facilities, for research and development work and for the management of Biotest Pharma GmbH.

H.III. HUMAN RESOURCES

As of the year-end, Biotest AG employed 1,489 individuals in 1,435 full-time equivalent (FTE) positions. Compared to the previous year, 152 full-time equivalents reflects an increase of 11.8 %.

H.IV. FINANCIAL PERFORMANCE INDICATORS

Due to its operating activities as well as its holding function and continued loss-making position, revenue as reported on the basis of the German Commercial Code (HGB) represents a significant control parameter for the annual HGB financial statements of Biotest AG. Profitability is managed on the basis of the Group's IFRS figures.

H.V. RESEARCH AND DEVELOPMENT (GENERAL)

The research and development costs of Biotest AG amounted to € 48.3 million in the 2022 financial year (previous year: € 50.4 million). As far as Biotest AG as the parent company is concerned, the research and development costs for most development products are passed on to its subsidiary Biotest Pharma GmbH. The company employed an average of 222 people in the research and development area in the financial year under review (previous year: 221).

H.VI. TARGETS 2022: FORECAST-ACTUAL COMPARISON

For the 2022 financial year, the Board of Management aimed to maintain the revenue level of 2021 (this relates to the revenue reported in the HGB annual financial statements), but did not rule out a 5-10 % decrease in revenue. The geopolitical risks in connection with the war in Ukraine that were still being evaluated in the 2021 financial statements did not materialise to the extent expected. In November 2022, a potential widening of losses to a range of between € -40 million and € -60 million was ruled out.

Biotest AG generated revenue of € 517.5 million in the financial year under review (previous year: € 513.5 million). This corresponds to an increase of 0.8 %, so that the target of maintaining the previous year's revenue level was achieved.

EBIT amounted to € -38.9 million as of the reporting date.

H.VII. RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

H.VII.1. BUSINESS SITUATION

Biotest AG generated revenue of € 517.5 million in the financial year under review with internal and external business partners (previous year: € 513.5 million). Despite a slight decrease in revenue from € 440.1 million to € 438.3 million in the "Therapy" core business area, this area remains the most important driver of sales revenue.

In the Plasma & Services business area, revenue increased slightly by 0.6 %, from € 54.0 million to € 54.3 million. The company generated revenue of € 24.9 million (previous year: € 19.4 million) from merchandise and services in the financial year under review, which mainly derived from costs passed on to Biotest Pharma GmbH for research work performed and services rendered in connection with the Biotest Next Level project.

Revenue generated in Germany grew by € 14.6 million to reach € 174.7 million in the financial year under review (previous year: € 160.1 million). Outside Germany, the revenue of Biotest AG of € 342.8 million generated across all divisions stood € 10.5 million below the previous year's level (€ 353.3 million). While revenue grew in the North and South America region (+52.1 % to € 6.0 million) and in the Middle East and Africa region (+6.9 % to € 105.5 million), revenue in the Europe (-4.8 % to € 214.3 million) and Rest of Asia and South Pacific (-33.4 % to € 17.0 million) regions was below the previous year's level.

H.VII.2. RESULTS OF OPERATIONS

In addition to the operating activities of Biotest AG, the trend in the results of operations also reflect the holding function performed for the Group. This is reflected in currency effects, cost allocations as well as net interest and investment income.

With an improved operating result, the Company posted a net loss before income taxes of € -43.3 million in the financial year under review, following a loss before taxes of € -66.6 million in the same period of the previous year. EBIT increased by € 28.5 million to € -38.9 million (previous year: € -67.4 million). EBIT in the previous year was negatively impacted by an impairment loss € 40.6 million applied to plasmatic clotting Factor VIII, whereas in the year under review only € 19.5 million of depreciation was applied to Factor VIII inventories. Accordingly, the EBIT margin (ratio of EBIT to revenue) improved from -13.1 % in the previous year to -7.5 % in the reporting period.

Other operating income rose by € 7.7 million year-on-year to € 34.0 million, mainly due to the reimbursement of research costs of € 15.3 million (previous year: € 2.2 million). In the year under review, the Company realized gains on the sale of shares held in trust amounting to € 2.7 million (previous year: € 0.0 million). In addition, the Company recorded extraordinary income from a supplier's compensation payment in the amount of € 0.5 million, from the derecognition of liabilities in the amount of € 0.9 million and from a compensation payment in the amount of € 0.6 million for the non-realisation of a distribution contract. In the fear under review, this was not offset by any income from writing up financial assets that had been written down in previous year (previous year: € 5.3 million).

The cost of materials was higher than in the previous year, rising by 4.1 % from € 257.7 million to € 268.2 million. In contrast to the previous year, inventories increased in the financial year under review. The change in inventories amounted to € 40.2 million as of the reporting date (previous year: € -12.0 million).

Personnel expenses rose from € 132.2 million in the previous year to € 152.2 million in the reporting year, mainly due to the higher number of employees. This includes extraordinary expenses from the payment made to the workforce to compensate for the effects of inflation (€ 2.2 million) in accordance with statutory requirements.

Other operating expenses increased by € 46.1 million to € 207.5 million (previous year: € 161.4 million). This increase is particularly due to a € 12.0 million higher level of allowances for receivables. Lease and license expenses from the operating lease agreement with the subsidiary Biotest Pharma GmbH increased by € 6.3 million, foreign exchange losses by € 1.9 million and expenses for repairs by € 1.6 million compared to the previous year. In addition, other operating expenses in the reporting year include extraordinary expenses from a compensation payment to a foreign distributor (€ 1.3 million).

The financial result of Biotest AG deteriorated by € 5.2 million compared to the previous year and shows a loss of € 4.4 million for 2022. This change is mainly due to the € 9.8 million decrease in profit transfers compared to the previous year. Offsetting this, income from participating interests increased by € 0.9 million and income from loans by € 2.0 million. As in the previous year, the net interest expense of € -26.2 million (previous year: € -27.9 million) was mainly affected by interest expenses for loans.

The net result for 2022 improved from € -66.5 million to € -43.4 million. In addition to the effects from ordinary business activities, this figure includes non-recurring income of € 17.2 million and non-recurring expenses of € 12.8 million.

H.VII.3. NET ASSETS

The total assets of Biotest AG grew from € 982.1 million to € 1,093.8 million in the financial year under review. With a carrying amount of € 487.7 million in the financial year under review (previous year: € 469.1 million), financial assets account for a significant share of around 45 % of total assets. The increase in financial assets reflects a year-on-year higher level of loans to Biotest Pharma GmbH, to Plazmaszolgálat Kft., as well as to Biotest UK Ltd. due to loans granted.

In the Company's current assets, total inventories amounted to € 317.2 million as of 31 December 2022, up 27.2 % on the previous year's level of € 249.2 million. The accumulation of inventories serves to secure market supplies in the 2023 financial year.

Trade receivables due from third parties and participating interests increased by 7.2 % to € 136.5 million. These include major long-term contracts with contractual partners based in countries that are subject to sanctions. Some of these receivables have longer payment terms and are generally subject to foreign exchange restrictions and foreign currency risks. Receivables due from affiliated companies included in this item decreased by € 4.2 million to € 28.5 million. The reduction mainly reflects the year-on-year lower level of profit transferred under the profit and loss transfer agreement with Biotest Pharma GmbH.

Other assets of € 13.9 million were up on the previous year's level of € 11.5 million. The increase is mainly due to the sale of shares held in trust. At € 2.2 million, receivables from tax authorities for VAT remained at the previous year's level (previous year: € 2.5 million).

The Company's cash and cash equivalents amounted to € 125.9 million at the end of the financial year under review (previous year: € 111.3 million). The increase is mainly due to cash inflows from financing activities.

Provisions for pensions increased from € 94.3 million in the previous year to € 105.0 million in the financial year under review. This is mainly due to the change in the discount rate and the adjustment of the pension trend. Other provisions increased from € 33.4 million to € 54.3 million and mainly relate to provisions for outstanding invoices for goods and services and profit-sharing.

Liabilities to banks remained at the previous year's level of € 2.0 million in the reporting year (previous year: € 2.0 million). Liabilities to affiliated companies increased to € 358.9 million (previous year: € 348.4 million). The increase is mainly related to the increase in liabilities from cash management with affiliated companies and the accrual of current interest for the shareholder loan granted by Grifols Biotest Holdings GmbH, Frankfurt am Main, Germany, in the nominal amount of € 290 million.

The trade payables of Biotest AG also decreased by 17.1 % from € 22.6 million in the previous year to € 18.7 million as of the end of the financial year under review, reflecting factors relating to the balance sheet date.

Other liabilities increased from € 187.9 million in the previous year to € 305.3 million as of the balance sheet date. The increase is mainly due to the drawing of the fourth tranche of the financing facility arranged in the 2019 financial year. The amount of € 225.0 million drawn down as of 31 December 2022 is reported under other liabilities (previous year: € 125.0 million). Other liabilities also include a loan and the related accrued interest in the amount of € 44.3 million (previous year: € 30.3 million), which was extended by a business partner and matures in the financial year 2029.

In the coming financial year, the Company also expects to incur other financial commitments of € 357.7 million. These expenses comprise purchase commitments under plasma supply agreements (€ 267.9 million), lease and license expenses under the operating lease agreement with the subsidiary Biotest Pharma GmbH (€ 73.4 million), commitments under toll manufacturing (€ 6.2 million) and the supply of intermediates (€ 5.3 million), as well as leasing and rental obligations (€ 4.9 million).

H.VII.4. FINANCIAL POSITION

As the parent company, Biotest AG performs the main financing function for the Biotest Group. The Company's equity ratio is 7.1 percentage points lower than in the previous year (29.9 %) and amounts to 22.8 % as of the end of the financial year under review. The decrease in the equity ratio reflects the net loss for the financial year and the associated reduction in equity, with a simultaneous increase in total assets.

Financial debt and credit lines

Biotest is financed by a subordinated shareholder loan from Grifols Biotest Holdings GmbH, Frankfurt am Main (formerly Tiancheng (Germany) Pharmaceutical Holdings AG, Munich), Germany, in the nominal amount of € 290 million, which plus accrued interest matures no earlier than 2 January 2025.

In addition, Biotest signed a financing agreement with five-year term for a volume of € 240 million on 24 June 2019. The financing agreement was executed on 2 July 2019 and drawn down in the amount of € 225 million (previous year: € 125 million) as of 31 December 2022. This credit agreement includes a financial covenant to be complied with, which Biotest monitors on a monthly basis. Restrictions apply in particular with regard to the sale and collateralisation of assets. As of the balance sheet date, the Company is in compliance with this financial covenant.

For collateralisation purposes, the Biotest Group has arranged for the registration of a senior land charge totaling € 240.0 million on the real estate assets located in Dreieich. The real estate assets provided as collateral by the Biotest Group have an IFRS carrying amount of € 194.0 million as of the balance sheet date (previous year: € 202.5 million). The shares in Biotest Pharma GmbH, Dreieich, were pledged in full.

To cover further financing needs in 2023, Biotest AG and Grifols Worldwide Operations Limited, Dublin, Ireland, entered into a financing agreement in the amount of € 147 million on 7 March 2023.

Cash flows

At € -69.7 million, cash flow from operating activities in the financial year under review was lower than in the same period of the previous year (€ -23.7 million) and thereby deteriorated. The net loss for the year amounts to € -43.3 million. In the previous year, a net loss of € -66.7 million was incurred. Inventories increased by € 67.9 million (previous year: decrease of € 2.1 million), and trade receivables and other assets increased by € 5.5 million (previous year: € 35.8 million).

At € -20.7 million (previous year: € 11.1 million), cash flow from investing activities was below the previous year's level. Investing activities in the area of property, plant and equipment and intangible assets resulted in payments of € 2.1 million (previous year:

€ 1.9 million). Payments for intercompany loans increased to € 18.5 million in the financial year under review (previous year: € 5.4 million).

Cash flow from financing activities amounted to € 105.0 million (previous year: € 42.5 million). The most significant cash inflow from financing activities resulted from the payment received in connection with the utilisation of a further tranche of external financing in the amount of € 100 million. The dividend payments amounted to € 0.8 million (previous year: € 0.8 million).

H.VIII. GENERAL STATEMENT BY THE BOARD OF MANAGEMENT REGARDING THE RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

In the financial year under review, Biotest AG generated revenue of € 517.5 million (previous year: € 513.5 million) and a loss before interest and taxes (EBIT) of € -38.9 million (previous year: € -67.4 million). Total assets increased to € 1,093.8 million as of 31 December 2022 (previous year: € 982.1 million). The equity ratio of Biotest AG amounts to 22.8 % as of 31 December 2022, reflecting a year-on-year decrease of 7.1 percentage points.

The Company was able to meet its payment obligations at all times during the past financial year. Over the next twelve months, Biotest AG will seek financial support from its major shareholder Grifols, S.A., in order to ensure accelerated development activities and start-up of the Biotest Next Level facility.

H.IX. PROPOSED APPROPRIATION OF EARNINGS

The Board of Management and the Supervisory Board propose to carry forward to a new account the net loss of € -43,357,903.35 reported in the financial statements of Biotest AG as of 31 December 2022. In the absence of unappropriated net profit, no dividend distribution for preference and ordinary shareholders will be proposed to the Annual General Meeting.

If no dividend is paid on preference shares in one year, a dividend is to be paid in the following year. If no dividend is paid for a second year, the preference shares will be granted voting rights at the 2024 Annual General Meeting (cf. Section 140 (2) AktG).

H.X. SUPPLEMENTARY REPORT

Please refer to our comments in section D 10 “Events after the balance sheet date” in the notes to the consolidated financial statements.

H.XI. FORECAST, RISK AND OPPORTUNITY REPORT FOR THE COMPANY

Expected business performance and results of operations

For the 2023 financial year, the Board of Management is aiming for revenue growth in the mid single-digit percentage range compared with 2022.

In principle, the Company is exposed to the risk that the net profit for the year may be adversely affected by event-driven write-downs of the carrying amounts of its subsidiaries. The Board of Management regards this risk as high.

In addition, the risks, opportunities and forecasts made for the consolidated financial statements are also indicative of the expected trend for Biotest AG and are as follows on a summarised basis:

For the 2023 financial year, the Board of Management is aiming for revenue growth in the upper single-digit percentage range compared with 2022. This revenue growth is supported by the launch of the new immunoglobulin Yimmugo® product and the expansion of manufacturing capacity at this production facility. The Board of Management does not expect any immediate negative effects from Russia’s invasion of Ukraine. However, it does not rule out negative revenue and earnings developments as a consequence of potential cyclical reductions in demand and country-specific savings in the healthcare sector. Production interruptions may also still occur in 2023 due to a lack of or late availability of plasma volumes, particularly from the USA, replacement parts failing to arrive to schedule, or staffing shortages. Biotest expects that earnings in 2023 will be negatively impacted by various factors. In addition to the higher level of R&D expenses and the ongoing costs from the start-up and ramp-up of the

Biotest Next Level plant amounting to between € -30 million and € -40 million, a potential recession, the effects of the COVID-19 pandemic that were evident in China at the beginning of 2023, as well as supply shortages, could also exert a negative effect on earnings. Moreover, prices for electricity, gas and oil have risen sharply in recent months, and at present it is difficult to forecast the trend in energy prices for 2023 as a whole. Prices for other important operating materials for Biotest, such as ethanol, have also risen by between 15 % and 25 % as of the end of February 2023. The estimation of the further cost trends is subject to a high level of forecasting uncertainty.

Given the above factors, the Board of Management expects EBIT to lie between € -20 million and € -15 million. As a consequence, the Board of Management expects the return on capital employed (ROCE) for 2023 to be slightly better than in 2022, with continued significantly negative cash flow from operating activities below the previous year's level.

Expected financial position and net assets

The Biotest Group endeavours 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 and will continue to use the majority of the cash and cash equivalents received in recent years for the Biotest Next Level project in order to secure the ramp-up of the new production facility and to ensure the requisite raw material supplies of plasma. For the 2023 financial year, capital expenditure by the Biotest Group in a volume of approximately € 50 million to € 60 million is planned, including around € 16 million of capitalised development costs, of which around one tenth is accounted for by further investments for the expansion of existing plasma centres and the establishment of new centres in Europe. The major share of the capital expenditure will go towards the expansion and maintenance of production facilities and infrastructure measures at the Dreieich site. Financing in 2022 was mainly provided by shareholder loans and the financing facility concluded on 24 June 2019. These financing sources, which are available to Biotest AG on a long-term basis, and the financing agreement newly concluded with Grifols in the amount of € 147 million, secure the financing requirements for the ramp-up of the Biotest Next Level production facility and further R&D activities.

H.XII. STATEMENT CONCERNING THE DEPENDENT COMPANY REPORT PURSUANT TO SECTION 312 AKTG

Concluding statement concerning the Board of Management's report on relations with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (AktG).

With the completion on 31 January 2018 of the public takeover offer made by Tiancheng (Germany) Pharmaceutical Holdings AG, an indirect subsidiary of Creat Group Company Limited controlled by Mr. Yuewen Zheng, Biotest AG, Dreieich, Germany, was deemed to be a dependent company of Creat Group Company Limited in the meaning of Sections 312 and 17 AktG until the takeover of Tiancheng (Germany) Pharmaceutical Holdings AG by Grifols, S.A., Barcelona, Spain, on 25 April 2022. With the completion of the takeover offer submitted by Grifols, S.A. on 25 April 2022, Biotest AG, Dreieich, Germany, is deemed to be a dependent company of Grifols, S.A. in the meaning of Sections 312 and 17 AktG. As part of the acquisition, a change of legal form was implemented with a simultaneous change of the company name from Tiancheng (Germany) Pharmaceutical Holdings AG to Grifols, Biotest Holdings GmbH and the company's registered office was relocated from Munich to Frankfurt am Main. Pursuant to Section 312 (1) AktG, the Board of Management of Biotest AG has prepared a Board of Management report on relationships with affiliated companies, which contains the following concluding statement:

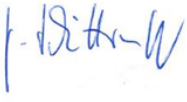
"Biotest AG received appropriate consideration for each of the legal transactions listed in the report on relationships with affiliated companies according to the circumstances known to the Board of Management at the time the legal transactions were conducted. No other reportable measures in the meaning of Section 312 AktG arose in the reporting period."

Dreieich, 20 March 2023

Dr. Michael Ramroth
Chairman of the Board of Management

Ainhoa Mendizabal Zubiaga
Member of the Board of Management

Peter Janssen
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 2022

in € million	Note	2022	2021
Revenue	D 1	516.1	515.6
Cost of sales		–391.2	–434.9
Gross profit		**124.9**	**80.7**
Other operating income	D 5	4.4	9.2
Marketing and sales costs		–49.0	–51.1
Administrative expenses		–31.7	–30.1
Research and development costs	D 4	–50.5	–52.3
Other operating expenses	D 6	–14.8	–3.5
Operating result		**–16.6**	**–47.1**
Financial income	D 7	18.1	6.2
Financial expenses	D 8	–31.3	–23.0
Financial result		**–13.3**	**–16.8**
Result from joint ventures	D 9	–1.0	1.3
Profit (loss) before taxes		**–30.8**	**–62.6**
Income taxes	D 10	–0.8	–0.7
Profit (loss)		**–31.7**	**–63.4**
Attributable to:			
Equity holders of the parent		**–31.7**	**–63.4**
Earnings per ordinary share in €	E 12	**–0.81**	**–1.61**
Additional dividend rights per preference share in €	E 12	**0.02**	**0.02**
Earnings per preference share in €	E 12	**–0.79**	**–1.59**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of the Biotest Group for the period from 1 January to 31 December 2022

in € million	2022	2021
Profit (loss) for the period	**–31.7**	**–63.4**
Exchange difference on translation of foreign operations	0.0	0.2
Reclassification of foreign currency translation differences recognised in the statement of income	–	–
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods	**0.0**	**0.2**
Remeasurement of defined benefit plans (see E 13)	32.7	4.0
resulting income tax effect	–9.5	–1.2
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods	**23.2**	**2.8**
Other comprehensive income, net of tax	**23.2**	**3.0**
Total comprehensive income, net of tax	**–8.5**	**–60.4**
Attributable to:		
Equity holders of the parent	**–8.5**	**–60.4**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of the Biotest Group as of 31 December 2022

in € million	Note	31 December 2022	31 December 2021*
ASSETS			
Non-current assets			
Intangible assets	E 1	16.4	11.3
Property, plant and equipment	E 2	520.3	524.7
Right-of-use assets from leases	E 3	27.5	25.3
Investments in joint ventures	E 4	5.1	4.5
Other assets	E 10	0.3	0.3
Other financial assets	E 5	13.3	5.6
Deferred tax assets	E 6	0.7	10.2
Total non-current assets		**583.6**	**582.0**
Current assets			
Inventories	E 7	293.8	244.6
Contract assets	E 9	35.2	39.1
Trade receivables	E 8	124.5	107.3
Current income tax assets		0.6	0.7
Other assets	E 10	21.7	12.9
Other financial assets	E 5	27.0	13.2
Cash and cash equivalents	E 11	116.6	104.4
Total current assets		**619.4**	**522.2**
Total assets		**1,203.0**	**1,104.2**
EQUITY AND LIABILITIES			
Equity			
Subscribed Capital		39.6	39.6
Share premium		219.8	219.8
Retained earnings		143.4	184.4
Share of profit or loss attributable to equity holders of the parent		–31.7	–63.4
Equity attributable to equity holders of the parent	E 12	**371.1**	**380.4**
Total equity	E 12	**371.1**	**380.4**
Non-current liabilities			
Provisions for pensions and similar obligations	E 13	85.8	116.5
Other provisions	E 14	1.9	2.4
Financial liabilities	E 15, E 3	612.8	496.4
Other liabilities	E 16	–	–
Deferred tax liabilities	E 6	1.2	2.2
Total non-current liabilities		**701.7**	**617.5**
Current liabilities			
Other provisions	E 14	26.3	19.9
Current income tax liabilities		0.3	0.5
Financial liabilities	E 15, E 3	31.3	34.8
Trade payables		51.1	38.8
Other liabilities	E 16	21.0	12.4
Contract liabilities		0.2	–
Total current liabilities		**130.2**	**106.4**
Total liabilities		**831.9**	**723.8**
Total equity and liabilities		**1,203.0**	**1,104.2**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

of the Biotest Group for the period from 1 January to 31 December 2022

in € million	Note	2022	2021
Profit (loss)		–31.7	–63.4
Tax expense		0.8	0.7
Depreciation, amortisation and impairment of intangible assets, property, plant, equipment and rights of use	E 1; E 2; E 3	35.8	31.1
Unscheduled impairment of inventories		–	40.1
Reversal of/and impairment of financial assets		–	–
Other non-cash income and expense items		–	–
Losses / Gains from joint ventures	D 9	0.7	–1.3
Losses from the disposal of property, plant and equipment		–	–
Changes in pension provisions	E 13	0.9	2.0
Financial result	D 7; D 8	13.3	16.8
Operating cash flow before changes in working capital		**19.8**	**26.1**
Changes in other provisions	E 14	6.1	–4.2
Changes in inventories, receivables and other assets		–76.1	23.8
Changes in trade payables and other liabilities		24.8	1.9
Cash flow from changes in working capital		**–45.2**	**21.4**
Interest paid		–13.1	–12.8
Taxes paid		–2.0	–0.9
Cash flow from operating activities		**–40.5**	**33.8**
Payments for investments in intangible assets and property, plant and equipment		–29.3	–18.2
Proceeds from the disposal of property, plant and equipment		–	0.3
Interest received		0.1	–
Payments for investments in other financial assets		–7.8	–5.5
Cash flow from investing activities		**–37.0**	**–23.4**
Dividend payments for the previous year	E 12	–0.8	–0.8
Other payments / proceeds from financing activities	E 5; E 11	–3.8	3.6
Proceeds from the assumption of financial liabilities	E 15	100.0	25.1
Payments for the redemption of financial liabilities	E 15	–	–
Payments for redemption portion of lease liablities		–5.8	–5.3
Cash flow from financing activities		**89.6**	**22.6**
Cash changes in cash and cash equivalents		12.1	33.1
Exchange rate-related changes in cash and cash equivalents		–	–
Cash and cash equivalents on 1 January	E 11	104.4	71.3
Cash and cash equivalents on 31 December	E 11	**116.6**	**104.4**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of the Biotest Group for the period from 1 January to 31 December 2022

in € million	Subscribed capital	Share premium	Retained earnings	Remeasurement of defined benefit plans	Translation reserve	Total equity
As of 1 January 2021	**39.6**	**219.8**	**219.9**	**–35.5**	**–2.2**	**441.6**
Reclassification to income statement	–	–	–	–	–	–
Other comprehensive income after taxes	–	–	–	2.8	0.2	3.0
Profit (loss) 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	**39.6**	**219.8**	**155.7**	**–32.7**	**–2.0**	**380.4**
As of 1 January 2022	**39.6**	**219.8**	**220.7**	**–35.6**	**–2.9**	**441.6**
Reclassification to income statement	**–**	**–**	**–**	**–**	**–**	**–**
Other comprehensive income after taxes	–	–	–	23.2	0.0	23.2
Profit (loss) for the period	–	–	–31.7	–	–	–31.7
Total comprehensive income	**–**	**–**	**–31.7**	**23.2**	**–**	**–8.5**
Dividend payments	–	–	–0.8	–	–	–0.8
As of 31 December 2022 (see E 12)	**39.6**	**219.8**	**123.2**	**–9.5**	**–2.0**	**371.1**

The notes are an integral part of the consolidated financial statements.

NOTES FOR THE FINANCIAL YEAR 2022

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. Biotest AG is registered in the commercial register of the District Court of Offenbach am Main under commercial register sheet number 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 following operating segments: Therapy, Plasma & Services, and Other Segments.

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. In the previous year, this area also includes the preclinical and clinical development of monoclonal antibodies in the indications rheumatism and blood cancer, among other indications.

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 2,228 staff worldwide as of the reporting date (previous year: 1,967).

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 Biotest Group's financial accounting policies are based on IFRS whose application is mandatory for financial years beginning on 1 January 2022.

The consolidated financial statements in their current version comply with Section 315e of the German Commercial Code (HGB). This forms 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 "-" signifies that no value exists for this position. A value of +/- 0.0 indicates that a value exists 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 March 20, 2023 and submitted them to the Supervisory Board.

CHANGES IN ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the previous year.

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 in 2022:

- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Amendment to IFRS 16: COVID-19-Related Rent Concessions
- 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 the 2022 financial year. These standards and interpretations are to be applied from the 2023 financial year onwards and are not expected to have any material impact on the Group:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 Insurance Contracts

The Group has voluntarily adopted the definition of accounting estimates early (amendments to IAS 8).

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 twelve (previous year: eleven) 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 the participating interest of Biotest AG as defined by Section 313 (2) HGB is provided in section F 9 List of shareholdings.

Grifols Biotest Holdings GmbH, Frankfurt am Main, Germany (until 25 April 2022 operating as Tiancheng (Germany) Pharmaceutical Holdings AG ("Tiancheng"), Munich, Germany), holds a majority interest in the voting rights of Biotest AG. The Biotest Group is included in the consolidated financial statements of Grifols, S.A., Barcelona, Spain, which, as the ultimate parent company of the Group, also prepares the consolidated financial statements for the largest consolidated group.

Until April 25, 2022, the Biotest Group was 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 at that time, prepared 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 2022. The financial statements of the consolidated companies were prepared using uniform accounting policies 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 exhibits all of the following characteristics:

- 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 exposure 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 consideration 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 gains 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 ends.

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 consideration 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 meth-od, investments are recognised on the balance sheet at cost plus post-acquisition changes in the share held by the Group in the net assets of the equity accounted company.

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 in-cluded 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 interests in joint ventures. On each reporting date, the Group determines whether objective evidence exists that interests in a joint venture are 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 income statement.

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 consequently 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 transaction date. 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 on the balance sheet.

In accordance with IAS 21, goodwill relating to 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, please see our comments in section E 4.

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

	Average exchange rates			Closing rates
1 euro equals	**2022**	2021	**31.12.2022**	31.12.2021
USD	1.0539	1.1835	1.0666	1.1326
GBP	0.8526	0.8600	0.8869	0.8402
CHF	1.0052	1.0814	0.9847	1.0331
HUF	390.9440	358.4600	400.8700	369.1900
BRL	5.4432	6.3814	5.6386	6.3101

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 ASSETS

A) GOODWILL

Goodwill arises from the acquisition of companies or shares in companies and represents the difference between the cost of acquisition (acquisition price) and the fair values of the assets and liabilities acquired. Goodwill is recognised at the acquisition cost. In accordance with IAS 36, the cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever an indication exists that the value of 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 Biotest Group's operating segments. In cases where goodwill represents a portion of the cash generating unit and a part of the business division of this unit is divested, goodwill attributable to the divested business division is included in the carrying amount of the business division when determining the net income from the divestiture of the division. The value of the divested portion of goodwill is determined on the basis of 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 cash generating unit is lower than the carrying amount. The recoverable amount is the maximum of fair value, less costs to sell 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 costs to sell. In order to objectify the results, the stock market price of Biotest is used as an indicator for fair value on the reporting date.

B) CAPITALISED DEVELOPMENT COSTS

In the 2022 financial year, a change in estimates was made for capitalised development costs.

The change in estimate was applied prospectively.

Expenditure on research activities is expensed as incurred.

Development expenditure is capitalised only if the development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group has both the intention and sufficient resources to complete development and to use or sell the asset. Other development expenditures are expensed as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development expenditure are amortised on a straight-line basis over their estimated useful lives. Amortisation is generally recognised in profit or loss.

The estimated useful life of capitalised development costs is 20 years.

Intangible assets that are not yet available for use are tested for impairment at least annually as well as whenever an indication exists that they may be impaired.

C) OTHER INTANGIBLE 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 least at the end of every financial year. If a change occurs 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 income statement under the expense category corresponding to the intangible asset's function.

Impairment testing is performed on the basis of the allocated future cash flows; 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 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 intangible assets 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 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 – 14 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. Given this, only the accounting policies relevant from the lessee's perspective are presented below.

For all leases, as a matter of principle, Biotest Group, as the lessee, recognises right-of-use assets for the leased assets and liabili-ties for the related payment obligations at present values on 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 IFRS 16. Non-leasing components are expensed.

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 are composed 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 simplified application options and the payments are expensed 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. As a consequence, it is consequently assumed that, in principle, extension or termination options 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 durable 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, impairment losses are reversed up to a maximum of amortised cost if estimates for the recover-able amount exceed the carrying amount.

B 8 INVENTORIES

Inventories are recognised at the lower of cost or net realisable value as of the reporting date. The latter corresponds to the estimated selling price that 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 borrowing costs.

B 9 CONTRACT ASSETS AND CONTRACT LIABILITIES

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

A contract liability is an obligation of an entity to transfer goods or services to a customer for which it has received consideration from the customer. Contract liabilities from license agreements are recognised in the amount in which Biotest has already received advance payments for an obligation to render services to a customer in the future. License revenues are recognised with the delivery of the products at s specific point in time.

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 expense for the financial year is forecast at the beginning of the financial year based on approaches determined at that time. The parameters used (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 a present (legal or constructive) obligation exists 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 risks that specific to 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, checks and short-term realisable financial assets with original terms 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 consideration for all financial assets that are not subsequently measured at fair value through profit or loss. The fair values recognised on the balance sheet 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 term 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, no intention exists 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 in 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 form 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 no significant increase in default risk has occurred 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 overdue 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 consideration 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 no reasonable expectation of future payment exists.

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. As 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 a right of set-off exists 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 consideration 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, embedded derivatives exist that form part of a hybrid loan agreement, which essentially contains a non-derivative host contract. As 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 most of its revenue from supplying customers with biotechnological drugs from its own production. The product portfolio covers the therapeutic areas of haematology, clinical immunology and intensive care medicine. As a rule, the sale of products is based on customer orders, each of which originates individually definable performance obligations. The relevant ancillary conditions are governed by master 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 encumbrances 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 re-bates 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. As 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 determined 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 early termination of the contract by the customer.

To a minor 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 recognised 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 of business. The master 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 recognised together with credits and rebates yet to be invoiced as other financial liabilities.

The master 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 in 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 and development costs are expensed when incurred. Development costs that meet the requirements for capitalisation under IAS 38 are capitalised. In the 2022 financial year, development costs for the Yimmugo, Cytotect and Fibrinogen projects were capitalised (see note E1).

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 dis-counts 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 in the financial result.

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

B 17 TAXES

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, as yet unutilised 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 as yet unutilised 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 18 UNCERTAIN 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, the capitalisation of internal developments costs, 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, estimation uncertainties exist 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 sup-pliers employed in connection with the investment project represent future events that are subject to estimation uncertain-ties. 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 consequently 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 lie beyond the management's scope of control may cause actual amounts to differ from original estimates. If actual developments deviate from anticipated developments, assumptions and, if necessary, the carrying amounts of the assets and liabilities in question are adjusted accordingly. The Board of Management 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 consideration 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 in 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 operating segments: Therapy, Plasma & Services, and Other Segments.

The operating 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.

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

The **Other Segments** segment 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 € 30.4 million (previous year: € 65.6 million) with an important customer in the Therapy and Plasma & Services segments, representing 5.9 % of total revenue with third parties. In the previous year, revenue with this customer of 12.7 % was 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	2022	459.5	50.3	6.2	**516.1**
	2021	461.6	46.7	7.3	515.6
Operating result (EBIT)	2022	–8.7	–5.9	–2.1	**–16.6**
	2021	–51.1	6.5	–2.5	–47.1
Investments in joint ventures	2022	5.1	–	–	**5.1**
	2021	4.5	–	–	4.5
Capital expenditure*	2022	40.2	–	–	**40.2**
	2021	32.0	–	–	32.0
Scheduled depreciation**	2022	33.8	0.6	1.4	**35.8**
	2021	28.6	0.7	1.8	31.1

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

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

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

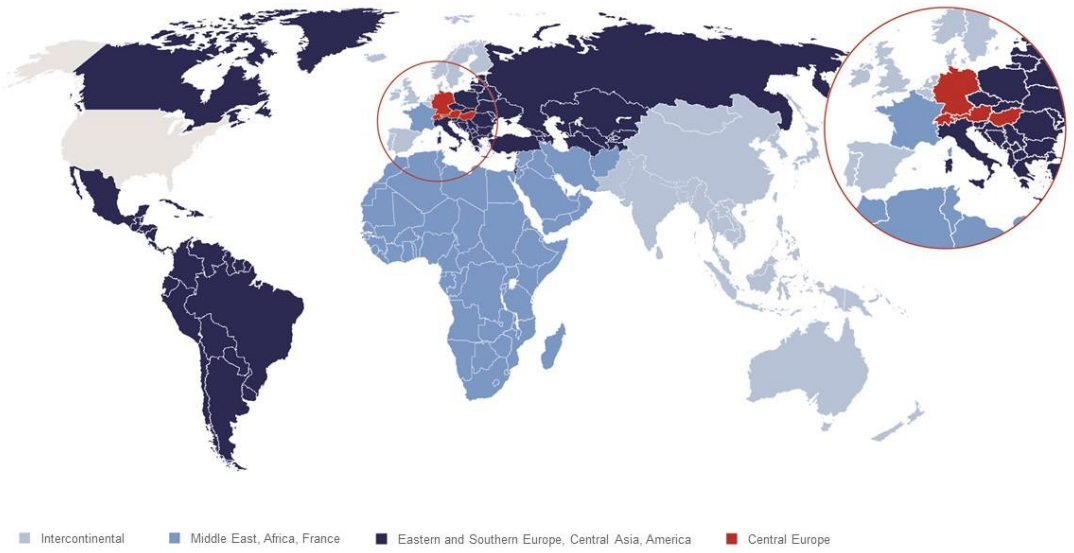
in € million	2022	2021
Operating result (EBIT)	**–16.6**	**–47.1**
Financial income	18.1	6.2
Financial expenses	–31.3	–23.0
Result from joint ventures	–1.0	1.3
Earnings before taxes (EBT)	**–30.8**	**–62.6**
Income taxes	–0.8	–0.7
Earnings after taxes (EAT)	**–31.7**	**–63.4**

SEGMENT INFORMATION BY REGION

	Revenue with third parties based on customer's seat		Revenue with third parties based on company's seat	
in € million	**2022**	2021*	**2022**	2021*
Central Europe	205.2	186.9	430.1	447.8
East and South Europe, Central Asia, America*	106.6	138.1	21.8	24.1
Intercontinental*	89.2	75.9	64.1	43.6
Middle East, Africa and France*	115.1	114.7	–	–
Biotest Group	**516.1**	**515.6**	**516.1**	**515.6**
thereof:				
Germany	149.6	140.5	393.2	411.3
Rest of world	366.5	375.1	122.9	104.3

* The prior-year figures have been adjusted in line with the definition of the sales regions in 2022. In 2022, the Eastern and Southern European sales region was expanded to include Central Asia (previous year: MEAF) and America (previous year: Intercontinental).

THE FOUR SALES REGIONS OF BIOTEST



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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Type of products and services								
Sale of Biotest products	459.5	461.6	–	–	–	–	459.5	461.6
Toll manufacturing and know-how transfer	–	–	50.3	46.7	–	–	50.3	46.7
Sale of merchandise	–	–	–	–	6.2	7.3	6.2	7.3
	459.5	**461.6**	**50.3**	**46.7**	**6.2**	**7.3**	**516.1**	**515.6**
Geographical markets								
Central Europe	180.4	169.9	18.6	9.7	6.2	7.3	205.2	186.9
East and South Europe, Central Asia, Americas*	104.4	135.1	2.2	2.9	–	–	106.6	138.1
Intercontinental*	89.2	75.9	–	–	–	–	89.2	75.9
Middle East, Africa and France*	85.6	80.7	29.5	34.0	–	–	115.1	114.7
	459.5	**461.6**	**50.3**	**46.7**	**6.2**	**7.3**	**516.1**	**515.6**
Timing of revenue recognition								
Goods transferred at a point in time	459.5	461.6	–	–	6.2	7.3	465.7	468.9
Services transferred over a period of time	–	–	50.3	46.7	–	–	50.3	46.7
	459.5	**461.6**	**50.3**	**46.7**	**6.2**	**7.3**	**516.1**	**515.6**

* The prior-year figures have been adjusted in line with the definition of the sales regions in 2022. In 2022, the Eastern and Southern European sales region was expanded to include Central Asia (previous year: MEAF) and America (previous year: Intercontinental).

The Biotest Group's order book position from as yet unfulfilled delivery and service obligations amounted to € 98.8 million on the balance sheet date (previous year: € 53.9 million). These delivery and service obligations are generally fulfilled within a maximum period of one year. Additional performance obligations of € 4.0 million (previous year: € 7.0 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	**2022**	2021
Raw materials, consumables and supplies	181.4	198.2
Services purchased	35.5	29.7
	216.9	**227.9**

D 3 PERSONNEL EXPENSES

in € million	**2022**	2021
Wages and salaries	148.9	133.8
Social security contributions	26.6	23.1
Pension costs	7.0	6.4
	182.5	**163.3**

Personnel expenses include expenses for termination benefits in the amount of € 0.8 million (previous year: € 0.4 million).

The average number of employees converted to full-time equivalents in the 2022 financial year was 2,128 (previous year: 1,959). As of 31 December 2022, the Biotest Group employed 2,228 staff converted to full-time equivalents (previous year: 1,967).

Employees are allocated to the following functional areas:

in full-time equivalents	2022	2021
Production	1,574	1,369
Administration	242	203
Distribution	189	182
Research and development	223	213
	2,228	**1,967**

D 4 RESEARCH AND DEVELOPMENT COSTS

Research and development expenses recognised in the income statement amounted to € 50.5 million (previous year: € 52.3 million). In the 2022 financial year, research grants in accordance with the German Research Grants Act (FZulG) were recognised for, among other items, the Trimodulin project in the amount of € 2.0 million. In the 2022 financial year, development costs of € 4.1 million were capitalised for the first time as internally generated intangible assets (see note B4).

D 5 OTHER OPERATING INCOME

in € million	2022	2021
Insurance reimbursements and other refunds	1.2	1.9
Government grants	–	–
Income from service agreements	0.2	0.3
Reversal of other provisions	0.4	1.6
Derecognition of liabilities	1.1	1.1
Change in impairments on financial assets measured at amortised cost	–	3.1
Cash discount	0.5	0.4
Other	1.0	0.8
	4.4	**9.2**

Insurance income and other reimbursements in the 2022 financial year mainly include compensation payments from supply contracts for insufficient supply.

In the 2022 financial year, the Biotest Group recognised government grants of € 0.0 million (previous year: € 0.0 million) in profit and loss.

D 6 OTHER OPERATING EXPENSES

in € million	2022	2021
Expenses incurred in connection with provision of services	2.5	2.1
Donations	1.3	0.4
Change in impairments on financial assets measured at amortised cost	9.4	–
Other	1.6	1.0
	14.8	**3.5**

D 7 FINANCIAL INCOME

in € million	2022	2021
Income from currency translation	5.0	4.5
Interest income	0.8	0.2
Other	0.0	0.0
Subtotal	**5.8**	**4.6**
Income from value adjustments of surrender claim against trustee from shares in ADMA Biologics Inc., Ramsey, NJ, USA	8.4	–
Currency hedging income	2.9	0.9
Income from value adjustments of other derivatives	1.0	0.7
Subtotal of income from fair value adjustments on financial instruments measured at fair value	**12.3**	**1.6**
	18.1	**6.2**

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.

The higher level of financial income mainly reflects the € 9.6 million increase in income from value adjustments of the surrender claim against the trustee of shares in ADMA Biologics Inc., Ramsey, NJ, USA (previous year: expenses € 1.2 million).

D 8 FINANCIAL EXPENSES

in € million	2022	2021
Currency translation expenses	5.5	2.8
Interest expenses	18.0	11.9
Interest expenses from leases	0.5	0.5
Net interest expenses for pensions	1.2	0.8
Fees in connection with financial liabilities	3.8	2.7
Other	0.1	0.0
Subtotal	**29.1**	**18.7**
Expenses from value adjustments of surrender claim against trustee from shares in ADMA Biologics Inc.	–	1.2
Currency hedging costs	2.2	3.0
Expenses from value adjustments of other derivatives	–	–
Subtotal of expenses from fair value adjustments on financial instruments measured at fair value	**2.2**	**4.3**
	31.3	**23.0**

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 of the balance sheet date.

Interest expenses include interest in the amount of € 7.2 million for shareholder loans (previous year: € 6.4 million).

The increase in financial expenses resulted mainly from the € 6.1 million increase in interest expenses in connection with higher level of secured loans from financial institutions.

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

D 9 RESULT FROM JOINT VENTURES

In the 2022 financial year, losses of € -1.0 million (previous year: profits of € 1.3 million) from joint ventures were recognised. With regard to the effects of the application of IAS 29 Financial Reporting in Hyperinflationary Economies, please see the comments in E 4.

D 10 INCOME TAXES

in € million	2022	2021
Tax expense for the financial year	1.8	1.8
Tax income from other periods	–	–0.2
Current taxes	**1.8**	**1.6**
Deferred taxes	**–1.0**	**–0.8**
Income tax expenses	**0.8**	**0.7**

Deferred taxes from items relating to amounts in other comprehensive income (credited directly to equity) amounted to € 9.5 million (previous year: € 1.2 million).

For the 2022 financial year, the expected tax expense assuming an unchanged nominal income tax rate of 29.0 % differs from the effective figures as follows:

in € million	2022	2021
Earnings before taxes	**–30.8**	**–62.6**
	–	–
Expected tax income	**–8.9**	**–18.2**
Unrecognised interest/tax loss carryforwards	6.2	14.5
Tax effects from the application of foreign tax rates and offsetting against tax losses	0.1	–0.2
Deferred taxes on loss carryforwards from previous years	–	–
Depreciation of deferred tax assets	–	–
Current tax income relating to other periods	–	–0.2
Tax effect of adjustments to deferred taxes from previous years	–0.1	–0.2
Tax effect of non-deductible expenses	4.1	5.8
Tax effect of tax-free income	–0.6	–0.8
Other effects	–	–
Income tax disclosed in the statement of income	**0.8**	**0.7**

The tax effects from non-deductible expenses mainly comprise interest expenses that are non-deductible but can be carried forward in 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 the business premises of Biotest AG of 13.2 %.

D 11 AUDITOR'S FEE

The Annual General Meeting of Biotest AG on 5 May 2022 elected KPMG AG Wirtschaftsprüfungsgesellschaft as the auditor for the 2022 financial year.

The total fee invoiced by the auditor KPMG AG Wirtschaftsprüfungsgesellschaft in the 2022 financial year amounts to € 0.9 million. Of this amount, € 0.8 million relates to auditing services and € 0.1 million to other certification services.

The audit services mainly comprise the fee for the statutory audits of the separate financial statements and the consolidated financial statements, the disclosure report, the audit of the risk early warning system and the audit of the dependent company report.

The other certification services mainly comprise the fee for the audit of the condensed separate non-financial report of Biotest AG, the performance of agreed 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.

In the previous year, the total fee for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft amounted to € 0.5 million. A total of € 0.4 million of the fee related to the audit of the financial statements for the 2021 financial year. Furthermore, € 0.1 million related to other certification 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	Capitalized development costs	Patents, licenses and similar rights	Advance payments made and development projects in progress	Total
Cost of purchase					
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	–	–	–	–	–
Balance as of 31 December 2021	**7.7**	**–**	**29.7**	**0.9**	**38.3**
Additions	–	0.5	0.2	5.5	6.2
Reclassifications	–	–	0.1	–0.1	–
Disposals	–	–	–	–	–
Currency translation differences	0.1	–	–	–	0.1
Balance as of 31 December 2022	**7.8**	**0.5**	**30.0**	**6.3**	**44.6**
Accumulated depreciation					
Balance as of 31 December 2020	**0.6**	**–**	**26.7**	**–**	**27.3**
Depreciation's for the financial year	–	0.0	1.4	–	1.4
Reclassifications	–	–	–	–	–
Disposals	–	–	–1.7	–	–1.7
Currency translation differences	–	–	–	–	–
Balance as of 31 December 2021	**0.6**	**–**	**26.5**	**–**	**27.1**
Depreciation for the financial year	–	–	1.1	–	1.1
Reclassifications	–	–	–	–	–
Disposals	–	–	–	–	–
Currency translation differences	–	–	–	–	–
Balance as of 31 December 2022	**0.6**	**–**	**27.6**	**–**	**28.2**
Carrying amount as of					
31 December 2021	7.1	–	3.2	0.9	11.2
31 December 2022	**7.2**	**0.5**	**2.4**	**6.3**	**16.4**

In the 2022 financial year, development costs for projects Yimmugo, Cytotect and Fibrinogen were capitalised. The carrying amount of the marketing authorisations already in use (for the Yimmugo EU project) is € 0.5 million (previous year: € 0.0 million). In addition, development costs of € 3.6 million from ongoing development projects were capitalised in the 2022 financial year (previous year: € 0.0 million).

In total, the carrying amount of development costs capitalised as of 31 December 2022 amounts to € 4.1 million (previous year: € 0.0 million).

An impairment test was performed for the goodwill of the Therapy segment as of 30 September 2022.

For capitalised development costs that are not yet available for use (Cytotect and Fibrinogen projects), an impairment test was performed as part of the Therapy cash generating unit as of 31 October 2022.

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 10.02 % (previous year: 9.59 %) 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 Board of Management. For the value component from

2032 onwards, this is supplemented by perpetual growth rates. The basis for determining the perpetual growth rate is the year 2031. A perpetual growth rate of +0.5 % (previous year: +0.5 %) was assumed for the Therapy segment.

The results of the impairment test mainly depend on the strategic business plan presented to the Supervisory Board in October 2022 and the revenue growth rates and EBIT margin assumed therein. An average annual increase in revenue of 9.8 % has been assumed for the Therapy segment for the detailed planning period. An average EBIT margin of 9.5 % is assumed. The Board of Management does not expect the expected cash flows for 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 income statement:

in € million	**2022**	2021
Cost of sales	0.6	0.6
Marketing and distribution costs	–	0.1
Administrative expenses	0.4	0.7
Research and development costs	0.1	0.1
Other operating expenses	–	–
	1.1	**1.4**

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 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**
Additions	0.1	2.0	3.4	20.1	25.6
Reclassifications	2.6	1.5	1.8	–5.9	–
Disposals	–	–0.1	–1.7	–	–1.8
Currency translation differences	–0.5	–0.4	–0.1	–	–1.0
Balance as of 31 December 2022	**318.0**	**335.6**	**114.7**	**87.5**	**855.8**
Accumulated depreciation					
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
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**
Depreciation for the financial year	9.9	13.6	5.9	–	29.4
Reclassifications	–	–	–	–	–
Disposals	–	–0.1	–1.6	–	–1.7
Currency translation differences	–0.2	–0.3	–0.1	–	–0.6
Balance as of 31 December 2022	**111.4**	**140.4**	**83.7**	**–**	**335.5**
Carrying amount as of					
31 December 2021	214.1	205.4	31.8	73.3	524.7
31 December 2022	**206.6**	**195.2**	**31.0**	**87.5**	**520.3**

Advance payments in the 2022 financial year 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 € 1.0 million in the 2022 financial year (previous year: € 6.4 million). With the granting of the manufacturing licence in accordance with Section 13 of the German Medicines Act (AMG), the IgG Next Generation process plant with a carrying amount of € 156.9 million was commissioned in the 2021 financial year. It will be depreciated over 25 years in accordance with its expected useful life.

Additions to property, plant and equipment include borrowing costs of € 1.5 million (previous year: € 4.6 million). The financing cost rate used for borrowing costs is unchanged from the previous year at 2.5 %.

As of 31 December 2022, the Biotest Group had obligations to purchase non-current assets in the amount of € 11.1 million (previous year: € 7.2 million).

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

in € million	2022	2021
Cost of sales	23.9	18.9
Marketing and distribution costs	0.2	0.3
Administrative expenses	4.8	5.0
Research and development costs	0.5	0.5
	29.4	**24.7**

E 3 LEASES

The following table shows the carrying amounts of the right-of-use assets recognised on 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 2021	**32.3**	**2.4**	**0.9**	**35.7**
Additions	5.1	0.7	–	5.8
Disposals	–1.9	–0.5	–	–2.4
Currency translation differences	0.1	–	–	0.1
Balance as of 31 December 2021	**35.6**	**2.7**	**0.9**	**39.2**
Additions	7.4	0.7	0.2	8.3
Disposals	–1.0	–0.6	–0.5	–2.1
Currency translation differences	–0.5	–0.1	–	–0.6
Balance as of 31 December 2022	**41.5**	**2.7**	**0.6**	**44.8**
Accumulated depreciation				
Balance as of 1 January 2021	**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	–	–0.7
Currency translation differences	–	–	–	–
Balance as of 31 December 2021	**11.9**	**1.3**	**0.6**	**13.9**
Depreciation for the financial year	4.3	0.7	0.2	5.2
Disposals	–0.5	–0.5	–0.5	–1.5
Currency translation differences	–0.2	–0.0	–	–0.2
Balance as of 31 December 2022	**15.5**	**1.5**	**0.3**	**17.3**
Carrying amount as of				
31 December 2021	23.7	1.3	0.3	25.3
31 December 2022	**26.0**	**1.2**	**0.3**	**27.5**

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 "Harmonised 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 about 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 3 years.

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

in € million	2022	2021
Cost of sales	2.8	2.5
Marketing and distribution costs	0.6	0.6
Administrative expenses	1.8	1.8
Research and development costs	0.0	0.0
	5.2	**5.0**

In the 2022 financial year, financial liabilities from leases in the amount of € 5.3 million (previous year: € 5.3 million) were repaid 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 € 7.7 million (previous year: € 7.0 million) in the 2021 financial year. As of the balance sheet date, future cash outflows amounted to € 29.0 million (previous year: € 26.8 million).

Potential future cash outflows of € 2.6 million (previous year: € 2.6 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 a lessee but not yet commenced give rise to potential cash outflows of € 7.0 million (previous year: € 2.5 million).

As of 31 December 2022, the Group was also obligated as part of short-term lease agreements (term shorter than 12 months) for low-value lease assets, for which the corresponding facilitation option is used. The total obligation from these agreements amounted to € 0.1 million as of that date (previous year: € 0.0 million).

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

in € million	2022	2021
Depreciation charge for right-of-use assets	5.2	5.0
Interest expense on lease liabilities	0.5	0.5
Expense relating to short-term leases	0.0	0.1
Expense relating to leases of low-value assets	0.2	0.4
Expense relating to variable lease payments	–	–
Total value in income statement	**5.9**	**6.0**

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

E 4 INTERESTS IN JOINT VENTURES

Interests in joint ventures relate to a 49 % interest 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 market 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 balance sheet and the income statement 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 cost. As the restated financial statements are presented in Iranian rial, they are to be translated at the closing rate. As a consequence, 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 2022 was 604.8 (2021: 402.6). Due to the restatement of the opening balance sheet, an effect on the Company's equity of 245.7 billion rials arose. As a result of the restatement of the opening balance sheet, a foreign currency effect of € 1.6 million was recognised in other comprehensive income. The adjustment of the closing balance sheet resulted in a further foreign currency effect of € -0.4 million recognised in other comprehensive income. Together with the recognised losses from joint ventures in the amount of € - 1.0 million, this leads to the recognition on the balance sheet of interests in joint ventures in the amount of € 5.1 million as of 31 December 2022 (previous year: € 4.5 million). The amount recognised on the balance sheet as of 31 December 2022 includes the capital increase presented in the following paragraph.

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 2021 amounted to 37.5 billion rials (previous year: 37.5 billion rials) excluding any adjustment as a result of IAS 29 and is fully paid in. The shareholders' meeting of BioDarou passed a resolution on 29 June 2022 to carry out a capital increase from the 2014-2020 dividend receivables. The contribution of dividend entitlements increases BioDarou's equity from 37.5 billion rials to 236.4 billion rials. The proportionate equity of BioDarou at Biotest increased from € 1.6 million to € 3.8 million.

As no audited financial statements of BioDarou P.J.S. Co. were available when these consolidated financial statements were prepared, the prior-year figures of BioDarou P.J.S. Co. as of 31 December 2021 are reported.

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

On 31 December 2021, the value of non-current assets amounted to € 0.4 million (previous year: € 0.4 million) and the value of current assets amounted to € 17.8 million (previous year: € 19.3 million).

Non-current liabilities were valued at € 1.1 million as of 31 December 2021 (previous year: € 0.7 million) and current liabilities at € 13.1 million (previous year: € 14.9 million).

In the 2021 financial year, the company's revenue amounted to € 23.0 million (previous year: € 8.7 million) and its net profit to € 1.3 million (previous year: € 0.5 million).

Taking into consideration an adjustment due to IAS 29, the joint venture had the following assets and liabilities:

On 31 December 2021, the value of non-current assets was € 2.3 million (previous year: € 1.6 million) and the value of current assets was € 21.7 million (previous year: € 23.2 million).

Non-current liabilities were valued at € 1.1 million as of 31 December 2021 (previous year: € 0.7 million) and current liabilities at € 13.1 million (previous year: € 14.9 million).

In the 2021 financial year, revenue amounted to € 27.0 million and the company's net result amounted to € -5.3 million.

E 5 OTHER FINANCIAL ASSETS

in € million	2022 Total	2022 thereof non-current	2021 Total	2021 thereof non-current
Cash deposit with banks (financial assets measured at amortised cost)	12.4	–	8.7	–
Surrender claim against trustee from the sale of shares in ADMA Biologics Inc. (financial assets at fair value through profit or loss)	7.6	–	4.4	–
Receivable from trustee (financial assets measured at amortised cost)	5.9	–	–	–
Loan to third parties (financial assets measured at amortised cost)	13.1	13.1	5.4	5.4
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)	1.1	0.1	0.0	–
Pension fund (financial assets at fair value through profit or loss)	0.1	0.1	0.1	0.1
	40.3	**13.3**	**18.8**	**5.6**

The cash deposited with banks in financial year 2022, 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 surrender claim against the trustee includes shares in ADMA Biologics Inc. that have not yet been sold and which are held by a trustee. The fair value of this surrender claim is determined by reference to the share price of ADMA Biologics Inc. as of 31 December 2022 (and in the previous year still including a discount). In the previous year, the discount was 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 receivable due from the trustee includes the cash receivable from the shares in ADMA Biologics Inc. sold in 2022, which was paid by the trustee to Biotest in January 2023. The measurement of both the sold and the unsold share in ADAM Biologics Inc. as of 31 December 2022 resulted in a reversal of impairment losses in the amount of € 8.4 million (previous year: impairment loss of € 1.2 million), which is recognised in financial income (previous year: 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 € 13.1 million (previous year: € 5.4 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	2022	2021	2022	2021	2022	2021
Intangible assets	–	–	1.2	–	1.2	–
Property, plant and equipment	0.3	0.3	9.2	9.1	0.1	1.0
Other financial assets	1.7	1.4	0.9	0.9	–0.2	–0.2
Inventories	10.5	8.8	0.1	0.3	–1.8	0.5
Trade receivables	0.1	0.1	0.4	0.4	–0.0	–0.3
Contract assets	–	–	10.5	11.4	–0.9	–2.1
Deferred expenses	0.3	–	–	0.7	–1.0	–0.1
Other provisions	1.3	1.4	–	0.1	0.0	0.2
Financial liabilities	0.8	0.8	–	–	0.0	0.1
Pension provisions	6.7	16.8	–	–	19.6	2.1
Other liabilities	1.2	2.0	2.1	1.4	1.5	0.1
Contract liabilities	–	–	–	–	–	–
IFRS 16	5.7	5.2	5.5	4.9	0.1	–0.1
Other statement of financial position items	0.3	0.1	–	–	–0.2	0.1
Tax value of the recognised loss carried forward	0.5	0.1	–	–	–0.4	0.0
Total deferred taxes	**29.4**	**37.0**	**29.9**	**29.1**	**18.0**	**1.3**
Less netting of deferred tax assets and liabilities	–28.7	–26.8	–28.7	–26.9		
Deferred tax assets / liabilities	**0.7**	**10.2**	**1.2**	**2.2**		

As of 31 December 2022, the Group had usable tax loss carryforwards of € 5.1 million (previous year: € 1.9 million). These loss carryforwards are attributable to countries with a tax rate of 9 %.

Deferred taxes are not recognised for tax loss carryforwards of € 150.3 million (previous year: € 127.8 million), as the utilisation of these carryforwards in the near future is not reasonably certain at this time. Of the unrecognised loss carryforwards, € 128.7 million (previous year: € 110.5 million) relate to German companies and € 21.6 million (previous year: € 17.3 million) to foreign companies. In addition, € 130.3 million (previous year: € 111.6 million) of the unrecognised loss carryforwards relate to unlimited carryforwards, € 13.3 million (previous year: € 9.1 million) can be carried forward for up to five years and € 6.7 million (previous year: € 7.1 million) for five years or longer.

As in the previous year, deferred tax assets are not recognised for the domestic interest carryforward of € 48 million that existed as of 31 December 2022 (previous year: € 31.1 million), as it is not possible to calculate with the reasonable certainty that this interest carryforward will be utilised in the near future. The interest carryforward can be carried forward indefinitely.

In Biotest's opinion, no material uncertain tax positions exist. For this reason, 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 2022, 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: € 0.3 million). No deferred taxes are recognised on the temporary differences, as these will not reverse in the foreseeable future on the basis of current planning.

E 7 INVENTORIES

in € million	**2022**	2021
Raw materials, consumables and supplies	95.5	73.3
Work in progress	135.4	108.6
Finished goods and merchandise	62.9	62.7
	293.8	**244.6**

As of the balance sheet date, the Biotest Group had inventories of € 0.1 million (previous year: € 1.1 million) with a turnover of more than one year.

Impairment losses on inventories amounted to € 63.8 million at the balance sheet date (previous year: € 52.8 million). In the previous year, € 40.1 million of this amount related to impairment losses on plasmatic coagulation Factor VIII as a result of the change in the market environment and greater competition from synthetically manufactured drugs. The total devalued inventory assets have a residual carrying amount of € 139.6 million (previous year: € 93.3 million) after devaluation to the net realisable value.

The previous year's value allowances on inventories were utilised in the 2022 financial year in the amount of € 31.3 million (previous year: € 26.7 million) and reversed in the amount of € 0.8 million (previous year: € 2.6 million). In addition, inventories were written down by € 43.0 million (previous year: € 51.4 million). Additions to and reversals of impairment losses on inventories are reported under cost of sales.

In the 2022 financial year, inventories expensed in the cost of sales amounted to € 316.6 million (previous year: € 333.9 million).

E 8 TRADE RECEIVABLES

As in the previous year, none of the trade receivables totalling € 124.5 million (previous year: € 107.3 million) were classified as non-current. They are composed as follows:

in € million	2022	2021
Trade receivables (gross)	141.9	119.2
Sale of trade receivables	–0.7	–3.1
Allowance for bad debts	–16.7	–8.8
Trade receivables (net)	**124.5**	**107.3**

Net trade receivables include € 0.0 million (previous year: € 1.0 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 € 0.0 million (previous year: € 2.2 million) as of the balance sheet date as part of factoring agreements. In the previous year, the factoring programme provided 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 bore the risk of the customer's insolvency for the receivables it purchased.

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 inability to pay (del credere) for the receivables it purchases. As of the balance sheet date, receivables of the Italian company with a volume of € 0.7 million (previous year: € 0.9 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 report the following changes:

in € million	2022	2021
Balance as of 1 January	8.8	11.3
Additions	10.9	2.0
Utilisation	–1.3	–0.1
Reversals	–1.7	–4.3
Balance as of 31 December	**16.7**	**8.8**

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 € 8.0 million in the financial year (previous year: € -1.9 million).

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

in € million	2022	2021
Central Europe (CEU)	0.6	0.4
East and South Europe, Central Asia, America (ESECA)	10.3	1.2
Intercontinental (ICON)	0.8	0.8
Middle East, Africa and France (MEAF)	5.0	6.5
Allowances for expected credit losses	**16.7**	**8.8**

Net trade receivables are denominated in the following currencies:

in € million	2022	2021
EUR	86.3	66.9
USD	27.8	16.4
GBP	7.8	12.9
HUF	1.0	2.7
BRL	0.6	4.3
Other currencies	1.0	4.0
Trade receivables (net)	**124.5**	**107.3**

E 9 CONTRACT ASSETS

Contract assets from toll manufacturing amounting to € 35.2 million (previous year: € 39.1 million) relate to contingent claims for the complete fulfilment of contractual obligations from toll manufacturing 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	2022	2021
Contract assets (gross)	35.5	39.4
Allowances for expected credit losses	–0.3	–0.3
Contract assets (net)	35.2	39.1

Default risks are reflected by 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	2022	2021
Balance as of 1 January	**0.3**	**0.5**
Additions	0.1	0.1
Utilisation	–	–
Reversals	–0.1	–0.3
Balance as of 31 December	**0.3**	**0.3**

E 10 OTHER ASSETS

	2022		2021	
in € million	Total	thereof non-current	Total	thereof non-current
Value added and other tax receivables	3.3	–	3.4	–
Deferred income	2.9	0.2	6.0	0.2
Payments in advance	12.6	–	0.6	–
Other assets	3.2	0.1	3.2	0.1
	22.0	**0.3**	**13.2**	**0.3**

As of 31 December 2022, ancillary financing costs in the amount of € 0.2 million (previous year: € 4.2 million) were capitalised under prepaid expenses. Of this amount, € 0.2 million (previous year: € 0.2 million) are non-current and will be amortised over the financing period. With regard to the financing agreement, please see the comments in section E 15.

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

in € million	2022	2021
Carrying amount	**22.0**	**13.2**
Unimpaired and not past due as of the reporting date	21.6	13.0
unimpaired as of the reporting date and past due in the following time band		
< 90 days past due	0.4	0.2

As in the previous year, no impairment losses were incurred for other assets in the 2022 financial year.

Other assets are denominated in the following currencies:

in € million	2022	2021
EUR	18.0	10.9
BRL	0.5	0.3
GBP	–	0.2
HUF	1.4	0.8
Other currencies	2.1	1.0
	22.0	**13.2**

E 11 CASH AND CASH EQUIVALENTS

in € million	2022	2021
Bank balances	116.0	103.9
Cash on hand	0.6	0.6
	116.6	**104.4**

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

In the 2022 financial year, Biotest AG made cash deposits with banks to secure its operating business. As of 31 December 2022, an amount of € 12.4 million (previous year: € 8.7 million) was deposited. The amount is shown within other current financial assets as of 31 December 2022.

E 12 EQUITY

The subscribed capital is fully paid in and amounted to € 39,571,452as of 31 December 2022 (previous year: € 39,571,452), of which € 19,785,726 (previous year: € 19,785,726) is attributable to ordinary shares and € 19,785,726 (previous year: € 19,785,726) to preference shares. As of 31 December 2022, 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 is not permitted. The notional par value of each share consequently amounts to € 1.00 for both share classes. Profit distributions in any financial year are based on the net profit of Biotest AG as defined under the German Commercial Code.

The voluntary takeover offer by Grifols, S.A. published on 26 October 2021 for the shares of Biotest AG was effectively completed ("closing") on 25 April 2022. Following the completion of the public tender offer and the closing of the acquisition of Tiancheng (Germany) Pharmaceutical Holdings AG, Grifols holds 96.20 % of the ordinary shares and 43.2 % of the preference shares and thereby holds 69.72 % of the share capital of Biotest AG. On 2 May 2022, Grifols, S.A. published pursuant to Section 23 (2) Sentence 1 of the German Securities Acquisition and Takeover Act (WpÜG) that Grifols, S.A. has acquired additional 0.94 % of the voting rights in Biotest AG. As a consequence, Grifols, S.A. holds a total of 97.14 % of the voting rights in Biotest AG.

The proposed appropriation of net profit for the 2022 provides for dividend payments of € 0.0 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 € 0.00 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 is to be paid the following year. If a dividend is not paid in the second year, preference shares are to receive voting rights (cf. Section 140 (2) of the German Stock Corporation Act [AktG]).

By resolution of the Annual General Meeting on 7 May 2019, the Board of Management was authorised, with the approval of the Supervisory Board, until 6 May 2024, to increase the Company's share capital by issuing new ordinary bearer shares and/or by issuing new bearer preference shares without voting rights against cash capital contributions and/or non-cash capital contributions, once or on several occasions, by 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 in 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 account 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 (undiluted) earnings at Biotest AG.

in € million	**2022**	2021
Earnings after taxes	–31.7	–63.4
Additional dividend on preference shares	–0.4	–0.4
Profit adjusted for additional dividend rights	**–32.1**	**–63.8**
Number of shares outstanding (weighted average)	39,571,452	39,571,452
Basic and diluted earnings per ordinary share in €	–0.81	–1.61
Additional dividend rights per preference share in €	0.02	0.02
Basic and diluted earnings per preference share in €	–0.79	–1.59

Transactions involving ordinary shares and preferred shares were realised prior to the approval of the consolidated financial statements. In this connection, please 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 € 5.7 million (previous year: € 4.6 million) were held by a trustee, Biotest Vorsorge Trust e.V., in financial year 2022 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	2022	2021
Net present value of defined benefit obligations		
From pension plans	80.4	105.8
From similar obligations	11.1	15.2
	91.5	**121.0**
Fair value of plan assets		
For pension plans	4.2	2.2
For similar obligations	1.5	2.3
	5.7	**4.5**
Net defined benefit liability		
From pension plans	76.2	103.6
From similar obligations	9.6	12.9
	85.8	**116.5**

The income from (previous year: costs for) the defined benefit plans consist of the following components:

in € million	2022	2021
Current service cost	6.5	5.9
Net interest expenses	1.1	0.8
Total expenses recognised in profit and loss	**7.6**	**6.7**
Actuarial losses due to experience adjustments	1.3	2.2
Actuarial gains due to changes in financial assumptions	–34.8	–6.0
Actuarial gains from changes in demographic assumptions	–	0.0
Return on plan assets (excluding amounts included in net interest expense)	0.8	–0.2
Revaluations recognised directly in other comprehensive income	**–32.7**	**–4.0**
Defined benefit gains (previous year: costs)	**–25.1**	**2.8**

In financial year 2022, actuarial gains of € 32.7 million (previous year: € 4.0 million) are recognised in other comprehensive income. Of this amount, € 34.8 million resulted from changes in actuarial assumptions, which is mainly due to the increase in the actuarial interest rate in the main plans in Germany from 1.1% to 3.9%. In total, actuarial losses (before tax) of € 19.4 million (previous year: € 52.1 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	2022	2021
Net present value of defined benefit obligation as of 1 January	**121.0**	**121.5**
Current service cost	6.5	5.9
Interest expense	1.2	0.8
Expenses recognised in the consolidated statement of income	**7.7**	**6.7**
Actuarial losses due to experience adjustments	1.3	2.2
Actuarial gains due to changes in financial assumptions	–34.8	–6.0
Actuarial gains due to changes in demographic assumptions	–	–0.0
Revaluations recognised directly in the statement of comprehensive income	**–33.5**	**–3.8**
Pension benefits paid	–3.7	–3.4
Net present value of defined benefit obligation as of 31 December	**91.5**	**121.0**

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

in € million	2022	2021
Fair value of plan assets as of 1 January	**4.5**	**3.9**
Interest income	0.1	–
Income recognised in the consolidated statement of income	**0.1**	**–**
Return on plan assets (excluding amounts included in net interest expenses)	–0.8	0.2
Revaluations recognised directly in the statement of comprehensive income	**–0.8**	**0.2**
Contribution by the employer	1.9	0.4
Payments from plan assets	–	–
Fair value of plan assets as of 31 December	**5.7**	**4.5**

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

in € million	2022	2021
In the next 12 months	4.4	3.6
Between 2 and 5 years	21.6	18.6
Between 5 and 10 years	31.1	28.1
After 10 years	112.9	106.4
Total expected payments	**170.0**	**156.7**

The weighted average term of the defined benefit plans is 11.7 years (previous year: 14.8 years) as of 31 December 2022.

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

in € million	2022	2021
Cash and cash equivalents	0.2	0.1
Financial investment	1.0	–
Fund shares	4.5	4.4
	5.7	**4.5**

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 € 1.9 million (previous year € 1.8 million).

Of the provisions for pensions and similar obligations, € 90.8 million (previous year € 120.1 million) relate to pension plans in Germany. The calculation of the German pension plans is based on the following actuarial assumptions:

in %	2022	2021
Discount rate as of 31 December	3.9	0,9-1,1
Expected return on plan assets	1.1	0.8
Rate of increase for wages and salaries	3.4	3.4
Rate of interest for pensions	2.2	1.8
Employee turnover rate	3.0	3.0

Actuarial assumptions are mainly 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 possible 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 2022.

Parameter	Parameter change	Impact on the pension obligation in € million
Rate of interest	Increase by 50 basis points	–4.9
Rate of interest	Decrease by 50 basis points	5.4
Salary trend	Increase by 50 basis points	0.2
Salary trend	Decrease by 50 basis points	–0.2
Pension trend	Increase by 100 basis points	6.2
Pension trend	Decrease by 100 basis points	–5.3
Life expectancy	Increase by one year	2.9

€ 11.8 million (previous year: € 11.1 million) was recognised as expense for defined contribution plans in the financial year and is broken down as follows:

in € million	2022	2021
Defined contribution plans of the Company	0.1	0.1
Employer contributions to statutory pension scheme	11.7	11.0
	11.8	11.1

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 2021	**12.8**	**0.3**	**5.0**	**4.2**	**22.3**	**19.9**
Additions	14.7	0.0	2.2	5.1	**22.0**	
Transfer	–	0.6	–	–0.6	**0.0**	
Utilisation	–9.9	–0.3	–2.6	–2.3	**–15.1**	
Reversals	–0.2	–0.6	–0.2	–0.0	**–1.0**	
Balance as of 31 December 2022	**17.4**	**–0.0**	**4.4**	**6.4**	**28.2**	**26.3**

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 F1.

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, an obligation from a donation to a haemophilia foundation, and other items.

Additions to provisions in the 2022 financial year mainly comprise additions of € 13.3 million (previous year: € 9.1 million) for profit sharing and the LTI Programme for employees.

E 15 FINANCIAL LIABILITIES

in Mio. €	2022	2021
Non-current liabilities		
Subordinated shareholder loan	321.9	314.8
Unsecured promissory notes	–	2.0
Secured loans from financial institutions	218.6	121.1
Other financial liabilities	47.9	35.5
Liabilities from derivative financial instruments	–	1.1
Long-term share of lease liabilities	24.4	22.0
	612.8	**496.4**

in Mio. €	2022	2021
Current liabilities		
Unsecured promissory notes	2.0	0.0
Other financial liabilities	21.7	27.9
Secured loans from financial institutions	2.8	1.6
Liabilities from derivative financial instruments	0.2	0.5
Short-term share of lease liabilities	4.6	4.8
	31.3	**34.8**

A subordinated, final maturity loan in euros from Grifols Biotest Holdings GmbH (until 25 April 2022: Tiancheng (Germany) Pharmaceuticals Holding AG) with an extended term until 2025 forms the core of the financing of Biotest AG.

A further key component of the financing is a secured loan with an original 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 Credit Facility of € 15 million, of which an amount of € 221.4 million is outstanding as of the balance sheet date. 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.

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

Credit lines in the amount of € 27.3 million (previous year: € 115.0 million) from the promised financing remain unused as of 31 December 2022. No further committed bilateral credit lines exist.

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

In connection with the financing, Biotest AG has undertaken to comply with 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 complied with at all times in the 2022 financial year.

Other financial liabilities mainly include an unsecured long-term loan in the amount of € 44.3 million (previous year: € 30.0 million), commission liabilities in the amount of € 15.5 million (previous year: € 21.9 million) and a repayment obligation from a supply contract in the amount of € 5.9 million (previous year: € 6.0 million).

The promissory note originally issued in the amount of € 210 million and which were concluded in October 2013 is divided into the following tranche of € 2.0 million:

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

No (partial) repayment of the promissory note loan was made in the 2022 financial year.

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 about the hedging of exchange rate and interest risks can be found in section F 3 Financial risk management.

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

2022 (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 %	321.9	–	321.9	–
Secured loans from financial institutions:				
Euro - variable at 4.4 to 8.7 %	221.4	2.8	218.6	–
Promissory note loans:	–	–	–	–
Euro - fixed at 3.8 %	2.0	2.0	–	–
Other financial liabilities:				
Euro - fixed at 0.0 to 9.0 %	69.4	21.6	3.5	44.3
Euro - variable at 2.2 %	0.1	0.1	–	–
CZK - fixed at 0.0 %	0.1	–	0.1	–
Liabilities from derivative financial instruments	0.2	0.2	–	–
Lease liabilities:				
Euro - fixed at 0.0 to 6.3 %	24.8	3.9	10.2	10.7
HUF - fixed at 1.8 to 6.1 %	0.5	0.2	0.3	–
CZK - fixed at 0.0 to 4.5 %	3.5	0.5	1.8	1.2
CHF - fixed at 0.0 to 2.7 %	0.1	0.0	0.1	–
GBP - fixed at 0.5 to 1.7 %	0.1	0.0	0.1	–
BRL - fixed at 0.0 %	0.0	0.0	0.0	–
	644.1	**31.3**	**556.6**	**56.2**

The pricing and repayment terms as well as the maturity profile of the previous year's 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 3.1 to 3.8 %	2.0	0.0	2.0	–
Other loans:				
Euro - fixed at 0.0 to 4.0 %	63.2	27.8	35.4	–
Euro - variable at 0.6 %	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	–
Lease liabilities:				
Euro - fixed at 0.0 to 4.8 %	23.6	4.1	10.4	9.1
HUF - fixed at 2.4 to 4.5 %	0.5	0.2	0.3	–
CZK - fixed at 1.3 to 4.4 %	2.3	0.3	1.3	0.7
CHF - fixed at 0.7 to 5.0 %	0.1	0.1	0.0	–
GBP - fixed at 0.2 to 3.0 %	0.2	0.1	0.2	–
BRL - fixed at 0.1 to 0.7 %	0.0	0.0	0.0	–
	531.2	**34.8**	**486.6**	**9.8**

The rights of use of leased assets are capitalised with carrying amounts of € 27.5 million (previous year: € 25.3) 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 Eurozone countries, the majority of the Biotest Group's liabilities from leasing agreements are denominated in euros.

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

Net debt amounted to € 502.3 million as of the balance sheet date (previous year: € 393.0 million) and are derived as follows:

in € million	**2022**	2021
Shareholder loans	321.9	314.8
interest bearing financial liabilities to third parties	268.0	155.8
Lease liabilities	29.0	26.8
	618.9	**497.4**
Cash and cash equivalents	116.6	104.4
	116.6	**104.4**
Net debt	**502.3**	**393.0**

Interest-bearing financial liabilities to third parties consist of secured loans from financial institutions in the amount of € 221.4 million, other interest-bearing unsecured loans in the amount of € 44.6 million and promissory notes in the amount of € 2.0 million.

E 16 OTHER LIABILITIES

in € million	2022	2021
Liabilities for commissions payable	3.6	5.2
Deferred liabilities	2.3	1.8
Wage tax liabilities	2.1	0.4
Deferred income	2.7	2.1
Social security liabilities	0.7	1.7
Value added tax liabilities	0.4	0.4
Plasma swap liabilities related parties	7.3	–
Other liabilities	1.9	0.8
	21.0	**12.4**

Other liabilities with a term to maturity of over one year amounted to € 0.0 million (previous year: € 0.0 million) as of the reporting date of the financial year under review.

In the financial year under review, liabilities from a unilaterally settled plasma swap transaction with Grifols Worldwide Operations Ltd. amounting to € 7.3 million were recognised for the first time (previous year: € 0.0 million).

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 2020, 2021 and 2022. The targets of the LTIP 2020, 2021 as well as 2022 are not dependent on the share price. Instead, share price-independent targets are set. As a consequence, the LTIP 2020, 2021 and 2022 do not have to be reported in accordance with IFRS 2.

The LTIP 2020 starts in May of the first year and ends on 31 December of the third year. The LTIP 2021 and 2022 start in May of the first year and end 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 Supervisory Board offered the Board of Management the option 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 members of the Board of Management in office at the time of the takeover have agreed to this offer.

For a detailed description of the LTIP programmes, please see our comments in the Remuneration Report of Biotest AG. This report is available on the Biotest website.

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 inputs is to be kept as high as possible and that of non-observable inputs as low as possible.

According to IFRS 13.72, the financial instruments measured at fair value on the balance sheet 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 2022	At amortised cost	At fair value through profit or loss	Fair value as of 31 December 2022	Fair value level
Financial assets at fair value (FAFVtPL)					
Trade receivables	0.7	–	0.7	0.7	–
Derivatives without a hedging relationship	1.1	–	1.1	1.1	2
Surrender claim against trustee	7.6	–	7.6	7.6	1
Pension fund	0.1	–	0.1	0.1	1
Total	9.5	–	9.5	9.5	
Financial assets measured at amortized cost (AC)					
Trade receivables	123.8	123.8	–	123.8	–
Cash deposits with banks	12.4	12.4	–	12.4	–
Loans to third parties	13.1	13.1	–	13.1	–
Receivables from joint ventures	0.0	0.0	–	0.0	–
Miscellaneous other financial assets	5.9	5.9	–	5.9	–
Cash and cash equivalents	116.6	116.6	–	116.6	–
Total	271.8	271.8	–	271.8	
Financial liabilities at fair value (FLFVtPL)					
Derivatives without a hedging relationship	0.2	–	0.2	0.2	2
Total	0.2	–	0.2	0.2	
Financial liabilities at amortized cost (FLAC)					
Trade payables	51.1	51.1	–	51.1	–
Subordinated shareholder loans	321.9	321.9	–	315.6	2
Secured loans from financial institutions	221.4	221.4	–	238.0	2
Unsecured bank liabilities	2.0	2.0	–	2.0	2
Other financial liabilities	69.6	69.6	–	67.4	2
Total	666.0	666.0	–	674.1	
Valuation in the statement of financial position according to IFRS 16					
Lease liabilities	29.0	–	–	–	–

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	–	–	–	–

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 consequently 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 consideration 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., and in the previous year also taking a discount into consideration. 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 empirical data. The fair value is allocated to Level 3.

During the financial year under review, the trustee sold 2,395,580 shares in ADMA Biologics Inc. in small quantities spread over a four-month period from 27 September 2022 onwards. In each case, the current daily share price was obtained and it was no longer necessary to apply any discount for the size of the share package. As publicly quoted prices were thereby available on an active market, the valuation of the shares in ADMA Biologics Inc. was reclassified from Level 3 to Level 1 on 31 December 2022.

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 assigned to Level 2.

The fair value of the pension funds is allocated to 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 Level 2.

F 2.4 NET GAIN OR LOSS BY MEASUREMENT CATEGORY

The net gain or loss for financial year 2022 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 2022
Financial assets measured at amortised cost	0.8	–	–0.2	–9.4	–	–8.8
Financial assets measured at fair value through profit or loss	–	9.8	–	–	–	9.8
Financial liabilities measured at amortised cost	–17.9	–	0.1	–	–	–17.8
Financial liabilities measured at fair value through profit or loss	–	0.2	–	–	–	0.2
Total	**–17.1**	**10.0**	**–0.1**	**–9.4**	**–**	**–16.6**

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 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**

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 fair value through profit and loss measurement category includes a gain of € 10.0 million (previous year: loss of € 2.7 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 denominated 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 2022. Financial liabilities repayable on demand are always allocated to the earliest time period.

in € million		Cash flow in 2023			Cash flow in 2024		
Balance sheet items	Carrying amount as of 31 December 2022	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments
Primary financial liabilities:							
Liabilities to shareholders	–321.9	–	–	–	–	–	–
Liabilities to banks	–2.0	–0.1		–2.0	–	–	–
Liabilities to fianancial instututions	–221.4	–0.2	–20.2		–0.0	–11.0	–225.0
Lease liabilities	–29.0	–0.7	–	–4.7	–0.8	–	–3.6
Other financial liabilities	–69.6	–2.8	–0.0	–29.9	–3.5	–0.0	–7.9
Trade payables	–51.1	–	–	–51.1	–	–	–
Derivative financial liabilities:							
Foreign exchange derivatives without hedge relationships	–0.1	–	–	–0.2	–	–	–0.0

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 financial institutions	–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

The cash flows include a financing commitment of € 14.0 million (previous year: € 17.2 million).

Liabilities to financial institutions also include commitment interest based on the undrawn volume of € 15.0 million (previous year: € 115.0 million).

Cash flow in 2025			Cash flow in 2026			Cash flow in 2027			Cash flow after 2027		
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	–	–3.3	–0.6	–	–2.9	–0.5	–	–2.6	–1.7	–	–11.9
–3.5	–0.0	–1.4	–3.5	–0.0	–0.0	–3.5	–	–0.0	–7.8	–	–44.3
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–0.0	–	–	–	–	–	–	–	–	–

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	–	–	–	–	–	–	–	–	–
		–									
–	–		–	–	–	–	–	–	–	–	–

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 of 31 December 2022, € 1.1 million (previous year: € 0.0 million) are reported under other financial assets and € 0.2 million (previous year: € 1.6 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.

Trade receivables and contract assets from customers in the Middle East, Africa and France (MEAF) sales region exist in the amount of € 104.4 million (previous year: € 91.9 million). These account for around 62 % (previous year: 58 %) of gross trade receivables and gross contract assets in the current year. Valuation allowances of € 5.3 million (previous year: € 6.7 million) were formed for these receivables. Of the net trade receivables, € 20.5 million (previous year: € 16.1 million) relate to receivables from customers in Iran. Valuation allowances of € 1.0 million (previous year: € 1.4 million) are attributable to these receivables.

Credit insurance policies have been taken out with various companies for certain customers in selected countries. Economic risks are insured for an amount of € 22.2 million (previous year: € 25.2 million) and political risks for an amount of € 22.8 million (previous year: € 26.8 million). The deductible agreed as part of existing credit insurance policies amounts to up to 5 %.

Potential default risks for primary financial instruments that are not held at fair value through profit or loss are taken into consideration 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	2022	2021
Trade receivables	124.5	107.3
Contract assets	35.2	39.1
Other financial assets	40.3	18.8
Cash and cash equivalents	116.6	104.4

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 its 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 2022		
Trade receivables	23.0	101.5
Contract assets	–	35.2
Cash and cash equivalents	–	116.6
Other financial assets	–	40.3
Total	**23.0**	**293.6**

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**

Biotest categorises all of the assets listed above into credit grades and makes value adjustments of between 0.0% and 33.5% 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 consequently 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. As a matter of principle, the Biotest Group protects itself against identifiable future currency risk whenever it anticipates such exposure. In addition, balance sheet risks 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	2022	2021	2022	2021
Cash and cash equivalents	2.0	0.7	0.9	2.7
Trade receivables	27.8	16.4	7.8	12.9
Other primary financial assets	21.0	7.4	–	–
Other derivative financial assets	0.1	0.0	0.8	–
Trade payables	–8.3	–4.6	–0.2	–0.2
Lease liabilities	–	–	–0.1	–0.2
Other primary financial liabilities	–10.4	–10.2	–	–
Other derivative financial liabilities	–0.0	–0.0	–	–0.4
Net position	**32.2**	**9.8**	**9.2**	**14.8**

The following currency futures for the sale of USD, GBP and CAD (previous year: RUB) were held as of the reporting date:

in € million	Nominal amount		Market values	
	2022	2021	2022	2021
Forward exchange transactions	76.2	30.5	0.9	–0.6

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, no interest rate hedging transactions existed as of 31 December 2022.

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 Euribor. The method of calculating 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. For this reason, 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 (previous year: leasing agreements and factoring).

As of 31 December 2022, the Biotest Group has a contractually agreed credit line:

in € million	2022	2021
Loans drawn down	596.3	474.5
Loans not drawn down	27.3	115.0

As of 31 December 2022, the Biotest Group has issued secured financing commitments to suppliers for € 27.3 million, of which € 13.3 million has been drawn down.

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

A maturity overview illustrating how cash flows from liabilities as of 31 December 2022 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 2022**	Cash flows	Addition of RoU assets in 2022 (not cash-effective)	Exchange rate changes	Other	**December 31 2022**
Financial liabilities	504.4	100.0	–	–	10.6	615.1
Lease liabilities	26.8	–5.9	8.3	–0.2	–	29.0
Total	**531.2**	**94.1**	**8.3**	**–0.2**	**10.6**	**644.1**

in € million	**January 1 2021**	Cash flows	First-time adoption of IFRS 16	Addition of RoU assets in 2021 (not cash-effective)	Modifications of leases (not cash-effective)	Exchange rate changes	Other	**December 31 2021**
Financial liabilities	443.1	25.0	–	–	–	–	36.3	504.4
Liabilities from finance leases	27.4	–5.8	–	5.8	–	–0.6	–	26.8
Total	**470.5**	**19.2**	**–**	**5.8**	**–**	**–0.6**	**36.3**	**531.2**

The "Other" item mainly 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 performed 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 € 40.2 million (previous year: € 31.6 million), the currency sensitivities result in the following hypothetical impact on earnings:

in million €	Appreciation of EUR of 10 %		Depreciation of EUR of 10 %	
	2022	2021	**2022**	2021
EUR to USD	0.7	0.1	–0.1	0.1
EUR to GBP	2.9	0.5	–2.9	–0.2
EUR to other exhange rates	0.2	–0.3	–0.1	0.5
	3.8	**0.3**	**–3.1**	**0.4**

It should be noted that the sensitivity analysis required by IFRS 7 only takes into consideration exchange rate risk on financial assets and liabilities but not translation risk. If translation risk had been taken into consideration, 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 consequently 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 consequently incorporated in income-related sensitivity calculations.

Currency derivatives and changes in their value due to interest rate changes were not taken into consideration 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	
	2022	2021
from derivative financial instruments	0.0	0.7
from primary financial instruments	–1.0	1.0
total hypothetical impact on results	**–1.0**	**1.7**

in million €	decrease in interest rate structure of 100 BP	
	2022	2021
from derivative financial instruments	–0.0	–0.5
from primary financial instruments	1.0	–1.0
total hypothetical impact on results	**1.0**	**–1.5**

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 immateriality.

If the market interest rate level as of 31 December 2022 had been 100 basis points higher or 100 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. In particular, equity market prices or indices can be considered as risk variables.

A sensitivity analysis with regard to the block discount is no longer required as of 31 December 2022, as no package discount is recognised in the fair value calculation in the financial year under review.

In the previous year, the sensitivity analysis related to the surrender claim against the trustee from the sale of shares in ADMA Biologics Inc. If the share price had been 10 % higher (10 % lower) as of 31 December 2021, the fair value would have been € 0.4 million higher (€ 0.4 million lower). If the block discount had been 10 % higher (10 % lower) as of 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 secure the Biotest Group's strategic business development and growth.

The Biotest Group's equity on which capital structure optimisation efforts focus is the equity reported on the balance sheet that is attributable to the owners of Biotest AG as the parent company. The 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 Biotest Group's equity ratio amounts to 30.8 % as of 31 December 2022 (previous year: 34.4 %). Due to the Biotest Next Level project, the equity ratio may also amount to less than 40 %. In addition, both long-term and quarterly special financial ratios are used for analysis and management purposes. The key figures in this context are adjusted EBIT and net debt.

No fundamental changes were made to the objectives or processes for managing capital in the 2022 financial year. 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 implemented a capital increase in June 2013. The maximum possible number of 1,461,909 new preference shares was subscribed for at a price of € 52 per share either by existing shareholders using their subscription rights or by way of placement with institutional investors. New no-par-value bearer preference shares with a proportionate amount of the share capital of € 2.56 per share were issued. This generated gross issue proceeds of € 76 million.

In the 2013 financial year, Biotest AG privately placed promissory notes with € 210 million of proceeds on the capital markets. Euro denominated tranches with a maturity of 5, 7 and 10 years and a US dollar denominated tranche with a maturity of 5 years were subscribed for. 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 as of the 2022 balance sheet date.

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 € 321.9 million including accrued interest and the long-term loan at € 44.3 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 forms a further key component of the financing. Of the volume made available, € 225 million (previous year: € 125 million) had been utilised as of 31 December 2022. This financing agreement includes a covenant, 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 carrying amount of € 194.0 million (previous year: € 202.5 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 € 19.0 million (previous year: € 12.9 million).

Biotest Pharma GmbH, Dreieich, and Biotest Grundstücksverwaltungs GmbH, Dreieich, have joined the financing agreement as further guarantors.

To cover further financing requirements in 2023, Biotest AG and Grifols Worldwide Operations Limited, Dublin, Ireland, 100% subsidiary of Grifols, S.A., entered into a financing agreement on March 7, 2023, for an amount of € 147.0 million.

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 do not lie entirely within the Company's scope of control.

Contingent liabilities are potential obligations that originate from past events and whose existence will not be confirmed until the occurrence or non-occurrence of one or more uncertain future events that do not lie entirely within the Company's scope of 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.

In the context of an ongoing antitrust case in Romania there is a contingent liability of € 5.1 million.

Cash of € 12.5 million (previous year: € 8.7 million) was deposited with banks as collateral.

Contingent liabilities of € 1.7 million (previous year: € 3.0 million) exist from collateral for liabilities of affiliated companies.

As in the previous year, no contingent assets existed as of the reporting date.

F 7 OTHER FINANCIAL COMMITMENTS

in € million	in 2023	2024 to 2027	starting in 2028	Total
Commitments under longterm supply agreements with fixed purchase volumes	273.3	678.3	198.7	1,150.3
Commitments under longterm service agreements	6.2	13.4	–	19.6
Other financial obligation	3.0	9.1	6.9	19.0
	282.5	**700.8**	**205.6**	**1,188.9**

The other financial commitments comprise plasma supply contracts with a volume of € 1,134.9 million (previous year: € 1,087.6 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). Commitments under long-term supply agreements for intermediates with fixed purchase volumes relate to supply agreements for the years 2023 to 2025, under which Biotest is to receive products worth € 15.3 million (previous year: € 9.3 million) in subsequent years.

Obligations under long-term service agreements mainly relate to purchase commitments under two toll manufacturing agreements for the periods from 2023 to 2025 totaling € 19.6 million (previous year: € 11.0 million).

F 8 OTHER RELATED COMPANIES AND PERSONS

The Biotest Group has 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 Grifols Biotest Holdings GmbH, Munich, Germany (until 3 June 2022, operating as Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany) and its parent company Grifols, S.A., Barcelona, Spain (until 25 April 2022, Tiancheng International Investment Ltd., Hong Kong, People's Republic of China).
- Joint venture: BioDarou P.J.S. Co, Tehran, Iran.
- Sister companies: Shanghai RAAS blood products Co., Ltd ("Shanghai RAAS"), Shanghai, People's Republic of China, Anhui Tonrol Pharmaceutical Co., Ltd, Hefei, People's Republic of China, and Grifols Worldwide Operations Limited, Dublin, Ireland.

A) PARENT COMPANY: GRIFOLS BIOTEST HOLDINGS GMBH

Tiancheng (Germany) Pharmaceutical Holdings AG granted a shareholder loan to Biotest. The Annual General Meeting of Tiancheng (Germany) Pharmaceutical Holdings AG on 25 April 2022 passed a resolution to modify the company's legal form to Grifols Biotest Holdings GmbH. With the modification of legal form, all rights and obligations under the aforementioned agreements were transferred to Grifols Biotest Holdings GmbH. As of 31 December 2022, the shareholder loan amounts to € 290.0 million (previous year: € 290.0 million) plus unpaid interest of € 31.9 million (previous year: € 24.8 million).

B) GRIFOLS, S.A.

Under the agreement dated 19 December 2022, Grifols undertakes to pay compensation of € 0.6 million to Biotest. This compensation payment arises from the termination of the distribution agreement for human albumin in China with a third party by Biotest in favour of a distribution agreement with Grifols. This payment compensated Biotest for the internal and external expenses incurred in connection with the termination of the agreement.

With the acquisition by Grifols, S.A. of a wholly owned interest in Grifols Biotest Holdings GmbH (formerly trading as Tiancheng (Germany) Pharmaceutical Holdings AG) and the related indirect acquisition of a 89.88 % interest in Biotest, Biotest became part of the scope of consolidation of Grifols on 25 April 2022. As part of the opening balance sheet from 30 April 2022 onwards, Grifols must also submit an audit report for the level of Biotest. For this reason, Biotest offers to provide personnel and financial resources to conduct the required audit, fulfill requests for information, and perform additional work related to the audit. Under the agreement dated 27 October 2022, Grifols is required to indemnify Biotest against all internal and external costs, fees, expenses, interest and damages incurred in connection with the audit, assistance and/or requests for information. If Grifols does not indemnify Biotest, Grifols is required to pay Biotest interest at a rate of 5 %. The estimated cost amounted to € 0.1 million. No payments were made in 2022.

As part of its audit for the 2022 year, Grifols must also submit an audit report for the Biotest level in the period from 1 May 2022 to 31 December 2022. For this reason, Biotest offers to provide personnel and financial resources to conduct the required audit, fulfil requests for information, and perform additional work related to the audit. Under the agreement dated 27 October 2022, Grifols is required to indemnify Biotest against all internal and external costs, fees, expenses, interest and damages incurred in connection with the audit, assistance and/or requests for information. Grifols will reimburse only those costs incurred by audit procedures that exceed the scope of the audit procedures performed by Biotest as part of its own audit of the annual financial statements. If Grifols does not indemnify Biotest, Grifols is required to pay Biotest interest at a rate of 5 %. No services were rendered and no payments were made in 2022.

C) JOINT VENTURE: BIODAROU P.J.S. COMPANY

In the financial year under review, Biotest generated revenue of € 7.5 million (previous year: € 8.9 million) from toll manufacturing with BioDarou P.J.S. Co.

Receivables and contract assets from joint ventures amount to € 7.3 million (previous year: € 10.1 million) as of 31 December 2022, excluding allowances recognised for this purpose. As in the previous year, no allowances for doubtful accounts receivable were recognised in the 2022 financial year.

D) SHANGHAI RAAS BLOOD PRODUCTS CO., LTD. ("SHANGHAI RAAS")

No business transactions with Shanghai RAAS were realised in the 2022 financial year.

E) ANHUI TONROL PHARMACEUTICAL CO., LTD. ("ANHUI TONROL")

In the 2022 financial year, Biotest Pharma GmbH did not make any deliveries of goods to Anhui Tonrol, Hefei, People's Republic of China (previous year: € 6.0 million). Anhui Tonrol paid € 0.8 million to Biotest Pharma GmbH in the financial year under review for goods deliveries from 2021. As of 31 December 2022, no receivables are due from Anhui Tonrol (previous year: € 1.0 million).

F) GRIFOLS WORLDWIDE OPERATIONS, LTD.

Grifols Worldwide Operations Limited and Biotest entered into a source plasma swap agreement on 7 February 2022, whereby Grifols Worldwide Operations Limited agrees to supply Biotest with a specified volume of litres of normal plasma collected in the USA and in return Biotest agrees to supply the same volume of litres of normal plasma collected in Canada and the USA, and collected by Biotest in Europe.

In the 2022 financial year, Grifols supplied 86,490.262 liters of source plasma to Biotest. In return, Biotest supplied 31,582.687 liters of source plasma to Grifols.

By agreement dated 30 March 2022, the parties have agreed that Grifols Worldwide Operations Limited will deliver to Biotest a total volume of 25,000 litres of normal plasma collected by Grifols Worldwide Operations Limited at plasma collection centres owned by PBC Plasma, Inc., or other US plasma collection centres owned or managed by affiliates of Grifols Worldwide Operations Limited in the USA. The price per litre of plasma purchased amounts to USD 225. The contract runs until 31 July 2022 at the latest.

A total of 25,540.128 litres were delivered. Biotest paid € 5.4 million (USD 5.7 million) to Grifols Worldwide Operations Limited for services rendered. As of December 31, 2022, liabilities of € 7.3 million are due to Grifols Worldwide Operations Limited arising from the plasma swap agreement (previous year: € 0.0 million).

OTHER RELATED COMPANIES AND PERSONS

Dr. Cathrin Schleussner informed the Biotest Group that since 19 December 2007 she held a 50.03 % interest in the voting rights. These voting rights are held via OGEL GmbH, Frankfurt am Main, Germany. OGEL GmbH was controlled as a company by Dr. Cathrin Schleussner. By accepting the voluntary public takeover offer, OGEL GmbH sold its shareholding as of 31 January 2018.

The members of Dr. Cathrin Schleussner's family were considered to be related parties in the meaning of IAS 24 due to their positions on the Supervisory Board, including after the acceptance of Creat's takeover bid. In the previous year, a reimbursement of € 0.2 million arising from the purchase of monoclonal antibodies BT-061 was paid. With effect from 1 January 2019, Biotest acquired the 2 % non-controlling interest in Biotest Grundstücksverwaltungs GmbH from Dr. Cathrin Schleussner and Dr. Martin Schleussner. A subsequent dividend payment of € 0.1 million was made in the 2021 financial year. Dr. Cathrin Schleussner stepped down from her position 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 a notification dated 17 September 2021, Grifols, S.A., Barcelona, Spain, notified Biotest AG that its share of voting rights through proportionate instruments in the meaning of Section 38 (1) No. 2 of the German Securities Trading Act (WpHG) (purchase agreement subject to conditions with physical settlement) in Biotest AG exceeded the 75 % notification threshold on 17 September 2021 and now amounts to 89.88 %.

Under the Articles of Association dated 25 April 2022, Grifols Biotest Holdings GmbH, Frankfurt am Main, Germany, was established by way of a change of legal form from the company Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany.

In a notification dated 27 April 2022, Mr. Yuewen Zheng informed Biotest AG that his share of voting rights in Biotest AG reduced to below the reporting thresholds of 3, 5, 10, 15, 20, 25, 30, 50 and 75 % on 25 April 2022 due to the discontinuation of the attribution of voting rights due to the discontinuation of the control function and now amounts to 0.0 %.

In a notification dated 27 April 2022, Grifols, S.A., Barcelona, Spain, notified Biotest AG that its share of voting rights through the exercise of financial instruments of Grifols Biotest Holdings GmbH (until 25 April 2022 trading as Tiancheng (Germany) Pharmaceutical Holdings AG) now amounted to 96.20 % as of 25 April 2022. Grifols, S.A. holds the voting rights as the ultimate controlling person through the complete chain of subsidiaries – starting with the ultimate controlling company, Grifols, S.A., and ending with Grifols Biotest Holdings GmbH.

On 2 May 2022, Grifols, S.A., Barcelona, Spain, announced pursuant to Section 23 (2) Sentence 1 of the German Securities Acquisition and Takeover Act (WpÜG) that Grifols, S.A. had acquired additional 0.94 % of the voting rights in Biotest AG. As a consequence, Grifols, S.A. holds a total of 97.14 % of the voting rights in Biotest AG.

With regard to the changes in the legal structure of the Company after the balance sheet date, please refer to our comments in section 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 2022, the members of the Supervisory Board and the Board of Management continue 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 until 5 May 2022)
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 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

Dr. Bernhard Ehmer,
Heidelberg, Germany
Chairman of the Supervisory Board of Biotest AG (member since 5 May 2022)
Member of the Supervisory Board of Affimed N.V.
Member of the Board of Achilles Therapeutics plc, London, United Kingdom

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 until 4 June 2022)
Member of the Supervisory Board of Tiancheng (Germany) Pharmaceutical Holdings AG, Munich (from June 3, 2022, under the company name of Biotest Holdings GmbH, from June 23, 2022, with registered office in Frankfurt am Main), Germany
Director 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

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
Graduate in Business Administration, auditor and tax consultant
Member of the Supervisory Board of Biotest AG (member until 5 May 2022)
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, (from June 3, 2022, under the company name of Biotest Holdings GmbH, from June 23, 2022, with registered office in Frankfurt am Main), Germany
Member of the Supervisory Board of Biotest AG (member until 4 June 2022)

Dr. Salome Drechsler,
Sulzbach im Taunus, Germany
Dr. rer. pol., Graduate in Business Administration
Employee of Biotest AG, Dreieich, Germany
Employee representative on the Supervisory Board of Biotest AG (member until 5 May 2021)

Dirk Schuck,
Rüsselsheim, Germany
Graduate in Business Administration
Employee of Biotest AG, Dreieich, Germany
Employee representative on the Supervisory Board of Biotest AG (member since 5 May 2022)

Tomas Dagá Gelabert,
Barcelona, Spain
Deputy Chairman of the Supervisory Board of Biotest AG (member since 5 May 2022)
Member of the Management Board of Grifols, S.A., Barcelona, Spain
Vice Secretary of the Management Board of Grifols, S.A., Barcelona, Spain
Partner at Osborne Clarke Spain, Barcelona, Spain

David Bell,
Aledo, Texas, USA
Member of the Supervisory Board of Biotest AG (member since 5 June 2022)
Chief Corporate Development Officer at Grifols, S.A., Barcelona, Spain
General Counsel at Grifols, S.A., Barcelona, Spain
Member of the Executive Committee and Management Board of Grifols, S.A., Barcelona, Spain

Uta Kemmerich-Keil,
Darmstadt, Germany
Member of the Supervisory Board of Biotest AG (member since 5 May 2022)
Member of the Supervisory Board of Schott AG, Mainz, Germany
Member of the Supervisory Board of Affimed N.V.
Member of the Supervisory Board of Karo Healthcare Actiebolag
Member of the Board of Directors of Klosterfrau Zürich AG
Member of the Advisory Board of Röchling SE & Co. KG

Remuneration of the Supervisory Board

In the financial year under review, the Supervisory Board received a total of € 364 thousand (previous year: € 383 thousand), the entirety of which comprises fixed remuneration components.

In addition to the Supervisory Board remuneration listed, further benefits were expensed in 2022 and 2021 financial years for employee representatives as part of their employment contracts. 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 company's website.

Board of Management

Dr. Michael Ramroth,
Mörfelden-Walldorf, Germany
Chief Executive Officer, Chief Financial Officer

Ainhoa Mendizabal Zubiaga,

Barcelona, Spain
Member of the Board of Management (Chief Financial Officer, member since 15 February 2023)

Dr. Georg Floß,
Marburg, Germany
Member of the Board of Management (Chief Operations Officer, member until 8 January 2023)

Peter Janssen,
Frankfurt am Main, Germany
Member of the Board of Management (Chief Operations Officer, member since 1 September 2022)

Dr. Jörg Schüttrumpf,
Frankfurt am Main, Germany
Member of the Board of Management (Chief Scientific Officer)

Remuneration of the Board of Management

The total remuneration of the Board of Management active in the 2022 financial year amounted to € 5,740 thousand (previous year: € 4,450 thousand). The Board of Management remuneration is divided into a non-performance-based component of € 2,401 thousand (previous year: € 1,955 thousand), a performance-based component of € 2,561 thousand (previous year: € 1,770 thousand) and a pension expense of € 778 thousand (previous year: € 725 thousand).

The participation of the Board of Management 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.

Board of Management members participate in the non-share-based LTIP 2022 programme based on a fixed amount for 100 % target achievement. This amounts to € 428 thousand for Dr. Ramroth, € 380 thousand for Dr. Floß, € 210 thousand for Dr. Schüttrumpf and € 273 thousand for Mr. Janssen. A provision of € 211 thousand was formed for this tranche in 2022. Of this amount, Dr. Ramroth accounted for € 76 thousand, Dr. Floß for € 68 thousand, Dr. Schüttrumpf for € 37 thousand, and Mr. Janssen for € 49 thousand.

Board of Management members participate in the non-share-based LTIP 2021 programme based on a fixed amount for 100 % target achievement. This amounts to € 428 thousand for Dr. Ramroth, € 380 thousand for Dr. Floß and € 90 thousand for Dr. Schüttrumpf. A provision of € 403 thousand was formed for this tranche in 2022. Of this amount, € 192 thousand is attributable to Dr. Ramroth, € 171 thousand to Dr. Floß, and € 40 thousand to Dr. Schüttrumpf.

The Board of Management members participated in the non-share-based LTIP 2020 programme with allocated virtual shares (Dr. Ramroth and Dr. Floß each with 1,800 shares and Dr. Schüttrumpf with 800 shares). A provision of € 1,041 thousand was formed for this tranche. Of this amount, € 507 thousand is attributable to Dr. Ramroth, € 450 thousand to Dr. Floß, and € 84 thousand to Dr. Schüttrumpf.

Dr. Ramroth received a payment of € 333 thousand, Dr. Floß € 295 thousand and Dr. Schüttrumpf € 54 thousand from the non-share-based LTIP 2019, the payments for which were set for the 2022 financial year. The active members of the Board of Management have pension entitlements amounting to € 10,618 thousand (previous year: € 12,781 thousand).

The employment contracts also include standard 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 early 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, no severance payment claims exist in the event that a service contract is terminated early at the instigation of the respective Board of Management member.

No other one-time or recurring commitments exist with the exception of the aforementioned pension commitments in the event of regular and early termination of Board of Management membership.

Provisions of € 7,508 thousand (previous year: € 8,752 thousand) have been formed for pension commitments to former Board of Management members and their surviving dependents. As of the balance sheet date, no loan receivables from members of the executive bodies existed.

Pension payments of € 520 thousand (previous year: € 512 thousand) were made for former members of the Board of Management in the 2022 financial year.

A detailed description of the remuneration scheme 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 website.

F 9 LIST OF SHAREHOLDINGS

The companies that form part of the shareholdings of Biotest AG 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	130.1	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	6.5	100.0	2.3
Biotest Italia S.r.l.	Milan, Italy	6.9	100.0	0.7
Biotest Austria GmbH	Vienna, Austria	2.3	100.0	0.5
Biotest (Schweiz) AG	Rupperswil, Switzerland	3.3	100.0	–0.6
Biotest Hungaria Kft.	Budapest, Hungary	4.3	100.0	0.7
Biotest Farmacêutica Ltda.	São Paulo, Brazil	–1.9	100.0	–0.1
Biotest Hellas MEPE	Athens, Greece	–7.9	100.0	–
Biotest Medical S.L.U.	Barcelona, Spain	2.1	100.0	0.1
Plasma Service Europe GmbH */***	Dreieich, Germany	50.0	100.0	–
Plazmaszolgálat Kft. *	Budapest, Hungary	3.0	100.0	–1.6
Cara Plasma s.r.o. *	Prague, Czech Republic	0.5	100.0	–5.5
Cara Plasma SK s.r.o.*	Bratislava; Slovakia	–	100.0	–
BioDarou P.J.S. Company */*****/******	Tehran, Iran	3.7	49.0	1.2
Biotest Pharmaceuticals ILAÇ Pazarlama Anonim Sirketi ****/*****	Istanbul, Turkey	0	100.0	–

* Indirect interest
** 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 2021
****** Excluding an adjustment due to IAS 29

F 10EXEMPTION OPTION ACCORDING TO SECTION 264 (3) HGB

For the annual financial statements of Biotest Pharma GmbH, Plasma Service Europe GmbH and Biotest Grundstücksverwaltungs GmbH, all located at Dreieich, Germany, the exemption option pursuant to Section 264 (3) of the German Commercial Code (HGB) is exercised for the 2022 financial year to the extent that no notes to financial statements are prepared for all three companies and no management report is prepared for the separate companies Biotest Pharma GmbH and Plasma Service Europe GmbH. In addition, all three companies' annual financial statements are not published.

F 11 PENDING AND IMMINENT LEGAL PROCEEDINGS

Provisions of € 0.1 million (previous year: € 0.3 million) were formed for legal proceedings pending and threatened as of the balance sheet date. The provision for litigation risks mainly takes into consideration the expected legal costs arising from antitrust proceedings with the Romanian regulator.

F 12 EVENTS AFTER THE REPORTING DATE

The Supervisory Board of Biotest AG appointed Ms. Ainhoa Mendizabal Zubiaga to the Company's Board of Management as Chief Financial Officer (CFO) with effect as of 15 February 2023.

At the request of Grifols, S.A., the Regional Court of Frankfurt am Main ruled by order dated October 27, 2022 that the ordinary shares of Biotest AG not already owned by Grifols, S.A. were to be transferred to Grifols, S.A. against payment of compensation. Biotest AG was informed on January 9, 2023 that an appeal was filed against the decision of the Regional Court of Frankfurt am Main before the expiry of the objection period, so that the shares have not yet been transferred.

On March 7, 2023, Biotest AG and Grifols Worldwide Operations Limited, Dublin, Ireland, 100% subsidiary of Grifols, S.A., entered into a financing agreement for the amount of € 147 million.

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, 20 March 2023

Dr. Michael Ramroth
Chairman of the
Board of Management

Ainhoa Mendizabal Zubiaga
Member of the
Board of Management

Peter Janssen
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, 20 March 2023

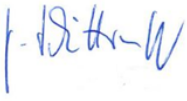
Biotest Aktiengesellschaft

Board of Management

Dr. Michael Ramroth
Chairman of the
Board of Management

Ainhoa Mendizabal Zubiaga
Member of the
Board of Management

Peter Janssen
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 Combined Management Report

Opinions

We have audited the consolidated financial statements of Biotest Aktiengesellschaft, Dreieich, and its subsidiaries (the Group), comprising the consolidated statement of financial position as at 31 December 2022, the consolidated statement of income, 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 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the audited the report on the situation of the Company and the Group (hereinafter referred to as the "combined management report") of Biotest Aktiengesellschaft for the financial year from 1 January to 31 December 2022.

In accordance with German legal requirements, we have not audited the content of the elements of the combined management report referred to 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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, the combined 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 combined management report does not cover the elements of the combined management report referred to in the "Other information" section of our auditor's 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 annual financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for the Financial Statement Audits promulgated by the Institut the Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 Combined 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. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. 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 combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Non-impairment of property, plant and equipment relating to the "Biotest Next Level" investment project

Please refer, with regard to the uncertainties regarding estimations associated with the "Biotest Next Level (hereinafter also BNL)" investment project, to the disclosures on the accounting and measurement policies applied to the notes to the consolidated financial statements under Note B 18. Furthermore, please refer to the disclosures in the notes to the consolidated

financial statements under Note E 2 for the carrying amount of the "Biotest Next Level" investment project and the disclosures on the accounting and measurement policies applied in the notes to the consolidated financial statements under Note B 5.

Explanatory comments on the progress of the BNL investment project can be found in the combined management report in Sections B.V. Overall conclusion on the economic situation of the Group, D.II.6 Risk report – strategic corporate risks D.II.7 Overall conclusion on the risk situation of the Group and D.I Forecast report.

THE FINANCIAL STATEMENT RISK

Property, plant and equipment with a carrying amount of EUR 520.3 million (PY: EUR 524.7 million) are recognised in the consolidated financial statements of Biotest Aktiengesellschaft as at 31 December 2022. On issuance of the manufacturing licence pursuant to Section 13 of the German Medical Products Act, the IgG Next Generation process facility was commissioned in the financial year 2021. The main aim of the project is to double the production capacities for the fractionation of human blood plasma at the Dreieich site.

Following delays in the progress of the project in the past, the manufacturing licence pursuant to Section 13 of the German Medical Products Act was issued in July 2021 for the new product, IgG Next Generation, by the Darmstadt Regional Council (from 1 January 2023: Hessian State Office for Health and Nursing, Darmstadt). In November 2022, the Group received the licence from the Paul-Ehrlich-Institute for the development of the new product, Yimmugo (IgG Next Generation). This is the first licence for a product manufactured on the new "Biotest Next Level" production facility. The carrying amount of the BNL facility as at 31 December 2022 amounted to EUR 361.1 million, representing 30.0 % of the total assets.

The assumptions of the Board of Management of Biotest Aktiengesellschaft on the future progress of the project and the complete commissioning of the facility have a significant influence on the Group's strategic planning and therefore on the non-impairment of the capitalised property, plant and equipment. If indications for impairment arise on the basis of the actual development of the project and the products or changed market conditions, the Group determines the recoverable amount as at the reporting date and compared this with the carrying amount. Currently the Board of Management considers there are no indications for impairment of the capitalised property, plant and equipment.

This estimation is discretionary and is subject in terms of timing and substance to uncertainties regarding estimations. In particular, assumptions are made about the future approval date and the commercial production start for individual BNL products, the length of the ramp-up phase as well as the planned granting of authorisations by foreign approval bodies and the completion of the agreed work by suppliers.

The risk for the consolidated financial statements is that the property, plant and equipment capitalised in the context of the BNL investment project are not fully recoverable.

OUR AUDIT APPROACH

On the basis of the questioning of staff in the Finance and Controlling areas and an assessment of the group accounting policy, we obtained in a first step an understanding of the Company's process for identifying indications of impairment on property, plant and equipment.

Since the strategic planning and the assumptions made in this on the realisation of the BNL investment project represent a significant basis for the Board of Management's assessment on the future development of the Group and therefore the non-impairment of the property, plant and equipment associated with the BNL investment project, we then evaluated with the help of our valuation specialists the rolled forward strategic planning submitted by the Board of Management to the Supervisory Board in October 2022 and approved by the Supervisory Board in the past financial year. In addition to an audit based on samples of the mathematical accuracy, we evaluated in particular the plausibility of the assumptions made and their consistency with other available internal and external information. The latter included in particular analyses of the business performance of key competitors as well as publicly available analytical estimates.

With regard to the BNL investment project, we obtained an overview of sub-projects that had already been realised on the basis of enquiries of the project managers. On the basis of explanations from those responsible for the project, we obtained an understanding of the monitoring process and internal reporting on the progress of the project. Through enquiries of the Board of Management, those responsible for the project and staff in the finance and controlling areas and reading the minutes of meetings of the Supervisory Board and the Board of Management and inspection reports received from the Hessian State Office for Health and Nursing and the drug licencing documents of the Paul-Ehrlich-Institute, we satisfied ourselves with regard to the non-existence of indications that could have an influence on future use and utilisation of the capacity of the BNL investment.

We inspected the property, plant and equipment erected and used.

OUR OBSERVATIONS

The assumptions supporting the assessment of non-impairment are proper and appropriate.

Non-impairment of trade receivables from business relationships with customers in Iran

Please refer with regard to the accounting policies applied and impairment losses on financial assets to Notes B 12 and E 8 to the consolidated financial statements.

For comments on risks relating to trade receivables arising from business relationships with customers in Iran, please refer to Section II.6 “Risk report” in Chapter D. “Outlook, risk and opportunities report” of the combined management report under the political and financial risks.

THE FINANCIAL STATEMENT RISK

Biotest Aktiengesellschaft maintains business relationships with customers in Iran, with whom, in some cases, longer payment terms have been agreed. Furthermore, Iran is subject to international sanctions, which particularly impede the transfer of foreign currency.

As at 31 December 2022, trade receivables in connection with business relationships in Iran amounted to EUR 20.5 million (PY: EUR 16.1 million) and because of their volume therefore have a significant influence on the Company’s assets, liabilities, financial position and financial performance. Trade receivables are recognised at nominal value less allowances.

Because of the length of the payment terms and the payment behaviour coupled with the existing foreign transfer restrictions, determining any necessary allowances is subject to a special degree to the exercise of judgement. For the consolidated financial statements, there is a risk that impairment risks for trade receivables in the form of specific valuation allowances are not accounted for to a sufficient degree. In addition, there is a risk that these risks are not described to an adequate degree in the consolidated financial statements and the combined management report.

OUR AUDIT APPROACH

We first of all considered the design and establishment of the controls defined by Biotest for approving credit limits and the release of deliveries in the event that credit limits are exceeded and to ensure the appropriate subsequent measurement of trade receivables from business relationships with customers in Iran. In discussions with representatives from the finance area, we obtained an understanding of the specific impairment risks identified by the Company, and critically analysed the Company’s approach to determining any necessary value adjustments.

In doing so, we considered the Board of Management’s assessment on the recoverability of receivables based on monthly analyses of the historical payment behaviour of Iranian customers and assessed, on a sample basis, the Company’s ability to transfer funds from Iran in view of the foreign currency restrictions. We paid particular attention to receivables that were already overdue as at 31 December 2022 according to the ageing structure report. We reviewed payments received after the reporting date relating to outstanding receivables as at that date and took these into account in the assessment of the subsequent measurement of receivables.

Finally, we assessed whether the impairment risks on these trade receivables are correctly presented in the annual financial statements and the combined management report. As at the reporting date, specific and general allowances on trade receivables from business relationships with customers in Iran amounted to EUR 1.0 million (PY: EUR 1.4 million).

OUR OBSERVATIONS

The assumptions providing the basis for the subsequent measurement of trade receivables from business relationships with customers in Iran are appropriate. The disclosures on this matter are complete and adequate.

Other information

The Board of Management and the Supervisory Board are responsible for the other information. The other information comprises the following elements of the combined management report, the content of which we have not audited:

- the separate combined non-financial report of the Company and the Group, which is referred to in the combined management report,

- the combined declaration by the Board of Management of the Company and the Group, which is referred to in the combined management report, and
- the disclosures in the combined management report marked as extraneous to management reports and unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the information in the combined management report that has been audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined 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 and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Board of Management and of the Supervisory Board for the Annual Financial Statements and the Combined Management Report

The Board of Management is responsible for the preparation of 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, the Board of 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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, the Board of Management is responsible for the preparation of the combined 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, the Board of Management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and for providing sufficient appropriate evidence for the assertions in the combined 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 combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined 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 combined 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 annual financial statements and the combined 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 Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut the 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 combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined 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 the risk of not detecting a material misstatement 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 combined 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 the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.

- Conclude on the appropriateness of the use by the Board of Management 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 the combined 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 combined 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 combined 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 the Board of Management in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the Board of 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 also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or other legal regulations preclude public disclosure of the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined 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 combined management report (hereinafter the "ESEF documents") contained in the electronic file „biotestag-2022-12-31-de.zip" (SHA256 hash value: d70b7e26e411c3689f85ed0dc9b3334bf3ccfa4734a723102f822beb9aee9186) 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 combined management report into the ESEF format and therefore relates neither to the information contained within 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 combined 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 combined management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined 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 of the combined management report contained in the file 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 AuS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's Board of Management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined 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, Company's Board of 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 Commission 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 annual financial statements and the audited combined 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.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the annual general meeting on 5 May 2022. We were engaged by the Chairperson of the Audit Committee on 30 November 2022. We have been the group auditor of Biotest Aktiengesellschaft without interruption since financial year 2021.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form 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 combined management report as well as the examined ESEF documents. The consolidated financial statements and the combined management report converted into ESEF format – including the versions to be entered in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited combined 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 provided in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Alexander Bock.

Frankfurt am Main, 20 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

[signature] Bock
Wirtschaftsprüfer
[German Public Auditor]

[signature] Walter
Wirtschaftsprüfer
[German Public Auditor]

BRIEF INTERVIEWS
3 QUESTIONS, 3 ANSWERS

DR. JÖRG SCHÜTTRUMPF – 3 QUESTIONS, 3 ANSWERS

With Fibrinogen and Trimodulin, you have new promising plasma proteins in the pipeline. When will Biotest achieve a breakthrough in its research?

In this respect, Biotest has already achieved an important breakthrough: our preparations were always limited in quantity. This is due to the elaborate collection of human plasma. Together with our strategic partner Grifols, this limitation has dissolved virtually overnight. We can now target large patient populations for which our plasma proteins are vital to our research and development. We reached important milestones in 2022. With Trimodulin, we initiated two Phase III clinical trials – in severe pneumonia and in COVID-19. In addition, the interim analysis of the Phase III AdFIrst study in acquired fibrinogen deficiency was successful. This confirms our plan to develop Fibrinogen not only in congenital but also in acquired fibrinogen deficiency. We expect further important research results in this regard before the end of the year.

How do you assess the market for Fibrinogen?

Following the successful completion of research on congenital fibrinogen deficiency, Biotest is now focusing on the development of Fibrinogen in acquired fibrinogen deficiency. This occurs with major bleeding, which can affect any of us. For Biotest, this has the advantage that we can address a significantly larger market here compared to congenital fibrinogen deficiency. And with a sales potential of 400 to 800 million US dollars per year, this represents an attractive future market according to current studies. Given this, we plan to market Fibrinogen worldwide in the medium term, particularly in the USA.

You are also conducting research on the plasma protein Trimodulin. What can we expect from Biotest here?

With Trimodulin, Biotest has a globally unique, innovative polyvalent antibody therapeutic. We are developing Trimodulin in severe pneumonia, which includes COVID-19. In addition, Trimodulin may also be a treatment option for other severe inflammatory conditions in the future. We are currently exploring potential new therapeutic areas. Demand is great: hundreds of thousands of patients worldwide contract severe pneumonia each year, and many more contract other life-threatening inflammatory conditions despite antibiotic therapy. If we can confirm the Phase II results in the Phase III trials – in other words that Trimodulin improves survival rates in these diseases – then we could open up an enormous market worth billions of euros.

The interview conducted with Mr. Schüttrumpf is not part of the audited financial statements.

PETER JANSSEN – 3 QUESTIONS, 3 ANSWERS

Production has started at the new Biotest Next Level facility. How did the start-up go and what is being produced there now?

Since last year, we have been manufacturing Yimmugo® as the first commercial preparation in the new Biotest Next Level production facility. This is an intravenous immunoglobulin that ideally complements our immunoglobulin product portfolio. Production has started successfully in the last few months and is carried out using an innovative manufacturing process. We pretested this process intensively. With the new facility, Biotest has set the course for future growth. This will enable us to further ramp up production of Yimmugo® at the Dreieich site.

What sales activities do you have planned for 2023?

We are pursuing the goal of further expanding Biotest's portfolio and achieving greater product availability. With the Biotest Next Level production plant, we have realised a crucial expansion of our production capacities. The new facility enables us to significantly expand plasma protein production over the coming years. With Tibrinogen and Trimodulin, we currently have further innovative plasma protein products in development. These will then also be produced in the new Biotest Next Level plant. In addition, the close cooperation with Grifols as a strategic partner also offers great potential for the worldwide distribution of our products. Together, we can leverage much greater value from the new Biotest Next Level products by being able to distribute them in additional markets, such as in the USA.

COVID-19 has recently made obtaining human plasma much more difficult. How do you plan to secure plasma supplies for the planned production expansion?

The COVID-19 pandemic had a massive impact on plasma collection worldwide. This mainly affected the USA – where 60 % of the world's plasma is collected. Despite the continuing challenges in the market environment, Biotest has managed to procure sufficient plasma as well as further raw materials required for production. This enabled us to continue to supply our patients with vital medications at all times last year. For this reason, stable supplies of human blood plasma will remain of great importance for Biotest in the future. Last year, this led us to open seven plasma collection centres in the Czech Republic so that we now have a total of 34 collection stations in Germany, the Czech Republic and Hungary. We will continue to focus on expanding our own network of plasma collection stations in Europe.

The interview conducted with Mr. Janssen is not part of the audited financial statements.

SUPERVISORY BOARD REPORT

The financial year 2022 was impacted by the challenges of uncertainties caused by the Russian war in Ukraine, with corresponding shortfalls in the healthcare sector, as well as production delays due to a lack of or late availability of plasma quantities, particularly from the USA, and late arrival of spare parts in the course of 2022.

The Company continued to meet the challenges presented by the COVID-19 pandemic and will continue to meet this challenge with the remarkable support of its employees. Despite the tense situation in the crisis regions and the global impact of COVID-19, it was possible to continue the expansion of plasma collection capacity and the BNL (Biotest Next Level) expansion project.

The voluntary public takeover offer of Grifols, S.A published on 26 October 2021 in relation the shares of Biotest AG was effectively completed on 25 April 2022. Following the completion of the public takeover offer and the acquisition of additional shares, Griflos S.A. published that Grifols, S.A. had acquired a total of 97.14% of the ordinary shares and 43.2% of the preference shares in Biotest AG.

The change in the composition of the Supervisory Board of Biotest AG occurred in the financial year 2022. Both the employee and shareholder representatives were newly elected (see also section "Changes to the Board of Management and Supervisory Board").The newly elected Supervisory Board members got to know the auditors as well as the functionaries below the Board of Management.

The Supervisory Board, in its function as a controlling body and guided by the principles of responsible and good corporate governance, unconditionally fulfilled its duties according to statutory law, the Articles of Association and Rules of Procedure. It continuously and diligently monitored the management activities of the Board of Management and advised it on all matters of importance to the Company. The Board of Management kept the Supervisory Board updated on a regular basis and in a coherent and timely manner, also outside the meetings, by means of written and oral reports on current topics and all matters which were of fundamental importance to the Company, including such decisions which do not require the consent of the Supervisory Board. In particular, the Board of Management informed the Supervisory Board on 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. The Board of Management has, where the business development deviated from the planning, explained such deviations and at all times involved the Supervisory Board in the decision on the strategy and status of the implementation thereof in the Company.

Where according to statutory law or the Articles of Association approval of the Supervisory Board was necessary for certain transactions, the Supervisory Board passed resolutions to the extent required.

The Chairman of the Supervisory Board maintained regular personal and telephone contact with the Chairman of the Board of Management outside the Supervisory Board meetings to obtain information on the business development, key business transactions and upcoming decisions as well as long-term perspectives and considerations on emerging developments. The Chairman of the Supervisory Board and the Chairwoman of the Audit Committee also automatically received all Internal Audit reports.

The Supervisory Board and the Audit Committee each adopted resolutions on amendments to the rules of procedure of the Supervisory Board and the Audit Committee.

Conflicts of interests involving members of the Board of Management or Supervisory Board, which had to be disclosed to the Supervisory Board without delay and reported to the Annual Shareholders' Meeting, did not occur.

The Supervisory Board held seven regular meetings in the financial year 2022, which were conducted as hybrid meetings, i.e., as a face-to-face meeting with the possibility of participation in virtual form. Two resolutions were adopted by way of circular resolution. In relation to the performance of their duties, members of the Supervisory Board received sufficient opportunity in the committees as well as in full composition to critically and thoroughly assess all reports and draft resolutions provided by the Board of Management. They had the opportunity to introduce their own proposals during discussions.

MAIN FOCUS AT SUPERVISORY BOARD DELIBERATIONS

In the financial year 2022, the Company's business activities and developments in the context of the Russian war in Ukraine as well as the COVID-19 pandemic were of great importance in the discussions within the Supervisory Board. The Supervisory Board's discussions were dominated by the completion of the voluntary public takeover offer by Grifols, S.A. and the initial partnership with the new major shareholder, the election of Supervisory Board members, the process of finding a successor for Dr. Georg Floß as Chief Operations Officer and the expansion of further plasma centers.

At the meeting on 10 March 2022, the Supervisory Board unanimously adopted a resolution to approve the Management Declaration, the Compensation Report and the Sustainability Report, in each case for the financial year 2021.

At the joint meeting of the Supervisory Board and the Audit Committee on 23 March 2022, the auditor present from KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, explained the results of its audit on the functionality and effectiveness of the internal control system as well as the risk and compliance management system. The Chairman of the Board of Management reported extensively on the Group's business development. The auditor present explained subsequently the results of his audit and announced that he had issued an unqualified auditor's opinion on the annual financial statements of Biotest AG and the Group on 18 March 2022. Upon proposal of the Audit Committee, the Supervisory Board, after conducting its own review, unanimously adopted a resolution to approve the annual financial statements 2021 for Biotest AG and the Group as well as the joint proposal for the distribution of profits by the Board of Management and the Supervisory Board to the Annual Shareholders' Meeting. In the same meeting, the Supervisory Board also approved the Supervisory Board Report and the audited dependency report for the financial year 2021. Upon recommendation of the Audit Committee, the Supervisory Board took note of the EMIR-Report for the financial year 2021. Upon proposal of the Audit Committee, the Supervisory Board resolved on proposing KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as statutory auditor for the financial statements 2022 to the Annual Shareholders' Meeting 2022. The Supervisory Board, upon proposal of the Audit Committee, unanimously resolved to elect KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as auditor for the Sustainability Report. David Goa was excused from the meeting and authorized Mr. Tan Yang to vote on his behalf.

At the meeting on 24 March 2022, the Supervisory Board was extensively informed about the Group's business development. The Supervisory Board unanimously passed a resolution to approve the agenda for the Annual Shareholders' Meeting 2022. The Supervisory Board unanimously approved an "Extended Budget 2022 I" for the accelerated development of Fibronogen and Trimodulin. The Board of Management gave an overview of the market development of both new pharmaceuticals. The Supervisory Board approved a higher prioritization and accelerated start of operations for Fibrinogen as well as the associated additional resources and costs. Due to the increases in energy and material prices that have already occurred, as well as other influencing factors, such as the Ukraine war and contract manufacturing for Turkey, the Supervisory Board approved adjustments to revenue and operating profit. The Supervisory Board also approved the new terms of the Long Term Incentive Program for 2022-2025 presented by the Board of Management, the goals of the Board of Management for the year 2022, and the achievement goals of the members of the Board of Management for 2021. The Supervisory Board also approved the establishment of a company called Cara Plasma SK s.r.o. to build and operate new plasma collection facilities in Slovakia. David Goa was excused from the meeting and authorized Mr. Tan Yang to vote on his behalf.

On 13 April 2022, the Supervisory Board unanimously elected by way of circular resolution Mr. Peter Janssen to succeed Dr. Georg Floß as a new member of the Board of Management as "Chief Operations Officer".

On 4 May 2022, the Supervisory Board unanimously elected Mr. Reinhard Eyring, Attorney, as chairman of the virtual Annual Shareholders' Meeting on 5 May 2022 by way of circular resolution.

At the constituent meeting of the Supervisory Board following the Annual Shareholders' Meeting 2022, the Supervisory Board unanimously elected Dr. Bernhard Ehmer as Chairman of the Supervisory Board.

After Mr. Tan Yang and Mr. David Goa resigned from office as announced following the completion of the takeover offer of Grifols, S.A. the two substitute members Mr. David Bell and Mr. Tomás Dagá Gelabert joined the Supervisory Board with effect from 6 June 2022 as further members of the Supervisory Board (see also section "Changes to the Board of Management and Supervisory Board").

The Supervisory Board meeting on 26 July 2022 focused in particular on informing the Supervisory Board about the current business situation of the Group and a development forecast as well as operational challenges due to the effects of the COVID 19 pandemic and a potential gas shortage. The Supervisory Board was informed about the developments of Fibrinogen, Trimodulin and IgG Next Gen. The Supervisory Board appointed new members to the committees (see also section "Committees"). Furthermore, guidelines for the cooperation between Grifols, S.A. and Biotest AG were presented. The Supervisory Board also reviewed the 2022 targets of the Board of Management.

At the meeting on 4 October 2022, the Supervisory Board was informed about the current business situation of the Group, a development forecast for 2022 and the capitalization of development costs. The Board of Management informed the Supervisory Board about the current status of several projects and the consequences of the Ukraine war, in particular with regard to a possible gas shortage, supply chain difficulties as well as inflation and further price increases. The Board of Management presented the 5-year plan and its strategic direction. The main topics discussed at the Audit Committee meeting were reported to the Supervisory Board. The Supervisory Board unanimously passed a resolution to financially support the Heamophilia Foundation for a further 10 years.

In the Supervisory Board meeting on 8 December 2022, the Supervisory Board was informed about the current business situation of the Group, the capitalization of development costs and the business forecast 2022. The Board of Management also presented the budget for 2023 to the Supervisory Board, which was approved by the Supervisory Board after extensive discussion. The Supervisory Board agreed to establish a new limited liability company either in the United Kingdom or in Luxembourg. In the same meeting, the Supervisory Board authorized the Board of Management to negotiate new additional financing with financing partners/ banks, and unanimously approved the new Rules of Procedure for the Supervisory Board. Mr. Bell and Mr. Tomás Dagá were excused from the meeting.

COMMITTEES

To efficiently perform its duties, the Supervisory Board formed committees in the reporting year. Due to the changes in the composition of the Supervisory Board in the financial year 2022, the committees were also reappointed at the Supervisory Board meeting on 26 July 2022. Both committees of the Supervisory Board are composed as follows as of the reporting date 31 December 2022:

Personnel and Compensation Committee

Dr. Bernhard Ehmer (Chairman)

David Bell

Jürgen Heilmann

Audit Committee

Uta Kemmerich-Keil (Chairwoman)

Dr. Bernhard Ehmer

Tomás Dága Gelabert

Dirk Schuck

In the financial year 2022, the Audit Committee met together with the Board of Management three times. The meetings were held as hybrid meetings. The Chairwoman of the Audit Committee was also in regular contact with the Board of Management and the auditors outside the meetings. The meetings and resolutions were prepared by reports and other information from the Board of Management. The heads of the relevant corporate functions 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. The Audit Committee dealt in all meetings with the accounting of the Company and the Group, including the interim financial reports, and discussed these with the Board of Management. The auditors for 2022, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, also attended all three meetings. For the meetings of the Audit Committee, the Audit Committee considered the attendance of the Board of Management to be necessary in the financial year 2022.

In the meeting on 23 March 2022, the Audit Committee met together with the Supervisory Board. At the meeting, the Audit Committee discussed, in the presence of the auditor for the 2021 financial year, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, the annual financial statements and consolidated financial statements as well as the management report and Group management report, the dependency report and the sustainability report summarized for Biotest AG and the Group for the financial year 2021, including the respective audit reports and notes by 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. The Audit Committee also dealt with the EMIR mandatory audit pursuant to section 32 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). In the further meeting, the Audit Committee discussed the engagement of KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as auditors of the annual financial statements and consolidated financial statements, the management report and group management report, and the dependent company report for the financial year 2022. KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, shall also perform the audit of the 2022 non-financial statement of Biotest AG and the Group.

At the meeting on 4 October 2022, the Audit Committee dealt with amendments to the Rules of Procedure due to the Act to Strengthen Financial Market Integrity (*Gesetzes zur Stärkung der Finanzmarktintegrität*) and with an update on the risk and compliance management system. In the further course of the meeting, the auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, presented the updated audit plan for the 2022 audit and the results from the preliminary audit. The Chairman of the Board of Management presented the requirements for capitalization of development costs according to IFRS and the current practice/development. The Audit Committee was given an overview of the non-audit services planned in 2022/2023.

At the meeting on 8 December 2020, the Audit Committee resolved to amend the rules of procedure of the Audit Committee due to the Act on Strengthening Financial Market Integrity. The audit plan of the internal audit for 2023 was discussed and approved. In the further meeting, the auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, explained the capitalization of development costs, the audit strategy and the assessment of key audit areas. The auditor also presented the audit plan for the 2022 audit and gave an overview of the non-audit services provided in 2022/2023. Mr. Tomás Dagá was excused from the meeting.

The Personnel and Compensation Committee met one time in the reporting year. The meeting was held as a hybrid meeting.

At the meeting on 23 March 2022, the Personnel and Compensation Committee discussed the achievement goals for the Board of Management in 2021, new achievement goals for the Board of Management for the year 2022 and the long-term incentive programme 2022-2025. The criteria and process for finding a successor for Dr. Floß in the position of Chief Operations Officer were presented.

INDIVIDUAL ATTENDANCE AT MEETINGS

Due to the special circumstances of the continuing COVID-19 pandemic, the meetings in the reporting year were held as virtual meetings or in person with the option of attending 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 individualized form.Only those meetings that took place during the respective membership of the Supervisory Board or committee are listed.

Supervisory Board	Plenary-Meeting		Audit-Committee		Personnel and Compensation Commitee	
Rolf Hoff-mann (Chairman), until 5 May 2022	3/3	100%	1/1	100%	1/1	100%
Jürgen Heilmann	7/7	100%	3/3	100%	0/0	-
Dr. Salome Drechsler, until 5 May 2022	3/3	100%	-	-	1/1	100%
Simone Fischer, until 5 May 2022	3/3	100%	1/1	100%	-	-
David Gao, until 5 June 2022	2/4	50%	-	-	-	-
Tan Yang, until 5 June 2022	4/4	100%	1/1	100%	1/1	100%
Uta Kem-merich-Keil, from 5 May 2022	4/4	100%	2/2	100%	-	-
Dirk Schuck, from 5 Mai May 2022	4/4	100%	2/2	100%	-	-
Dr. Bernhard Ehmer (Chairman), from 5 May 2022	4/4	100%	2/2	100%	0/0	-
Tomás Dagá Gelabert, from 6 June 2022	2/3	67%	1/2	50%	-	-
David Bell, from 6 June 2022	2/3	67%	-	-	0/0	.
Attendance rate (total)		**89%**		**94%**		**100%**

CORPORATE GOVERNANCE

Also in 2022, the Supervisory Board continuously complied with the further development of corporate governance standards within the Company. The Board of Management and the Supervisory Board reported on the corporate governance of the

Company in the Corporate Governance Statement in accordance with Principle 22 of the German Corporate Governance Code which was published together with the Declaration of Compliance regarding the recommendations of the government commission on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG). On 10 March 2023, the Board of Management and the Supervisory Board of Biotest AG issued a Declaration of Compliance with the recommendations of the government commission on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act.

CHANGES TO THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

In the financial year 2022, the following changes have taken place in the Board of Management and the Supervisory Board:

Dr. Jörg Schüttrumpf joined the Board of Management of Biotest AG on 1 January 2022. As 'Chief Scientific Officer', Dr. Jörg Schüttrumpf is responsible for research and development as well as drug safety, drug approval and project management within the Biotest Group. In addition, the Supervisory Board appointed Mr. Peter Janssen as a further member of the company's Management Board with effect from 1 September 2022. Mr. Peter Janssen initially familiarised himself with the area of responsibility of Dr. Georg Floß as a member of the Board of Management and succeeded him as Chief Operations Officer at the end of 2022. Dr. Georg Floß left the company as planned on 8 January 2023 following the expiration of his term of office. As Chief Operations Officer, Mr. Peter Janssen is responsible for Quality Operations, Commercial Operations, Production, Supply Chain Planning, Engineering and Development Plasma proteins within the Biotest Group.

The Supervisory Board would like to extend warm thanks to Dr. Georg Floß for his work and support over many years.

In the financial year 2022, there were the following personnel changes in the Supervisory Board. On 6 April 2022, the employees elected Mr. Dirk Schuck and Mr. Jürgen Heilmann as their representatives on the Supervisory Board. At the Annual Shareholders' Meeting of Biotest AG on 5 May 2022, Ms. Uta Kemmerich-Keil, Mr. David Gao, Dr. Bernhard Ehmer and Mr. Tan Yang were elected as shareholder representatives. Mr. David Bell and Mr. Tomás Dagá Gelabert were elected as substitute members. Ms. Simone Fischer and Mr. Rolf Hoffmann did not run for re-election. Dr. Bernhard Ehmer was elected Chairman of the Supervisory Board in the constituent meeting on 5 May 2022. After Mr. Tan Yang and Mr. David Gao resigned as announced following the completion of the takeover offer by Grifols, S.A., the two substitute members Mr. David Bell and Mr. Tomás Dagá Gelabert joined the Supervisory Board as additional members with effect from 6 June 2022.

The Supervisory Board would like to extend warm thanks to Dr. Salome Drechsler, Ms. Simone Fischer, Mr. Rolf Hoffmann, Mr. Tan Yang, and Mr. David Gao for their work and support, partly over many years.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany audited the consolidated and the end of year statement of Biotest AG by 31 December 2022 as well as the management report and the group management report and provided an unqualified opinion. Further, the aforementioned auditor reviewed the report on the Company's relations to affiliated companies (dependency report) and provided an unqualified opinion:

"Based on our audit performed in accordance with professional standards and our professional judgment, we confirm that:

1. The factual statements contained in the report are correct.
2. The consideration paid by the Company for the legal transactions stated in the report was not excessive."

The external auditor engaged by the Supervisory Board to review the content of the separate non-financial statement also issued an unqualified audit opinion. The abovementioned documents, the auditor's report, the dependency report, the separate non-financial statement and the Board of Management's proposal on the appropriation of net profit were submitted to all members of the Supervisory Board in a timely manner. They were discussed in detail at the meeting of the Audit Committee on 21 March 2023 as well as at the meeting of the Supervisory Board on 21 March 2023. In both meetings, the auditor reported on the main results of the audit and was on hand to answer questions and provide additional information.

After reviewing and discussing the individual and consolidated financial statements, the management report and group management report, the dependency report as well as the non-financial statement, the Supervisory Board raised no objections and approved the auditor's and external auditor's audit results. According to the final result of the review of the dependency report, the Supervisory Board also raised no objections to the declaration of the Board of Management on the dependency report. The Supervisory Board adopted the single entity and consolidated financial statements as prepared by the Board of Management for the financial year 2022. The annual financial statements are thereby adopted.

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 2022 would not have been possible.

Dreieich, 21 March 2023

Dr. Bernhard Ehmer
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.

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.

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.

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

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.

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.

G

German Commercial Code (Handelsgesetzbuch, HGB)

Important legal basis for all commercial transactions of companies in Germany.

H

HEDGE ACCOUNTING

Accounting technique. Creates hedging relationships between the underlying transaction and the derivative financial instruments used for hedging purposes.

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

04 MAY 2023
Three-month report

09 MAY 2023
Annual General Meeting

10 AUGUST 2023
Half-year report

02 NOVEMBER 2023
Nine-month report

ACKNOWLEDGEMENTS

PUBLISHER
Biotest AG
Landsteinerstr. 5
63303 Dreieich
Germany
www.biotest.com

IR contact
Dr Monika Buttkereit
Phone: +49 6103 801 4406
Fax: +49 6103 801 347
IR@biotest.com

PR contact
Dirk Neumüller
Phone: +49 6103 801 269
pr@biotest.com

CONCEPT AND DESIGN
Scheufele Hesse Eigler
Kommunikationsagentur GmbH,
Frankfurt am Main, Germany

PUBLISHING SYSTEM
AMANA consulting GmbH,
Essen, Germany

EDITORIAL OFFICE AND PROJECT MANAGEMENT
cometis AG,
Wiesbaden, Germany

PHOTOGRAPHY
Simone Kiefer, Dreieich, Germany
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.

BIOTEST AG | Landsteinerstr. 5, 63303 Dreieich, Germany, www.biotest.com