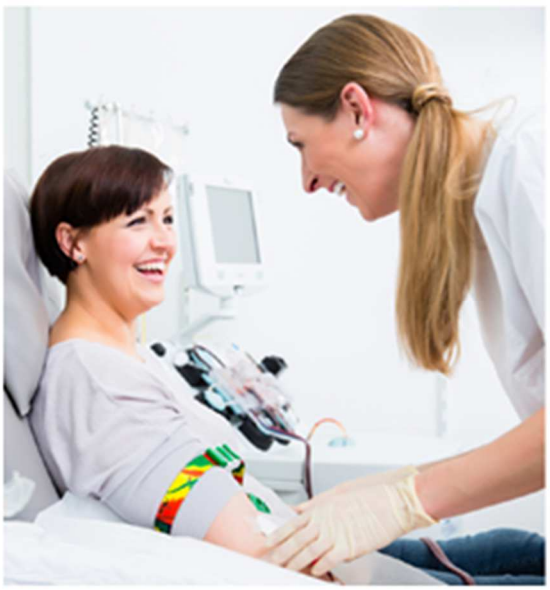
Biotest

From Nature for Life

EXPANSION. INNOVATION. GROWTH.| Annual Report 2023



KEY FIGURES

BIOTEST GROUP		**2023**	2022
Revenue	€ million	**684.6**	516.1
thereof:			
Germany	€ million	**140.5**	149.6
Rest of World	€ million	**544.1**	366.5
thereof:			
European Union	€ million	**260.4**	264.6
Rest of the World	€ million	**234.1**	251.5
Stateless	€ million	**190.1**	0.0
EBITDA	€ million	**179.4**	19.2
Depreciation & amortization	€ million	**35.9**	35.8
Operating result (EBIT)	€ million	**143.5**	-16.6
EBIT in % of sales	*%*	***21.0***	*-3.2*
Profit (loss) before taxes (EBT)	€ million	**106.3**	-30.8
Profit (loss) (EAT)	€ million	**127.0**	-31.7
Financing			
Cash flow from operating activities	€ million	**-2.7**	-40.5
		31.12.2023	31.12.2022
Equity	€ million	**498.9**	371.1
Equity ratio	*%*	***35.4***	*30.8*
Total assets	€ million	**1,410.9**	1,203.0
Employees in FTEs	amount	**2,426.2**	2,227.6
Earnings per ordinary share	€	**3.20**	-0.81

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DR. JÖRG SCHÜTTRUMPF	AINHOA MENDIZABAL ZUBIAGA	PETER JANSSEN
Chief Scientific Officer	Chief Financial Officer	Chief Executive Officer

FOREWORD

Dear Shareholders,

The year 2023 was a pivotal year for our company, in which we set the course for further growth over the coming years. Biotest AG and Grifols, S.A., have significantly expanded their partnership. This collaboration enables Biotest to produce and market its own new product developments worldwide by making recourse to Grifols' organisation and production network. Moreover, as part of Biotest Next Level, we are focussing on expanding capacities and on further developing the product range. Biotest made significant progress in this area in the 2023 financial year.

Despite a persistently challenging market environment, Biotest AG continued its successful business growth and development in 2023. The Biotest Group significantly increased its revenue from € 516.1 million to € 684.6 million in the 2023 financial year. At the same time, consolidated EBIT grew significantly to € 143.5 million compared with € 16.6 million in the previous year. In addition to the positive revenue and earnings effects from the technology and licensing agreement for Grifols, S.A., the marketing of the new intravenous immunoglobulin Yimmugo® exerted a positive impact on revenue and earnings growth in the reporting year. This preparation was successfully launched on the market in November 2022 and has since been the first commercial preparation to be manufactured in an innovative production process in Germany at the new Biotest Next Level production facility at the Dreieich site.

Following the marketing authorisation of Yimmugo® in Germany, Austria, and the UK, we are also aiming for approval for the attractive US target market in the near future. The marketing authorisation procedure is already well advanced. In September 2023, the US Food and Drug Administration (FDA) informed Biotest that it had accepted the Biologics License Application for Yimmugo® with the primary immunodeficiencies indication for review. The inspection of the Biotest Next Level facility by the FDA was conducted in December 2023.

With Fibrinogen Concentrate and Trimodulin, two further new plasma proteins are in the advanced development stage. Biotest successfully completed the Phase III trials for the use of Fibrinogen Concentrate in the congenital and acquired fibrinogen deficiency indications in February 2024, which represents an important milestone for the Biotest Next Level project and for our site in Dreieich. The first applications for marketing authorisation are planned in important markets in Europe and the USA.

Biotest has also started a Phase III trial with Trimodulin in the severe community-acquired pneumonia (sCAP) indication. The first patient in an intensive care unit was treated with sCAP as part of the Phase III ESsCAPE study. In addition, the ongoing multinational TRICOVID trial was opened up to include patients with pneumonia caused by any type of pathogen and the first patient was treated as part of this expansion in December 2023. Biotest is also pressing ahead with its research activities in relation to existing products in order to enhance patient care. We are striving for greater operational excellence in research and development as well as in procurement management and production. To this end, we will continue to focus on selected measures to make processes across all areas of the company even more efficient.

We would like to extend our special thanks to everyone who contributed to the company's performance and success in 2023. In particular, we would like to thank our employees for their tireless efforts and valuable expertise. Our special thanks are also due to all plasma donors who contributed to the supply of this important raw material. In order to secure plasma supplies, we are planning to further expand the plasma network by the end of 2024, which currently comprises 37 of our own collection centres, thereby facilitating donor access. Without our employees' outstanding performance, and the commitment of plasma donors, it would be impossible to produce vital preparations for patients worldwide.

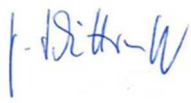
As the newly formed Board of Management team, Ainhoa Mendizabal Zubiaga, Dr. Jörg Schüttrumpf and I will continue to work with great commitment to exploit the major potentials offered not only by Biotest Next Level but also by our intensified partnership with Grifols, to the benefit of the Biotest Group. As part of our corporate strategy, we have also set ourselves ambitious sustainability targets in order to fulfil our responsibility to our stakeholders, and to contribute to the transformation of the economy. In doing so, we will pay particular attention to our employees' concerns, and work to continuously improve our carbon footprint.

We would be delighted if you would remain loyal to Biotest and accompany the company on its targeted growth track.

Sincerely yours,

Peter Janssen
Chairman of the
Board of Management

Ainhoa Mendizabal Zubiaga
Member of the
Board of Management



Dr. Jörg Schüttrumpf
Member of the
Board of Management

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GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2023

A. PRINCIPLES OF THE GROUP

A.I. THE GROUP'S BUSINESS MODEL

The Biotest Group, with its registered office 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 Clinical Immunology, Haematology, 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, as well as distribution and sales.

A.I.1. CORPORATE STRUCTURE

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

All of Biotest's shareholdings are listed in section F 9 of the notes to the consolidated financial statements. For detailed information about the company's corporate structure, management, and governance, please see the "Management declaration", which is available on the company's website at www.biotest.com.

Grifols, S.A., Barcelona, Spain, a pharmaceutical company in the plasma industry, holds a total of 97.14 % of the voting rights in Biotest AG. At the request of Grifols, S.A., the Regional Court of Frankfurt am Main ruled by order dated 27 October 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. 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. PARTNERSHIP WITH GRIFOLS, S.A.

The past 2023 financial year paved the way for intensifying the partnership with the majority shareholder Grifols, S.A. The aim is to work more closely together in the areas of research and development, production, as well as sales and distribution while maintaining both companies' respective independence, and thereby to be able to offer their complementary product portfolios in significantly more countries, exchange knowledge, and provide patients with enhanced access to life-saving plasma medicines. Grifols, S.A., and Biotest are thereby joining forces in their core markets in order to strengthen their joint position, ensure greater security of plasma supplies, utilise their respective production capacities and strong research pipelines, and help ensure the availability of plasma products well into the future. This partnership will significantly expand future business opportunities for Biotest.

Several groundbreaking agreements were signed in 2023 in order to achieve these strategic objectives. These comprise:

- the divestiture of five Biotest sales companies in Spain, Brazil, Italy, the UK, and France to Grifols, S.A., in return for one-off payments

- the disclosure of various Biotest technology components to Grifols, S.A., in return for one-off payments following full disclosure

- the rendering of shared development services by Biotest in return for ongoing monthly payments by Grifols, S.A.

- the future sales-market-related licensing of products developed by Biotest in return for licence payments to be rendered at a later date based on the sales proceeds from the licensed products

All four components help to ensure that Biotest's new product developments can be manufactured and marketed worldwide by recourse to the organisation and production network of Grifols, S.A.

A.I.3. THE BIOTEST GROUP'S OPERATING SEGMENTS

Until the 2023 financial year, the Biotest Group was managed according to the following segments: Therapy, Plasma & Services, and Other Segments. The new composition of the Board of Management and the review of the Biotest Group's reporting and management structure led to a change in operational business management in the financial year under review.

The expansion of production capacities in the new Biotest Next Level facility and the securing of access to plasma deriving from the group alliance with Grifols have contributed to the fact that the former Plasma & Services segment, which in the past was planned and managed to utilise free production capacities, will no longer play a significant role for operational management purposes in future. For this reason, the Biotest Group's Board of Management decided to adjust the segment reporting in the 2023 financial year due to the change in management and resource allocation. Please see the information in section C of the notes to the consolidated financial statements.

In operational terms, the company is divided into the following sales regions: European Union, Rest of the World, and Stateless. The European Union and Rest of the World regions cover the distribution of Biotest Group products. The Stateless region includes revenue from technology disclosure and development services for Grifols, S.A.

A.I.4. 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, as well as worldwide marketing and distribution. Most of the production is realised at the German headquarters in Dreieich, Germany, and as part of toll manufacturing agreements at Prothya Biosolutions Belgium, Brussels, Belgium, as well as at Human BioPlazma LLC, Gödöllő, Hungary. In addition, Biotest maintains its own distribution operations in three European countries, which are responsible for marketing Biotest products in these countries. Following the divestiture of Biotest's five sales companies in Spain, Brazil, Italy, the UK, and France to Grifols, S.A., Biotest is now making recourse to Grifols' sales and distribution structure in Europe. In Germany, Biotest will coordinate sales for both companies. 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 37 of its own collection centres in Europe, and has thereby successfully continued the planned expansion of its own donor centres. In these plasma collection 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. In addition, Biotest participates financially in the establishment of further collection centres with partners.

In order to expand the product range and increase manufacturing capacity, Biotest started to plan and implement the Biotest Next Level project in 2013. Accordingly, one focus in the 2023 financial year was on the ramp-up of production capacity at the new Biotest Next Level facility.

Since November 2022, the intravenous immunoglobulin Yimmugo® has been the first commercial preparation to be produced by way of an innovative manufacturing process in the new Biotest Next Level production facility at the Dreieich site in Germany. In September 2023, Biotest reached an important milestone in the marketing authorisation process for Yimmugo® in the USA. The US Food and Drug Administration (FDA) informed Biotest that it accepts the Biologics License Application (BLA) for Yimmugo® for review. The marketing authorisation application covers the primary immunodeficiencies (PID) indication.

In December 2023, the FDA conducted the Pre-License Inspection (PLI) of the Biotest Next Level facility. Among other areas, the quality systems, the new facility for the production of Yimmugo® in the Biotest Next Level building and the general conformity of the production processes with the submitted dossier were inspected and reviewed. A document with the findings from this inspection was compiled as part of the authorisation process. Further steps towards a Biologics License Application (BLA) will be carried out in the course of 2024.

Besides Yimmugo®, two further new plasma proteins, Fibrinogen and Trimodulin, are at an advanced development stage. Together with Yimmugo®, these form the core for the manufacture of the new product portfolio in the Biotest Next Level production plant. Biotest is stepping up its efforts to rapidly develop the development candidates Fibrinogen and Trimodulin, which will be produced in the new Biotest Next Level facility, and to prepare them for marketing authorisation.

Biotest is developing Fibrinogen for use in both congenital and acquired fibrinogen deficiency. In March 2023, an interim analysis of the AdFIrst Phase III study in acquired fibrinogen deficiency confirmed the number of patients originally planned for the study. At the end of September, the final patient was included in the study and treated with Fibrinogen. The AdFIrst study, which has reached its primary endpoint, is currently being analysed. This positive result was announced in a press release in mid-February 2024. Moreover, a second Phase III trial with Trimodulin in the severe community-acquired pneumonia indication (sCAP) was launched. In September 2023, the first patient with sCAP was treated in an intensive care unit as part of the Phase III ESsCAPE study. This multinational Phase III clinical trial will enrol approximately 590 adult patients with sCAP. The ESsCAPE trial is being conducted in up to 20 countries worldwide.

In parallel, a further multinational Phase III trial is being conducted with Trimodulin: the TRICOVID trial. This was funded by the German Federal Ministry of Education and Research (BMBF) and focused on the treatment of hospitalised patients with COVID-19 who require additional oxygen due to the severity of their illness. The ongoing TRICOVID trial was opened in 2023 for enrolment of patients with pneumonia (CAP = community acquired pneumonia) caused by any type of pathogen. The first patient was treated as part of this expansion in December 2023.

Biotest is also pressing ahead with its research activities for existing products in order to enhance patient care. In September 2023, the first patient was enrolled in the prospective, multi-centre observational VARIZOSTA trial conducted by Biotest in patients with herpes zoster infection.

With Cytotect®, Biotest is conducting a further prospective, multi-centre observational study in patients after heart or lung transplantation where a cytomegalovirus infection is suspected (prophylaxis) or has already developed (therapy). A total of 120 patients were included in the international study from January to December 2023.

A.I.5. PRODUCT PORTFOLIO

Biotest's product range is divided into the therapeutic areas of Clinical Immunology, Haematology, 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 2023
Clinical Immunology therapeutic area		
Cytotect® CP Biotest	Prophylaxis of the clinical manifestation of cytomegalovirus (CMV) infection in patients undergoing immunosuppressive therapy.	Commercialisation in Europe, Asia, South America, Africa, and the Middle East
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®	EU/Rest of the world: PID and SID, autoimmune diseases (including neurological indications CIDP, MMN, GBS, ITP and Kawasaki syndrome)	Expansion of distribution in Germany and Austria; marketing authorisation for the UK
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 and Taiwan
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
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; Phase III clinical trial completed
Trimodulin (IgM Concentrate)*	Severe community-acquired pneumonia (sCAP)	Clinical development: Phase III trial; first patient treated in ESsCAPE trial since September 2023
	Community acquired pneumonia (CAP)	Clinical development: Phase III trial; first patient treated in TRICOVID trial since December 2022, first CAP patient treated in December 2023
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 2023)

** 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.6. HUMAN RESOURCES

Change in the number of employees

As of 31 December 2023, Biotest employed 2,426 full-time equivalents. This represents an increase of 8.9 % compared to 2,228 full-time equivalents at the end of 2022. 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 2023, Biotest AG employed 1,588 full-time equivalents (FTEs) (previous year: 1,435). In the 2023 financial year, 78.7 % of employees worked in Germany (previous year: 75.7 %).

A.I.7. EXTERNAL FACTORS INFLUENCING THE BUSINESS

Regulatory environment

Biotest's manufacturing facilities for plasma proteins are subject to regulation and approval by the Hesse State Office for Health and Care, Darmstadt, Germany (formerly the Darmstadt Regional Authority), 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, regulators 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 regulator. The BNL facility was inspected by the US Food and Drug Administration (FDA) in December 2023 as part of the intended FDA certification. 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 the 2023 financial year.

In the 2023 financial year, the effects of the post-pandemic situation and the war in Ukraine were still evident in terms of our suppliers' delivery capabilities. The extraordinarily high inflation rate and cost pressure due to collective labour agreements have led to price increases for large segments of raw material, consumables, and supplies, as well as for technical parts.

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 focus on the ongoing internationalisation and diversification of its portfolio. Moreover, the technology disclosure and development services ensure that Biotest's new product developments can be manufactured and marketed worldwide by making recourse to Grifols' organisation and production network. Biotest continues to expand its existing network of plasma collection centres every year. Plasma is also purchased.

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 new Biotest Next Level facility 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 distribution commenced. In September 2023, Biotest also reached an important milestone in the approval process for Yimmugo®, for its planned commercialisation in the USA. The US Food and Drug Administration (FDA) informed Biotest that it accepts the Biologics License Application (BLA) for the polyspecific immunoglobulin preparation Yimmugo® for review. The marketing authorisation application covers the primary immunodeficiencies (PID) indication. In December 2023, the FDA inspected the new production facility for Yimmugo® at the Biotest Next Level facility at the Dreieich site. A document with the findings from this inspection was compiled as part of the authorisation process. Further steps towards a Biologics License Application (BLA) will be carried out in the course of the 2024 financial year.

Biotest is continuing to step up its efforts to rapidly develop the development candidates Fibrinogen and Trimodulin, which are currently in Clinical Phase III and will be produced in the new Biotest Next Level facility, and to prepare them for marketing authorisation.

Following the acquisition by Grifols, S.A., as majority shareholder in April 2022, Biotest has expanded future business opportunities and has improved the availability of plasma products to patients through closer collaboration with Grifols. Please see our comments in section A.I.2 Partnership with Grifols, S.A.

For example, technology disclosure and development services rendered for the benefit of Grifols, S.A., ensure that Biotest's new product developments can be manufactured and marketed worldwide by making recourse to Grifols' organisation and production network. In return, payments were agreed for the disclosed technology components as well as licence payments to be rendered at a later date based on the sales proceeds from the licensed products. In this context, Biotest recognised the first revenue from technology disclosure and development services for Grifols, S.A., in the amount of € 190.1 million in the 2023 financial year.

In order to implement closer collaboration, Biotest sold its interests in the Biotest subsidiaries in Spain, Brazil, Italy, the UK, and France to Grifols in 2023. Grifols acts as a distribution partner for Biotest products in these countries. For Germany, a joint committee chaired by Biotest coordinates sales activities.

Further details are provided in section A.IV. Research and development (general) and in section D.III Opportunities report.

A.III. GROUP MANAGEMENT

Biotest utilises 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. 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 2023	Values as of 2022
Revenue in € million	See statement of income	684.6	516.1
EBIT operating result in € million	See statement of income	143.5	–16.6
Adjusted EBIT in € million	EBIT less expenses for exceptional items	41.5	60.7
EBITDA in € million	EBIT + depreciation + amortization	179.4	19.2
Return on Capital Employed (ROCE)	EBIT/capital employed*	12.3%	–1.7%
EBIT margin	EBIT/revenue	21.0%	–3.2%
EBT margin	EBT/revenue	15.5%	–6.0%
Gross margin	(Revenue ./. cost of sales)/revenue	40.9%	24.2%
Cash flow from operating activities in € million	See cash flow statement	–2.7	–40.5
Cost of sales ratio	Cost of sales/revenue	59.1%	75.8%

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

Revenue and operating profit, i.e. earnings before taxes, financial result and result from joint ventures (EBIT) are the most important performance indicators. 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.

in € million	2023	2022
EBIT	**143.5**	**-16.6**
Earnings from technology disclosure	-153.5	0.0
Disposal gain from sale of five subsidiaries	-23.1	0.0
Earnings from development services	4.7	0.0
Expenses for Biotest Next Level	79.4	77.3
Adjusted EBIT	**41.6**	**60.7**

Adjusted EBIT describes the Biotest Group's operating performance excluding exceptional items. This metric is an alternative performance measure (APM) that is not defined in IFRS (International Financial Reporting Standards). In order to ensure continuity and comparability, the expenses of € 79.4 million (previous year: € 77.3 million) from the Biotest Next Level expansion project, which include the Biotest Next Level production facility and the Biotest Next Level research and development portfolio, are recognised as one-off effects in the 2023 financial year, as in previous years. In the previous year, the first Biotest Next Level preparation Yimmugo® was approved in the German market and commercialisation commenced. Furthermore, one-off effects in the 2023 financial year relate to initial income of € 153.5 million from technology disclosure and from € 4.7 million development services generated with Grifols, S.A., as well as the € 23.1 million gain on disposal of five Biotest subsidiaries to Grifols, S.A.

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 in plasma collection, 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 timelines, costs, probabilities of success, risks, strategic importance, and market size as well as commercial potential, including in the form of a net present value analysis. This portfolio analysis ensures Group-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. At present, research activities are focused on the new products Fibrinogen and Trimodulin, and are to be rapidly developed further and readied for marketing authorisation. Together with Yimmugo®, these form the core of the product portfolio intended for manufacture in the new Biotest Next Level production facility.

In addition, existing products are also being systematically developed to further enhance patient benefits or to achieve new indications and approvals in additional countries. In this context, 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 technology transfer and licensing agreement signed with Grifols will also ensure that Biotest's new product developments (Yimmugo®, Fibrinogen, and Trimodulin) can be manufactured and distributed worldwide by making recourse to Grifols' organisation and production network.

A list of the progress made on research and development projects in 2023 is presented in the "Research and development" section of the economic and business report.

In the 2023 financial year, the Biotest Group's research and development costs amounted to € 66.8 million (prior-year period: € 50.5 million). Expenses as a percentage of revenue remained at 9.8 % in a year-on-year comparison. The number of employees working in research and development amounted to 230 full-time equivalents as of 31 December 2023, compared to 223 full-time equivalents as of 31 December 2022.

B. ECONOMIC AND BUSINESS REPORT

B.I. MACROECONOMIC CONDITIONS

In Germany, 2023 was characterised by economic stagnation, mainly due to a sideways trend in economic output, with slight growth in the first half of the year being offset by a downward trend in the second half.[1] According to the Kiel Institute for the World Economy (IfW), the main reasons for the economic weakness were a decline in consumption and weak foreign business. The turnaround in interest rates also had a particularly negative impact on activity in the construction industry. As a consequence, the IfW expects gross domestic product (GDP) to have decreased by 0.3 % in 2023 (2022: 1.8 %; 2023: -0.3 %; 2024: 0.9 %; 2025: 1.2 %).[2]

Given high inflation rates and a massive tightening of monetary policy, the global economy performed better than expected in the 2023 financial year, according to the IfW. Given this, the IfW expects global production to grow by 3.1 % in 2023. Nevertheless, uncertain economic conditions and the loss of fiscal policy stimuli are continuing to impede a faster economic upturn.[3]

The Eurozone experienced a phase of economic weakness in 2023, according to the IfW. The institute notes that economic output stagnated due to the high cost of living, unfavourable financing conditions, and a weak external economic environment. Accordingly, the IfW expects gross domestic product (GDP) to have expanded by 0.5 % in 2023 (2022: 3.4 %, 2023: 0.5 %, 2024: 0.8 %, 2025: 1.5 %).[4] For 2024, a slight economic recovery in the Eurozone is expected, with GDP growth of 0.8 %. At the same time, inflation is anticipated to fall to 2.2 %.[5]

Following last year's already lower economic output, the IfW is forecasting only marginal growth for the UK in 2023 (2022: 4.3 %, 2023: 0.6 %, 2024: 0.8 %, 2025: 1.5 %).[6]

The US economy expanded by 2.4 % in 2023, due to strong growth in construction investment, which was boosted by extensive support programmes from the US government, as well as private consumption growth, according to the IfW. Nevertheless, the IfW believes that economic momentum is likely to weaken again due to subdued sentiment in the corporate sector and a slowdown in the labour market, as a consequence of which US GDP growth is forecast to reach a rate of just 1.5 % in 2024 (2022: 1.9 %, 2023: 2.4 %, 2024: 1.5 %, 2025: 2.0 %).[7]

In Asia's advanced economies, macroeconomic production increased significantly, driven by strong demand for semiconductors.[8] Accordingly, the IMF is estimates significant positive GDP growth of 5.7 % for Asia as a whole in 2023 (2022: 4.3 %, 2023: 5.7 %, 2024: 5.2 %, 2025: 5.2 %).[9]

For Latin America, after growth of 1.9 % in 2023, economic forecasts envisage a further slowdown in growth momentum in the following year (2022: 3.9 %, 2023: 1.9 %, 2024: 1.1 %, 2025: 2.0 %).[10]

Major differences are evident in healthcare expenditure trends in the Biotest Group's target markets. According to the OECD, the USA is in the lead with healthcare expenditure of USD 12,555 per capita, followed by Switzerland with USD 8,049 per capita and Germany with USD 8,011 per capita.[11] Healthcare expenditure of USD 144 billion is planned for 2024 in the USA, which corresponds to an increase of USD 14.8 billion compared to 2023.[12] In the EU, up to € 5.3 billion is to be invested to strengthen national healthcare systems between 2021 and 2027 as part of the EU4health programme.[13] In Germany, by contrast, the healthcare

1 Kiel Institute for the World Economy (2023), Kiel Economic Outlook, World Economy Winter 2023, p. 2.
2 Ibid. p. 4.
3 Ibid. p. 2.
4 Ibid. p. 8.
5 Ibid. p. 8.
6 Ibid. p. 8.
7 Kiel Institute for the World Economy (2023), Kiel Economic Outlook, World Economy Winter 2023, p. 7.
8 Ibid. p. 3.
9 Ibid. p. 20.
10 Ibid. p. 20.
11 OECD, Health at a Glance 2023, p. 157
12 Budget of the US Government. Ibid. p. 2024, p. 75
13 European Commission, EU4Health programme 2021-2027, online at: https://health.ec.europa.eu/funding/eu4health-programme-2021-2027-vision-healthier-european-union_en

budget is shrinking: after € 24.48 billion was still available to the Ministry of Health in 2023, healthcare expenditure of just € 16.22 billion is planned for 2024.[14]

Thanks 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 cannot be ruled out, particularly due to local crises, the wars in Ukraine and the Middle East, disruption to supply chains, and trends in exchange rates.

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 in Europe as well as further regions of the world are continuing to contribute to the positive trend in the overall market.

The long-term growth of the global albumin market is estimated in the mid single-digit percentage range.[15] The Chinese market plays an important role in this context, with record strong growth continuing in 2023. Worldwide, Asian markets account for over 70 % of global sales of human albumin, whereby China accounts for the largest share. The price trend for albumin was stable in 2023.[16]

For the immunoglobulin (IgG) market, sector experts expect the long-term target range to reflect annual global demand growth in the mid-single-digit percentage range.[17]

In the USA, the IgG volume in the twelve months to June 2023 grew in the upper single-digit percentage range year-on-year.[18] In Europe, the market volume for immunoglobulins achieved comparable growth over the same period.[19] In the first three quarters of 2023, the German IVIG market, which is important for Biotest, grew at a low double-digit rate year-on-year.[20] Prices for intravenous immunoglobulins (IVIG) in the EU immunoglobulins market are significantly below the price level in the USA on average, while globally the average price was on a positive trend in 2023.[21] Immunoglobulin prices are expected to decrease in 2024 due to the improvement in the supply situation.

In the second half of 2022 and first half of 2023, US plasma donations showed a significant upward trend and a recovery in the human blood plasma supply situation. Given the macroeconomic situation, plasma costs are nonetheless expected to remain high. The supply situation for immunoglobulins and albumin is continuing its recovery following the COVID-19 pandemic.[22]

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.[23] In many of these countries, haemophilia patients currently do not have access to coagulation

14 German Bundestag, Budget 2024 healthcare budget shrinks by a third, online at: https://www.bundestag.de/presse/hib/kurzmeldungen-987072
15 Markets and Markets (2020).
16 IQVIA (2023)
17 MRB (2021) supplemented by Biotest internal analyses.
18 PPTA North America Data Program (2023).
19 IQVIA (2023).
20 Biotest internal analysis based on Insight Health, IQVIA 2023
21 IQVIA (2023), CMS.gov.
22 PPTA (2023).
23 MRB (2022).

factor therapy. While Europe, North and South America account for only around 29 % of the world's population, they account for around 81 % of the global Factor VIII market volume.[24]

In August 2022, the first gene therapy for the treatment of haemophilia A received marketing authorisation from the EMA (European Medicines Agency). 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 growth rates in the low single-digit percentage range are expected only in some emerging markets.[25] 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.

B.II.3. SPECIAL PRODUCTS

The Biotest Group has products in its special portfolio that are used in various transplantations. Due to the extensive lifting of coronavirus protection measures, the number of transplants reported to Eurotransplant during the January to June 2023 period grew by around 15 %.[26] Based on market observations, Biotest assumes that the number of transplantations will continue to stabilise.

For Biotest, this applies in particular to the products Cytotect, Hepatect, and Zutectra. The former is generally used after stem cell and solid organ transplantations, and especially after heart and lung transplantations. Hepatect and Zutectra are utilised in the area of liver transplantation due to hepatitis B infection. While the number of liver transplants is growing at a mid-single-digit rate globally,[27] the incidence of hepatitis B (HBV) is expected to decrease at the same time due to numerous efforts at both global and national level.[28] As a consequence, an increase in hepatitis B virus-related liver transplants in the low single-digit percentage range is anticipated.

The number of stem cell transplants, which is also relevant for Cytotect, has been growing continuously over the last thirty years, with the period of the COVID-19 pandemic representing the only exception. Following the pandemic period, an initial recovery in the number of stem cell transplants was already evident in 2021, and the positive long-term trend is expected to continue in the future.[29] By contrast, the entry into the market of innovative antiviral treatments is leading to greater pressure in Cytotect's established indications.

Medical demand in the sepsis area remains high. Approximately 47 to 50 million cases of sepsis occur annually, including up to 20 million in children under five years of age. These result in at least 11 million deaths per year worldwide.[30] Due to the ageing population and a continued lack of effective treatments for sepsis, sepsis cases are forecast to grow by about one per cent per year within the countries Germany, France, Italy, Spain and the United Kingdom.[31] At the same time, the incidence of multidrug-resistant infections, ranked by the WHO as one of the "top 10 global public health threats", is rising, thereby increasing the need for supportive care options.[32] This is leading to continued high demand for Pentaglobin.

B.III. BUSINESS PERFORMANCE OF BIOTEST IN 2023

B.III.1. TARGETS 2023: FORECAST-ACTUAL COMPARISON

For the 2023 financial year, the Board of Management of Biotest AG aimed for revenue growth in the mid-single-digit percentage range compared with 2022, excluding revenue generated from technology disclosure and development services for Grifols, S.A. In the year under review, the Biotest Group generated revenue of € 684.6 million compared with € 516.1 million in the previous

24 WFH Report on the Annual Global Survey 2022.
25 IQVIA (2022), CMS.gov.
26 Eurotransplant (2023)
27 Transplant Observatory (2023)
28 WHO (2023)
29 EBMT Activity survey, Passweg et. al (2023)
30 Rudd et. al (2020)
31 Global Data (2024)
32 European Centre for Disease Prevention and Control (2023), WHO (2023), UN Environment Programme (2023)

year. This corresponds to significant revenue growth of 32.7 % (€ 168.5 million). This revenue growth is mainly due to revenue generated from technology disclosure and development services for Grifols, S.A., amounting to € 190.1 million as part of the technology transfer and licensing agreement. Excluding revenue generated from technology disclosure and development services for Grifols, S.A., revenue of € 494.5 million was achieved. This corresponds to a decrease of 4.2 % compared to the previous year. The lower revenue level especially reflects an IT malfunction that occurred in Biotest's central IT systems at the end of 2023, which led to delayed product releases and shifts in revenue to the 2024 financial year.

The new intravenous immunoglobulin Yimmugo® had a positive impact with revenue amounting to € 27.2 million. Yimmugo® was successfully launched in November 2022 and is now the first commercial preparation to be produced in an innovative manufacturing process in the new Biotest Next Level production facility at the Dreieich site in Germany.

The consolidated EBIT result in the 2023 financial year of € 143.5 million improved considerably compared with € -16.6 million in the previous year. Biotest has thereby clearly exceeded its original EBIT guidance for the 2023 financial year of between € -20 million and € -15 million, and achieved its most recent EBIT guidance of between € 130 million and € 170 million. This growth mainly reflects the earnings effect from technology disclosure and development services for Grifols, S.A., amounting to € 158.2 million, as well as the gain on the divestiture of five Biotest sales companies to Grifols, S.A., amounting to € 23.1 million.

Furthermore, the Board of Management expects a slightly improved return on capital employed (ROCE) for 2023 compared to the 2022 financial year. ROCE in the 2023 financial year amounted to 12.3 %, compared with -1.7 % in 2022. The significant improvement derives from EBIT growth in connection with revenue from technology disclosure and development services for Grifols, S.A., compared to the original EBIT guidance as the basis for the ROCE guidance.

At the start of the financial year, cash flow from operating activities was forecast to be significantly negative, below the previous year's level. With a negative cash flow from operating activities of € -2.7 million, this guidance was exceeded. This mainly reflects the positive result in connection with revenue from technology disclosure and development services for Grifols, S.A., compared to the original EBIT guidance used as an assumption underlying the cash flow guidance.

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

Annual General Meeting

The Annual General Meeting 2023 of Biotest AG was held on 9 May 2023 with physical attendance again after the pandemic years. Six out of seven items on the agenda were submitted to the vote at the Annual General Meeting. The shareholders of Biotest AG approved all items on the agenda with a large majority in accordance with the management's proposals. The actions of the members of the Board of Management and of the Supervisory Board for the 2022 financial year were approved by a large majority.

Personnel changes on the Supervisory Board

At the 2023 Annual General Meeting, Mr. Raimon Grifols Roura was elected by a large majority to the Supervisory Board as a shareholder representative, as proposed by the Supervisory Board. As Chief Corporate Officer, Mr. Raimon Grifols Roura is a member of the Board of Directors of Grifols, S.A. Mr. Javier Llunell Colera was also elected by a large majority as a substitute member for Mr. Raimon Grifols Roura. Mr. Javier Llunell Colera stepped down from his position as a substitute member of the Supervisory Board on 17 March 2024.

Personnel changes on the Board of Management

On 8 February 2023, the Supervisory Board unanimously appointed Ms. Ainhoa Mendizabal Zubiaga as a new member of the Board of Management (CFO) with effect from 15 February 2023. At its meeting on 5 October 2023, the Supervisory Board of Biotest AG appointed Mr. Peter Janssen (57) as Chairman of the Board of Management (CEO) of Biotest AG with effect from 1 January 2024. He will assume the CEO role from Dr. Michael Ramroth (62), who held this position for three and a half years, and is retiring for age reasons, as planned. Peter Janssen has been a member of the Biotest AG Board of Management since 2022 and heads the Commercial and Industrial Operations areas. In addition to Peter Janssen as CEO, the Board of Management of Biotest AG will continue to include Ainhoa Mendizabal Zubiaga as CFO and Dr. Jörg Schüttrumpf as CSO (Chief Scientific Officer).

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 2023 financial year, the Biotest Group opened up new countries through additional marketing authorisations and thereby further strengthened its international alignment. In the 2023 financial year, Cytotect® was approved in several European countries, such as the Czech Republic, Romania, and Slovakia, and Zutectra® was launched in Turkey and Taiwan. Biotest has received marketing authorisation for Albiomin® in France and Thailand and has also commenced a partnership with Grifols in China. In the second half of 2023, Biotest also received marketing authorisation for Yimmugo® in the UK after Germany and Austria.

Partnerships

In 2020, Biotest continued to collaborate 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 the same year. 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 regulators.

In addition, Biotest has long-standing partnerships with Prothya Biosolutions Belgium, Brussels, Belgium, and Human BioPlazma LLC, Gödöllő, Hungary, in relation to fractionation and production.

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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 2023
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	48	The Phase III clinical trial (PreCyssion) to prevent the transmission of CMV infection from the mother to the unborn child was discontinued early at the end of the year with 48 patients included.
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) in Germany on 11 November 2022, in Austria on 20 December 2022, and in the UK on 8 August 2023.
Phase III immune thrombocytopenia (ITP)	992	Multiple dosing	34	Biotest received marketing authorisation for new intravenous immunoglobulin Yimmugo® (IgG Next Generation) in Germany on 11 November 2022, in Austria on 20 December 2022, and in the UK on 8 August 2023.
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. Results show success in terms of 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	222	Initial results of the study show that the primary endpoint was achieved.
Trimodulin (IgM Concentrate)				
Phase III (ESsCAPE) Severe community-acquired pneumonia	996	Multiple dosing, placebo-controlled	12; approximately 590 planned	As part of the ESsCAPE study, the first patient was treated in an intensive care unit in September 2023. The ESsCAPE study is currently being conducted in up to 20 countries worldwide.
Phase III (TRICOVID) in hospitalised and oxygen-dependent patients with community-acquired pneumonia (CAP) caused by any type of pathogen including SARS-CoV-2	1001	Multiple dosing, placebo-controlled	25; approximately 350 planned	The study is currently in the treatment phase. The study is currently being conducted in up to 14 countries.

The focus of research and development projects is on plasma proteins. Research activities concentrated on the new products Fibrinogen and Trimodulin in the 2023 financial year. Alongside Yimmugo®, these form the core for the manufacture of the new product portfolio in the new Biotest Next Level production plant.

In the Phase III trial (no. 995) relating to acquired fibrinogen deficiency, Biotest already reached a significant milestone in March 2023. The last interim analysis of the Phase III AdFIrst (Adjusted Fibrinogen Replacement Strategy) trial with Fibrinogen, which is used in patients with acquired fibrinogen deficiency, was successful. The number of patients originally planned for the trial was confirmed. Recruitment was completed at the end of September 2023. The AdFIrst Phase III trial has reached its primary endpoint. In this study, the use of Fibrinogen Concentrate in patients with acquired fibrinogen deficiency during major surgery was shown to be as effective as standard treatment in reducing blood loss. This is followed by the preparation of the clinical study report. The results of Biotest's two clinical trials, the AdFIrst study and the completed Phase I/III trial (no. 984) in patients with congenital fibrinogen deficiency, will serve as the basis for the marketing authorisation of Fibrinogen Concentrate for the treatment of patients with congenital and acquired fibrinogen deficiency. Biotest is aiming for marketing authorisation in Europe. Grifols will then file the application in the USA.

Biotest has reached the next milestone in the Phase III trial 996 (ESsCAPE) with Trimodulin in the severe community-acquired pneumonia indication. The first patient with severe community-acquired pneumonia (sCAP) has now been treated in an intensive care unit. This multinational Phase III clinical trial will enrol around 590 adult patients. The ESsCAPE trial is being conducted in up to 20 countries worldwide and patients are being treated with either Trimodulin or a placebo as an adjunct therapy to standard treatment. The clinical design of this prospective, double-blind, placebo-controlled Phase III trial was developed on the basis of the promising results of the previous Phase II clinical trial (CIGMA) with 160 sCAP patients requiring invasive mechanical ventilation. In the CIGMA trial, a subgroup of patients with signs of severe inflammation exhibited an encouraging reduction in mortality with Trimodulin treatment. In addition to clinical development for sCAP, Trimodulin is also being tested for the treatment of CAP (Phase III trial TRICOVID; trials no. 1001). This community-acquired pneumonia (CAP) may have been caused by SARS-COV-2 as well as by other pathogens.

The Phase III clinical trial (PreCyssion; trials no. 997) of Cytotect CP Biotest to prevent the transmission of CMV infections from the mother to the unborn child was terminated early at the end of 2023 and included 48 patients. Despite the favourable safety profile, Biotest decided to discontinue the PreCyssion study (study 997), as no statistically relevant results could be achieved with this study.

As far as existing products are concerned, in 2023 Biotest progressed with a new non-interventional trial (NIS) that is intended to help improve treatment options for shingles (herpes zoster infection). In September 2023, the first patient was enrolled in the prospective, multi-centre observational VARIZOSTA trial conducted by Biotest. The study will investigate the use of the herpes zoster virus-specific hyperimmunoglobulin Varitect® CP (VZV-IgG) in complex herpes zoster, especially in patients with a high risk constellation for a severe course of the disease. A prospective, multi-centre observational study was also started in January 2023 with Cytotect (CMV-IgG) in patients after heart or lung transplantation. These are patients in whom a cytomegalovirus infection is suspected (prophylaxis) or has already developed (therapy). The aim of the study is the comprehensive documentation of the use of Cytotect in clinical routine, which is intended to contribute to the optimisation of the therapy regime. A total of 120 patients were already included in the international study up to December 2023.

B.III.5. MARKETING & DISTRIBUTION

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

Clinical immunology therapeutic area

The 2023 financial year saw a continuation of the trend of increasing plasma donations in the USA and Europe that has been evident since 2022.[33] Demand for immunoglobulins (IgG) and albumin remains at a stable, high level and is growing globally, which is also reflected in the stable price trend.

In addition, an increase in list, reimbursement, and selling prices was evident in numerous countries.

Revenue of € 27.2 million was generated in 2023 with the intravenous immunoglobulin Yimmugo®, which has been produced at the Biotest Next Level facility in Dreieich since November 2022. In times of global shortage of immunoglobulin products, Yimmugo® offers an additional treatment option and thereby contributes to secure supplies for Biotest customers. Moreover, further marketing authorisations for Yimmugo® were obtained in Austria and the UK. The launch in Germany of a new immunoglobulin preparation Yimmugo® in addition to Intratect®, and associated uncertainties on the customer side led to a reduction in revenue generated from Intratect®. To counteract this, sales-supporting communication measures were implemented to ensure that former Intratect patients are treated with Yimmugo® in the future. The hyperimmunoglobulin portfolio with the most important products Cytotect®, Hepatect® and Zutectra® faced many challenges in 2023. Stable revenue was achieved in this context.

The second International CMV Symposium was held in 2023, which was dedicated exclusively to the topic of CMV after solid organ and stem cell transplantation. The symposium included 170 on-site attendees and a further 360 online participants. Cytotect® was authorised in several European countries in the 2023 financial year. Sales revenues are expected to be generated in these countries in 2024.

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[34] and strong competition from antiviral therapies. Nevertheless, a stable business trend was possible. For this reason, it is all the more gratifying that marketing authorisations for all hepatitis B hyperimmunoglobulins were obtained in new countries, which offer additional market potential. For example, the subcutaneous

[33] PPTA 2023.
[34] Polaris Observatory: https://cdafound.org/polaris-regions-dashboard/, accessed December 2023.

hepatitis B hyperimmunoglobulin Zutectra® was launched in Turkey and Taiwan, and Hepatect® and Fovepta® were authorised in Bangladesh.

Intensive Care Medicine therapeutic area

Revenue generated with Pentaglobin® (IgM Preparation) continued on a positive trend in 2023. Biotest achieved revenue growth in various European and international markets. Pentaglobin is a unique product for which no equivalent alternative exists on the market and which is experiencing growing demand. Biotest is working on options to increase production capacity, yield, and clinical support for this strategic product, such as with the PEPPER study, an Investigator Sponsored Study of Aachen University Hospital.

Biotest is active in both the therapeutic and non-therapeutic areas with Albiomin®. The return of many hospitals to normal operation and associated resumption of planned surgeries led to higher demand for albumin in therapy in 2023. This had temporarily led to rising prices, especially in important markets such as China. With the increase in US plasma collections, the supply situation is also expected to normalise for albumin. Demand for albumin in Asia is high, while the situation in the MEAF (Middle East Africa France) region has also improved significantly. Thanks to revenue growth worldwide and the start of the partnership with Grifols, Biotest successfully expanded its albumin business, particularly in China, Indonesia, the UK, and Italy. In addition, new marketing authorisations were obtained in France for Albiomin® 5 % and 20 %.

In the non-therapeutic area, human serum albumin (HSA) is used by other companies in their own production. For example, HSA acts as a stabiliser in this context, as a component of cell media and as a carrier protein. As planned, Biotest further developed the albumin business in the non-therapeutic area, which recorded significant revenue growth in 2023.

Haematology therapeutic area

In the coagulation factor product portfolio, Factor VIII (Haemoctin®) and Factor IX products (Haemonine®) remained under pressure in 2023 due to the intensively competitive situation with recombinant products, and constantly falling prices. This resulted in year-on-year lower revenue for Haemoctin®, whereas revenue generated from Haemonine® posted slight growth.

In Germany, the Nextaro transfer system introduced for Haemoctin® (factor VIII) is continuing to meet 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. A launch in further international markets is currently being implemented.

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

B.IV.1. RESULTS OF OPERATIONS

The following table summarises the main income statement items. It should be noted that the key figures and revenue shares are significantly influenced by the agreements concluded with Grifols, S.A., during the financial year under review (see also A.III.1.).

MAIN INCOME STATEMENT ITEMS OF THE BIOTEST GROUP*

€ million	**2023**	**as % of revenue**	2022	as % of revenue
Revenue	684.6	100.0	516.1	100.0
Cost of sales	–404.3	–59.1	–391.2	–75.8
Marketing and distribution costs	–50.4	–7.4	–49.0	–9.5
Administrative expenses	–30.6	–4.5	–31.7	–6.1
Research and development costs	–66.8	–9.8	–50.5	–9.8
Other operating income and expenses	11.0	1.6	–10.3	–2.0
Financial result	–40.0	–5.8	–13.3	–2.6

* Expenses are marked with a negative sign.

In the 2023 financial year, the Biotest Group generated revenue of € 684.6 million, significantly up on the previous year's level (prior-year period: € 516.1 million).

This revenue growth is mainly due to first-time revenue generated from technology disclosure and development services for Grifols, S.A., amounting to € 190.1 million as part of the technology transfer and licensing agreement. The new intravenous immunoglobulin Yimmugo® also had a positive impact with revenue amounting to € 27.2 million (previous year: € 3.2 million). Yimmugo® was successfully launched in November 2022 and is now the first commercial preparation to be produced in an innovative manufacturing process in the new Biotest Next Level production facility at the Dreieich site in Germany. In particular, revenue generated with Intratect® decreased by 10 % in the financial year under review.

CHANGE IN REVENUE BY REGION

€ million	**2023**	2022	Change in %
European Union	260.4	264.6	-1.6%
Rest of the world	234.1	251.5	-6.9%
Stateless	190.1	–	>100%
Biotest Group	**684.6**	**516.1**	**32.6%**

Due to the change in the segmentation structure, revenue is presented according to the various sales regions. Biotest reports in the three sales regions “European Union”, “Rest of the World”, and “Stateless”. Although Biotest recorded overall year-on-year revenue growth of 32.6 % in the 2023 financial year, the European Union region posted a reduction in revenue of -1.6 %, and the Rest of the World region a decrease of -6.9 %. In the European Union region, revenue in the UK and in Germany, in particular, was down. In the Rest of the World region, lower revenue in the Middle East was the main reason for the reduction. Stateless revenue of € 190.1 million relates to revenue generated from technology disclosure and development services rendered for the parent company Grifols, S.A.

In the 2023 financial year, the cost of sales rose at a slower rate than revenue at 3.4 %, from € 391.2 million to € 404.3 million. Accordingly, the overall cost of sales ratio improved significantly from 75.8 % to 59.1 %. This effect arises mainly from revenue from technology disclosure and development services rendered for the parent company Grifols, S.A., during the 2023 financial year.

Marketing and distribution costs increased by 2.9 % year-on-year in the 2023 financial year and amounted to a total of € 50.4 million (prior-year period: € 49.0 million). The increase is due to higher commissions, higher costs for conferences, and the costs for Yimmugo® Start activities, among other factors. This increase was partially mitigated by the absence of marketing and distribution costs following the divestiture of five Biotest distribution companies in Spain, Brazil, Italy, the UK, and France to Grifols, S.A. Due to the disproportionately high revenue growth, the share of revenue decreased by 2.1 percentage points from 9.5 % to 7.4 % in the 2023 financial year.

Administrative expenses decreased by 3.4 % in the 2023 financial year, from € 31.7 million to € 30.6 million. The reduction is partly due to cost-cutting measures. In addition, the administrative expenses of the five Biotest sales companies that were divested will no longer apply after the respective transactions. The administrative expense ratio as a percentage of revenue decreased from 6.1 % to 4.5 % in the 2023 financial year.

In contrast, research and development costs increased significantly in the 2023 financial year, by 32.3 % to € 66.8 million (prior-year period: € 50.5 million). The increase is mainly due to the year-on-year lower expense-reducing recognition of a research allowance in accordance with the Research Allowance Act (FZulG) and the German Federal Ministry of Education and Research (BMBF) grant totalling € 8.1 million (prior-year period: € 15.3 million) as well as due to the acceleration of development activities in partnership with Grifols. Research and development costs as a percentage of revenue in the past financial year amounted to 9.8 % (prior-year period: 9.8 %).

Other operating income and expenses rose from € -10.3 million of expenses in the previous year to € 11.0 million of income in the 2023 financial year. This change mainly reflects the gain on the divestiture of five Biotest sales companies in Spain, Brazil, Italy, the UK, and France to Grifols, S.A., totalling € 23.1 million.

The EBIT for the 2023 financial year amounted to € 143.5 million, compared with € -16.6 million in the previous year, and has thereby improved significantly. The significant increase in EBIT compared to the same period last year is mainly due to the € 158.2 million earnings effect from technology disclosure and development services for Grifols, S.A., and the € 23.1 million gain on the divestiture of five Biotest subsidiaries to Grifols, S.A. As a consequence, the EBIT margin increased significantly to 21.0 % in 2023 (previous year: -3.2 %).

The financial result deteriorated to € -40.0 million in the 2023 financial year, compared with € -13.3 million in the previous year. This decrease is mainly due to the € 16.5 million higher level of interest expenses. The increase in interest expenses mainly reflects the utilisation of further tranches of a secured variable loan and higher key interest rates. In addition, expenses of € 0.9 million from value adjustments to the surrender claim against the trustee of shares in ADMA Biologics Inc. at fair value had a negative

impact on the financial result in the 2023 financial year (prior-year period: income of € 8.4 million). Following the sale in the previous year, all remaining shares in ADMA Biologics Inc. were sold in the 2023 financial year.

For the Biotest Group, overall earnings before taxes (EBT) of € 106.3 million arose, compared to € -30.8 million in the previous year.

Tax income of € 20.7 million was recognised in the 2023 financial year. This corresponds to a change of € 21.5 million compared to the previous year's tax expense of € -0.8 million. This change mainly reflects deferred tax income from loss carryforwards, whose utilisation was classified as probable in the near future. The deferred tax income more than compensated for the higher income taxes in connection with the earnings effect from the technology disclosure and the development services for Grifols, S.A.

The Biotest Group's earnings (EAT) for the 2023 financial year amounted to € 127.0 million compared to € -31.7 million in the previous year. This results in earnings per ordinary share of € 3.20 compared with € -0.81 in the previous year.

KEY EARNINGS FIGURES OF THE BIOTEST GROUP

€ million	**2023**	2022	Change in %
EBIT	143.5	–16.6	>100%
EBT	106.3	–30.8	>100%
EAT	127.0	–31.7	>100%

B.IV.2. NET ASSETS

Total assets increased by € 207.9 million, from € 1,203.0 million as of 31 December 2022 to € 1,410.9 million as of 31 December 2023.

Non-current assets rose by € 70.8 million to € 654.4 million as of 31 December 2023, compared with € 583.6 million on the previous year's balance sheet date. The increase rise is mainly due to the € 32.2 million higher level of deferred tax assets, most of which were recognised on tax loss carryforwards from previous years, as it is now likely that they will be utilised in the near future. A further significant effect arose from € 36.1 million of additions to right-of-use assets from leases. This mainly relates to the rental agreement concluded in September 2023 with project developer Four Parx for the rental of a new commercial and logistics space in Dreieich. Intangible assets changed in the opposite direction, although to a lesser extent. Property, plant and equipment increased slightly by € -2.1 million, from € 520.3 million to € 522.4 million. This rise is mainly due to the opening and expansion of new plasma centres.

Current assets amounted to € 756.5 million as of 31 December 2023, € 137.1 million higher compared with the level of € 619.4 million as of 31 December 2022. Among other factors, this change reflects the significant increase in inventories of € 125.3 million in the 2023 financial year. The higher level of inventories is mainly attributable to the accumulation of the raw material plasma due to the increased planned production volume for 2024 and lower sales volumes at the end of the financial year. In addition, trade receivables rose by € 20.7 million. The change in trade receivables is primarily due to the effect from technology disclosure and development services. The increase in trade receivables was offset by lower sales volumes abroad and incoming payments from foreign customers. Contract assets increased by € 16.4 million year-on-year, reflecting the quantitative increase in inventories from toll processing. Other financial assets decreased by € -15.7 million. This reduction is due, in particular, to the complete divestiture of the shares in ADMA Biologics Inc. and the decrease in cash deposits at banks.

On the equity and liabilities side of the statement of financial position, equity grew by € -127.8 million to € 498.9 million (31 December 2022: € 371.1 million), reflecting the positive result in the financial year under review, which was only slightly offset by actuarial losses. The equity ratio amounting to 35.4% increased compared to the previous year's level (31 December 2022: 30.8 %).

Debt rose by € 80.1 million to € 912.0 million in the past financial year (31 December 2022: € 831.9 million). Non-current liabilities amounted to € 526.7 million as of 31 December 2023 (31 December 2022: € 701.7 million). Non-current financial liabilities decreased by € -183.1 million, from € 612.8 million to € 429.7 million as of 31 December 2023. This decrease is mainly due to the reclassification of the collateralised loan, which was signed in 2019 for a total volume of € 240.0 million, to current liabilities, as the loan matures in 2024. An offsetting effect derives from the increase in lease liabilities arising from the long-term rental agreement concluded with Four Parx in September 2023 for a new commercial and logistics space in Dreieich, and from interest expenses. Pension provisions amounted to € 91.1 million as of 31 December 2023, compared with € 85.8 million as of the previous year's reporting date. The higher level mainly reflects the increase in actuarial losses due to the lower discount rate.

Current liabilities rose by € 255.1 million to € 385.3 million as of the reporting date (31 December 2022: € 130.2 million). The increase is mainly due to the reclassification of the collateralised loan to current liabilities and a € 27.0 million increase in trade payables from the accumulation of inventories due to the higher level of production volume planned for 2024. Other provisions slightly reduced the decrease by an amount of € 3.2 million, reflecting the reduction in personnel-related provisions. The increase in provisions for sales contracts had the opposite effect on other provisions.

The long-term capital available to the Biotest Group (equity, pension provisions and long-term financial liabilities) covered 72.3 % of total assets as of 31 December 2023 (previous year: 88.9 %). Net debt increased from € 502.3 million to € 551.5 million as of 31 December 2023.

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 facility and to finance current assets. A total of € 225 million of this amount had been drawn down as of 31 December 2023. 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 2023 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 € 185.8 million. Furthermore, Biotest AG has fully 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. Collateral of € 12.2 million arising from receivables due from affiliated companies exists as of the balance sheet date (previous year: € 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 improved significantly year-on-year in the 2023 financial year, from € -40.5 million to € -2.7 million. Operating cash flow before changes in working capital amounted to € 154.0 million (prior-year period: € 19.8 million). The main reason for the year-on-year increase was the € 137.1 million growth in earnings before taxes compared to the previous year, and the € 26.7 million decrease in the financial result. These effects were offset by the earnings effect of € 23.1 million from the deconsolidation of the Biotest subsidiaries in Spain, Brazil, Italy, the UK, and France, which were divested to Grifols, S.A. The cash flow from changes in working capital decreased year-on-year to € -120.8 million, compared with € -45.2 million in the previous year, which is mainly due to the increase in inventories and trade receivables. Interest and taxes paid totalled € -35.9 million in 2023, compared with € -15.1 million in the previous year.

Cash flow from investing activities amounted to € 1.3 million in the 2023 financial year (prior-year period: € -37.0 million). The increase was due, among other factors, to payments of € 35.0 million received from the divestiture of shares in the Biotest subsidiaries in Spain, Brazil, Italy, the UK, and France to Grifols, S.A., which were mainly consumed by payments for capital expenditure.

Cash flow from financing activities amounted to € -6.8 million in the 2023 financial year (prior-year period: € 89.6 million). The cash outflows from financing activities were mainly for the repayment portion of the lease liabilities in accordance with IFRS 16.

Cash and cash equivalents had decreased to € 108.1 million at the end of the 2023 financial year compared to € 116.6 million as of 31 December 2022.

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 35.4 % as of 31 December 2023, 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, Frankfurt am Main, Germany, in the nominal amount of € 290 million, which was extended on 15 March 2024 until 2 January 2030. An external financing facility also exists with a volume of € 240 million, of which € 225 million was drawn as of 31 December 2023 and will fall due in full in the 2024 financial year. To cover further financing requirements in 2023, Biotest AG and Grifols Worldwide Operations Limited, Dublin, Ireland, a wholly owned subsidiary of Grifols, S.A., concluded a € 147 million financing agreement on 7 March 2023, which was not utilised in the 2023 financial year.

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

Despite the challenging developments in individual markets and the simultaneous focus on future projects, the Biotest Group can look back on a stable 2023 financial year. The Group's financial position and performance were positively influenced by the technology transfer and licensing agreement.

In the 2023 financial year, the Group's financial position and performance was positively influenced by the partnership with Grifols S.A., given the technology transfer and licensing agreement that was concluded. The Biotest Group posted revenue growth of 32.7 % to a level of € 684.6 million. Excluding revenue of € 190.1 million of revenue from the technology disclosure and development services for Grifols, S.A., the Group would have achieved a slight decrease of 4.2 %. The significant year-on-year EBIT growth also mainly reflects the € 158.2 million earnings effect from technology disclosure and development services for Grifols, S.A., and the € 23.1 million gain on the divestiture of five Biotest subsidiaries to Grifols, S.A. In the 2023 financial year, cash flow from operating activities improved significantly year-on-year, from € -40.5 million to € - 2.7 million, due to the payments from Grifols, S.A.

In the 2023 financial year, the Group focussed on ramping up the Biotest Next Level production facility in Dreieich. The first Biotest Next Level preparation Yimmugo® (IgG Next Generation) has been produced there since November 2022 and contributed significantly to the revenue growth achieved in 2023. The Biotest Group aims to gradually increase production capacity at the new Biotest Next Level facility over the coming years. Moreover, Biotest is stepping up its efforts to rapidly further develop the development candidates Fibrinogen and Trimodulin, which are currently in Clinical Phase III and will be produced in the new Biotest Next Level facility, and to prepare them for marketing authorisation. A list of progress made on research and development projects in 2023 is presented in the section "Research and Development" of the economic and business report.

Two new plasma centres were opened in the 2023 financial year. As a consequence, Biotest operated 36 of its own plasma collection centres in Europe at the end of the year. The opening of additional plasma collection centres is planned for 2024 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.

Due to the improved financial position and performance, as well as the expansion of production to include Biotest Next Level, the Board of Management considers the Biotest Group's commercial and financial position to be positive overall.

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 demand growth for plasma protein preparations in Europe, the USA, and many Asian countries, the expansion of Biotest's manufacturing capacities due to the new Biotest Next Level facility and the expected revenue from technology disclosure and development services for Grifols, S.A., the Board of Management anticipates revenue growth in the upper single-digit percentage range for the 2024 financial year compared to 2023, earnings before interest and taxes (EBIT) in a range between € 80 million and € 100 million, as well as adjusted EBIT in a range between € 65 million and € 85 million. Both the revenue and EBIT targets include the effects of the technology transfer and licensing agreement with Grifols, S.A.

Uninterrupted supplies of human plasma, which serves as the raw material for all Biotest products, continue to 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.

D.I.2. DIRECTION OF THE GROUP IN THE 2024 FINANCIAL YEAR

The general direction of the Biotest Group in the 2024 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 2023 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.[35] The prices of these preparations are beginning to stabilise at a high level. Price pressure in Biotest's core markets is expected to increase due to the competitive situation and efforts to reduce costs in healthcare systems.[36]

The long-term growth rate of the global albumin market is forecast to amount to around 6 % per year.[37]

Up to 2027, the global market is projected to diminish at a single-digit negative percentage rate per year in terms of plasmatic Factor VIII preparations.[38]

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

Expected business and results of operations of the Biotest Group

For the 2024 financial year, the Board of Management is aiming for upper single-digit percentage revenue growth compared to 2023, including revenue from technology disclosure and development services for Grifols, S.A. This revenue growth is enabled by the ramp-up of the Yimmugo® production facility within Biotest Next Level. It remains the case that the Board of Management does not rule out negative revenue trends due to potential reductions in demand owing to the economic situation and country-specific savings in the healthcare sector.

Accordingly, the Board of Management expects an operating result (EBIT) in a range between € 80 million and € 100 million for 2024. As a consequence, the Board of Management anticipates a slight improvement in return on capital employed (ROCE) in 2024 compared to the 2023 financial year, and a positive cash flow from operating activities significantly above 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 in terms of its ratio of debt to equity, as well as of 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. Moreover, Biotest has expanded its network of plasma collection centres to ensure the requisite plasma supplies for the new Biotest Next Level production facility, among other objectives. For the 2024 financial year, the Biotest Group plans to invest at the same level as in the previous year. The major share of capital expenditure will go towards the expansion and maintenance of production facilities and infrastructure measures at the Dreieich site in Germany. Furthermore, some of the investments are also attributable to the

[35] MRB (2021) supplemented by Biotest internal analyses.
[36] IQVIA (June 2023), www.cms.gov supplemented by Biotest internal analyses.
[37] Markets and Markets (2020) supplemented by Biotest internal analyses.
[38] MRB (2022).

expansion of existing plasma centres and the establishment of new plasma centres in Europe, as well as further developments in the digitalisation area.

Financing in 2023 has been mainly provided by a shareholder loan and further external financing sources. These financing sources, which are available to Biotest on both a short-term and long-term basis, the contractual financing commitment from Grifols Worldwide Operations Limited, Dublin, Ireland, as well as cash inflows in connection with the technology transfer and licensing agreement, secure the emerging financing requirements for the ramp-up of the Biotest Next Level project as well as further R&D activities.

In the therapeutic areas, Biotest anticipates the following development:

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 2024. In a diminishing market, Biotest intends to sell its coagulation factor products at economically viable prices in only a few markets.

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

Vihuma®: In 2024, Biotest will continue to deploy Vihuma® in order to pursue its full-range strategy as well as to maintain its market position.

Clinical Immunology therapeutic area

Cytotect®: Bone marrow transplants and selected areas of solid organ transplantation will continue to form the main focus for **Cytotect® CP** Biotest in 2024. The most important markets include the EU countries including the UK as well as Taiwan and Saudi Arabia. In addition, further marketing authorisation procedures outside Europe are underway.

Intratect® 50 g/l (5%) and Intratect® 100g/l (10%): These preparations are sold in Europe as well as in numerous international markets such as Switzerland, Jordan, Saudi Arabia, Turkey, and the United Arab Emirates. Biotest will continue to focus on high-price markets in the coming year.

Yimmugo®: The immunoglobulin preparation Yimmugo® has been manufactured in the Biotest Next Level production facility since November 2022. Available volumes of Yimmugo® will increase continuously over the next few years. In addition to the marketing authorisation already received in Germany, Austria, and the UK, market launches in further European countries are planned for 2024.

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

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).

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 seg-ment and to differentiate itself from competing products. The aim is to further penetrate the Chinese market and focus on the premium segment. In addition, Biotest is continuously expanding its non-therapeutic business with Albumin (excipient).

Pentaglobin®: Pentaglobin® is currently distributed in 33 countries worldwide. In 2024, Biotest will continue to focus on the main markets of Germany and Italy as well as further high-priced international markets.

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.

Fibrinogen – acquired fibrinogen deficiency due to high blood loss: in March 2023, an interim analysis of the AdFIrst Phase III trial in acquired fibrinogen deficiency confirmed the number of patients originally planned for the study. At the end of September 2023, the last required patient was enrolled in the trial and treated. The AdFIrst (Adjusted Fibrinogen Replacement Strategy)

Phase III trial has reached its primary endpoint. In this study, the use of Fibrinogen Concentrate in patients with acquired fibrinogen deficiency during major surgery was shown to be as effective as standard treatment in reducing blood loss. In mid-February 2024, Biotest published the first results of the study with acquired fibrinogen deficiency, which showed that the primary endpoint of the study was met.

Trimodulin (IgM Concentrate): Biotest has launched a Phase III trial with Trimodulin in the severe community-acquired pneumonia indication (sCAP). In September 2023, the first patient with sCAP was treated in an intensive care unit as part of the Phase III ESsCAPE study. This multinational Phase III clinical trial will enrol approximately 590 adult patients with sCAP. The ESsCAPE trial is currently being conducted in up to 20 countries worldwide. By the end of 2023, a total of 12 patients had been treated.

In parallel, a further multinational Phase III trial is being conducted with Trimodulin: the TRICOVID trial. This was funded by the German Federal Ministry of Education and Research (BMBF) and focused on the treatment of hospitalised patients with COVID-19 who require additional oxygen due to the severity of their illness. The ongoing TRICOVID trial has now been opened for enrolment of patients with pneumonia caused by any type of pathogen (community acquired pneumonia/CAP). The first patient was treated as part of this expansion in December 2023. A total of 25 patients were included in the study as of the end of December.

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 as a Group. At the same time, it explains how the Group handles such risks and how they are controlled and tracked. 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 established 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 in the system.

Major potential risks form part of monthly internal reports. In addition, every six months the Risk Management Committee reviews the current risk situation and drafts a detailed risk report that is submitted to the Board of Management. 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 risk controlling standards and procedures for appropriateness and efficacy. The last audit was conducted in the fourth quarter of 2021. The next audit of the risk management system is scheduled for the 2024 internal audit plan.

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. Synergies with the Grifols Group are also being leveraged in terms of insurance cover.

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. In 2023, the company also started to ensure that the most important internal controls comply with the standards of the US Sarbanes-Oxley Act ("SoX").

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 at 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 SAP-based reporting system, whose contents are agreed on a monthly basis by the departments responsible for Group 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 audited predominantly 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 mitigated, 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 risk management system. Where weaknesses in the internal control system are identified, the Board of Management takes measures to rectify them and continuously improve processes and systems.

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 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 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. 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 consideration.

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. Persistently high inflation could have a negative effect on expenses (especially for raw materials, energy, and logistics). The Board of Management assesses this risk as having a moderate probability of occurrence and moderate negative effect on the financial position and performance. 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 business.

A risk exists of significant reductions in market prices for plasma proteins.

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 volumes.

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, it is expected that the use of non-factor preparations will continue to expand over the coming years and that plasmatic coagulation factors will lose market share.

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 considers these substitution risks to be moderate.

In competing with other larger plasma manufacturers, the low number of products from 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 medicines. If these materials were to become scarcer 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 plasma manufacturers. In addition, regulatory requirements were tightened in various procurement markets. This increases risk, and could lead to further sharp rises in plasma prices. The establishment of our own plasma collection centres and the conclusion of long-term agreements represent further measures 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 both 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, it may not be possible to fully realise planned sales revenues of Biotest end products in the US market (after approval of the products).

Biotest endeavours to secure the plasma volumes it requires through long-term supply agreements, 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.

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 moderate 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 tender business 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.

Given the war that broke out in the Middle East in October 2023, the situation in this region failed to stabilise in the 2023 financial year. 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 2023, the US administration continued to fail in its attempts to reach an agreement with Iran on a resumption of the nuclear deal, so that tighter US sanctions continue to apply unchanged. While the domestic political situation in Iran remains strained given ongoing protests, foreign policy risks have once again increased significantly. At Biotest, both developments have a negative impact on the recoverability of recognised assets in a mid double-digit-million-euro amount, of which € 8.9 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-million-euro amount 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.

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. Marketing authorisation for Yimmugo® in the USA was applied for in June 2023.

The validation of the facilities for the production of Trimodulin, Fibrinogen and Albumin is still pending. All inspections carried out to date by the Hesse State Office for Health and Care, Darmstadt, Germany (formerly the Darmstadt Regional Council) and the Paul Ehrlich Institute in Langen have been successfully completed; subsequent inspections by German and foreign regulators 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 cannot 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 post-pandemic situation, 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, timelines, 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 coronavirus has significantly changed the intended study population for Phase III development in severe community acquired pneumonia (sCAP), as coronavirus has been added to the known pathogens of sCAP. This provides an opportunity to accelerate Trimodulin development with the new COVID-19 indication. However, from the fourth quarter of 2022 onwards, it became evident 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 TRICOVID trial is much slower than expected. This trial was funded by the German Federal Ministry of Education and Research (BMBF) and focused on the treatment of hospitalised patients with COVID-19 who require additional oxygen due to the severity of their illness. The ongoing TRICOVID trial was opened in the 2023 financial year for enrolment of patients with pneumonia (CAP = community acquired pneumonia) caused by any type of pathogen. The first patient was treated as part of this expansion in December 2023.

In addition, 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.

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® (IgG Next Generation) received marketing authorisation in mid-November 2022. 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 moderate 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 as 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 2023, some global shortages arose of raw materials and preliminary products. Production bottlenecks at suppliers could also arise due to disruptions to international supply chains. Furthermore, many upstream suppliers are facing significantly higher demand, which could lead to capacity bottlenecks. Biotest took potential supply bottlenecks into consideration by setting up a task force at an early stage 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 volumes 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 high.

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 Compliance Department analyses how the business units concerned identify and track legal risks and address them through preventive and remedial measures. This analysis focuses on general legal risks that are not specifically linked to the sector, such as data protection, while the drug authorisation, drug safety and quality management departments, among others, independently monitor and address legal risks that are specific to the pharmaceutical industry.

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 2023 financial year. The Corporate Compliance Officer is a member of the company's important decision-making bodies.

The compliance processes were also further developed in 2023, primarily through the coordination of compliance standards with the Grifols Group, work on the implementation of an electronic whistleblower system 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 2023, the Biotest Group Compliance Officers continued to hold conference calls in order to ex-change information about activities and working results in their respective countries.

Based on their risk exposure, employees in all departments of the Biotest Group regularly receive training on the risks affecting them and current developments in the compliance 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 financial position and performance 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 moderate 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 measures to retain employees 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. Due to the complexity of the systems and the threat situation, unexpected problems can nevertheless arise, such as occurred at the end of 2023, that have a negative impact on ongoing business. The Board of Management gauges information technology risks as moderate risks.

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 in the nominal amount of € 290 million, which was extended on 15 March 2024 until 2 January 2030. On 24 June 2019, Biotest signed an agreement with a term of five years for a loan of € 240 million, which matures in the 2024 financial year. In addition, a further external loan of € 44 million exists and, since 2023, a financing agreement with Grifols Worldwide Operations Limited totalling € 147 million. 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 2025. The financing agreement concluded in 2019 includes a financial covenant that is to be complied with. 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 capability. In addition, at the end of December 2023, the Biotest Group had cash in hand and bank balances of € 108.1 million, from which the current business and upcoming capital expenditure are financed. To cover additional liquidity required in 2024 and as a liquidity reserve, on 7 March 2023 Biotest concluded a financing agreement with Grifols Worldwide Operations Limited for an amount of € 147 million. This facility had not been utilised as of 31 December 2023.

The Board of Management gauges financing risk as low.

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 pro-cesses 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.

With an overall low probability of occurrence, the 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 German Medicinal Products Act (AMG) and Good Vigilance Practice (GVP), and in July 2023 by the Hesse State Office for Health and Care in Darmstadt in the context of the German Pharmaceuticals and Active Ingredients Manufacturing Ordinance (AMWHV). 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 divestiture 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 divestitures 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 or the spread of a new virus 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 lead to reduced demand for immunoglobulins and hyperimmunoglobulins.

Appeals or government orders to restrict contact as well as social distancing measures could reduce opportunities 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 financial position and performance. The Board of Management assesses this risk as low.

D.II.7. GENERAL STATEMENT ON THE GROUP'S RISK POSITION

Russia's military attack on Ukraine and the conflict in Gaza/Israel have exacerbated political risks. The effects of high inflation rates as well as higher prices for the important raw material plasma are also exacerbating the risk situation for the Biotest Group. 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, the Biotest Next Level investment project as well as development services. 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 2023 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 Group's strategic orientation.

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

In recent years, Biotest has invested heavily in the skills and expertise required for drug development and authorisation. These capabilities will be further utilised to enhance the product portfolio as well as indications, and improve access for patients worldwide. Moreover, new and highly efficient production capacities utilising innovative technologies are being put into operation in order to meet growing demand for its therapies. The deployment of these new technologies and associated efficiency gains will be replicated throughout the entire supply network and utilised for future projects. Further positive economies of scale can be expected if Biotest expands its network of internal plasma collection centres, utilising proven processes, and sharing central resources.

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

In 2023, Biotest AG and Grifols, S.A., intensified their partnership with the aim of optimising the commercial strategy and optimally driving the international expansion of the business. Please see our comments in section A. I. The Group's business model.

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 authorisation 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 rapidly and cost-effectively and to enhance production efficiency.

D.III.4. OPPORTUNITIES ARISING FROM THE PARTNERSHIP WITH GRIFOLS, S.A.

With Grifols as a partner and given the intensification of this partnership in 2023, far-reaching opportunities exist to realise greater commercial potential for the new products from the Biotest Next Level facility. The availability of the raw material blood plasma as well as the purification capacities are crucial here. Grifols' greater commercial reach as well as faster scalability play a decisive role in this context.

The intensified partnership with Grifols has enhanced the chances of jointly generating higher revenues for the new products Yimmugo®, Trimodulin, and Fibrinogen with the higher production capacities and a stronger market presence. Biotest would participate in these through additional product sales and, potentially, licence payments.

In addition, opportunities arise 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.

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

Given the intensification of the partnership with Grifols, S.A., the Biotest Group's opportunity situation has changed significantly compared to the previous year. The agreed partnership with Grifols offers far-reaching opportunities to jointly generate higher revenues from the new products Trimodulin and Fibrinogen thanks to a higher level of production capacities and stronger market presence. Biotest could benefit from these opportunities through additional product sales and licence payments. Furthermore, Biotest identifies significant opportunities in productivity enhancement and capacity expansion as part of Biotest Next Level as well as in the further development of the product portfolio. Opportunities are also identified in relation to Biotest's plasma collection activities arising from the enhanced partnership with the Grifols Group.

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) guidelines, 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 2023). 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.

Following the implementation of a public acquisition offer in accordance with the regulations of the German Securities Acquisition and Takeover Act (WpÜG), on 25 April 2022 Grifols, S.A., Barcelona, Spain, notified Biotest pursuant to Sections 33 (1), 34 of the German Securities Trading Act (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 (WpÜG) that Grifols, S.A., has indirectly acquired an additional 0.94 % of the voting rights in 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 2023).

As of 31 December 2023, 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 (AktG) and Section 7 (2) of the company's Articles of Association. Pursuant to Section 179 (1) AktG, any amendment to the company's 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 pursuant to Section 27 of the Articles of Association in compliance with Section 179 (1) Sentence 2 AktG.

At present, no authorisation exists to purchase treasury shares pursuant to Section 71 (1) Sentence 8 AktG (reporting date: 31 December 2023). 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 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 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. 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. 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.

The Board of Management consisted of four persons as of the end of the 2023 financial year, . The contract of the Chairman of the Board of Management (CEO), Dr. Michael Ramroth, ended on 31 December 2023. Until the appointment of Ms. Ainhoa Mendizabal Zubiaga as Chief Financial Officer (CFO) with effect from 15 February 2023, Dr. Ramroth held the position of Chief Financial Officer of Biotest AG. Ms. Mendizabal's contract runs until 14 February 2026. Mr. Peter Janssen has been a member of the Board of Management as Chief Operations Officer (COO) since 2022. With effect from 1 January 2024, he was appointed Chairman of the company's Board of Management (CEO) by the Supervisory Board. His contract ends on 31 December 2026. Dr. Georg Floß already stepped down as Chief Operating Officer with effect from 8 January 2023. During 2023, the term of the contract of Dr. Jörg Schüttrumpf (Chief Scientific Officer) was extended until 31 August 2028. Since September, he has also held the position of Chief Scientific Innovation Officer (CSIO) for the entire Grifols Group.

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 2023.

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 1,648 individuals in 1,588 full-time equivalent (FTE) positions. Compared to the previous year, 60 full-time equivalents reflects an increase of 3.8 %.

H.IV. FINANCIAL PERFORMANCE INDICATORS

Due to its operating activities as well as its holding function and loss-making position over recent financial years, revenue as reported on the basis of the German Commercial Code (HGB) represents the most 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 € 65.5 million in the 2023 financial year (previous year: € 48.3 million). As far the company Biotest AG 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 240 people in the research and development area in the financial year under review (previous year: 222).

H.VI. TARGETS 2023: FORECAST-ACTUAL COMPARISON

For the 2023 financial year, the Board of Management aimed for revenue growth in the mid single-digit percentage range compared with 2022. The Board of Management did not expect any direct negative effects from the Russian war of aggression in Ukraine, but did not rule out negative revenue and earnings trends due to potential cyclical downturns in demand, country-specific savings in the healthcare sector, or production interruptions due to a lack of, or delays in, the availability of plasma, replacement parts or personnel.

Biotest AG generated revenue of € 664.8 million in the financial year under review (previous year: € 517.5 million). This corresponds to revenue growth of 28.5 %. The target of mid single-digit percentage revenue growth was achieved, taking into consideration the special factors from the agreement concerning technology disclosure and development services (€ 190.1 million), which was signed with Grifols, S.A., Barcelona, Spain, on 31 May 2023 with retroactive effect from 1 January 2023. However, the Rest of the World and European Union value-added regions generated less revenue than expected. The Rest of the World sales market closed the financial year with a decrease of 11.6% to € 222.7 million; in the European Union, revenue of € 252.0 million was 5.1% lower than the previous year's level. The reduction in revenue mainly reflects delayed product releases due to a malfunction in the central IT systems at the end of the year.

As far as EBIT is concerned, the Board of Management assumed a range of between € -20 million and € -15 million for the Group in 2023. The operating earnings calculated in accordance with the accounting standards of the German Commercial Code (HGB) of Biotest AG amounted to € 124.9 million as of the reporting date. As the parent company and operating holding company of the Biotest Group, the risks, opportunities, and forecasts made in the previous year for the consolidated financial statements were also indicative of the trends expected for the company. In addition to technology disclosure and development services (€ 158.1 million), the gain on disposal of five participating interests (€ 31.1 million) also contributed to the strong EBIT growth in 2023 totalling € 163.7 million. Furthermore, Biotest AG continued to invest in the future and in the development of its products. The launch of the new immunoglobulin Yimmugo® at the end of 2022 and production at the new Biotest Next Level facility helped to strengthen EBIT and the Dreieich production site.

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

H.VII.1. BUSINESS SITUATION

Biotest AG generated revenue of € 664.8 million with internal and external business partners in the financial year under review (previous year: € 517.5 million). The strong growth in revenue amounting to € 147.3 million is largely characterised by technology disclosure and development services with Grifols, S.A., Barcelona. Positive effects also derived from the intravenous immunoglobulin Yimmugo®, which was successfully launched on the market at the end of 2022 and is the first commercial preparation to be manufactured in the new Biotest Next Level production facility at the Dreieich site.

Since 2023, the company has analysed its value added by sales region into the European Union, the Rest of the World, and Stateless. Value added in the European Union sales market decreased to € 252.0 million in the financial year under review (previous year: € 265.6 million). Revenue generated in the German market remains an important sales driver within this region. In the Rest of the World region, the revenue of Biotest AG amounted to € 222.7 million, 11.6 % below the previous year's level of € 252.0 million. Within this region, lower revenue was generated in the Middle East. In general, sales in the European Union and Rest of the World markets were negatively impacted by the disruption to central IT systems at the end of the financial year under review, which led to delayed product releases. The Stateless revenue of € 190.1 million comprises the proceeds from the technology transfer and licensing agreement signed with Grifols, S.A., Barcelona, Spain, on 31 May 2023 with effect from 1 January 2023.

H.VII.2. RESULTS OF OPERATIONS

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

With operating earnings of € 124.9 million, the company reported a net profit before taxes on income of € 133.6 million in the financial year under review, following a loss before taxes of € -43.3 million in the same period of the previous year. EBIT increased by € 163.7 million to € 124.9 million (previous year: € -38.9 million). This strong growth was positively influenced by the agreement reached with the Grifols Group concerning technology disclosure and development services as well as the divestiture of the subsidiaries in Brazil, France, the UK, Italy, and Spain for € 31.1 million. Accordingly, the EBIT margin (ratio of EBIT to revenue) improved from -7.5 % in the previous year to 18.8 % in the reporting period.

Other operating income increased by € 32.9 million year-on-year to € 66.9 million. This especially reflects the € 31.1 million gain on the divestiture of subsidiaries. Moreover, the company realised capital gains from the disposal of shares held in trust amounting to € 3.6 million (previous year: € 2.7 million). Income of € 2.8 million is attributable to the reversal of provisions in the financial year under review, which is more than offset by the absence of income from the derecognition of liabilities in the previous year (previous year: € 5.3 million).

The cost of materials was higher than in the previous year, rising by 30.4 % from € 268.2 million to € 349.7 million in the financial year under review. The change in inventories amounted to € 122.2 million as of the reporting date (previous year: € 40.2 million). The increase in inventories mainly reflects adjusted ordering patterns to expand production volumes, as well as lower sales volumes at the end of the year. The higher level of cost of materials especially reflects higher costs for blood plasma, energy, and external controls.

Personnel expenses rose from € 152.2 million to € 156.5 million in the financial year under review, mainly due to a higher headcount compared to the previous year. Personnel expenses include extraordinary expenses from payments made to employees to compensate for inflationary effects amounting to € 2.4 million due to statutory requirements (previous year: € 2.2 million).

Other operating expenses rose by € 12.7 million to € 220.2 million (previous year: € 207.5 million). The increase is mainly due to charges in the sales operations area. According to the current legal situation, different discounts are expected for different periods and products, which in the 2023 financial year are included in expenses relating to other accounting periods in the amount of € 9.2 million. Lease and licence expenses from the operating lease agreement with the subsidiary Biotest Pharma GmbH decreased by € 0.2 million to € 68.9 million and stand at approximately the previous year's level, while marketing authorisation expenses rose by € 4.2 million, foreign exchange losses by € 3.0 million, and expenses for repairs by € 2.5 million compared to the previous year. Offsetting this, additions to value allowances for receivables reduced by € 8.1 million in the financial year under review.

The financial result of Biotest AG improved by € 13.1 million compared to the previous year and shows income of € 8.7 million for 2023. This change mainly reflects the € 15.3 million increase in interest income on loans and the € 2.4 million higher level of income from participating interests. Moreover, transferred profits from profit and loss transfer agreements rose by € 1.4 million in

the financial year under review. As in the previous year, the net interest expense of € -32.2 million (previous year: € -26.2 million) was mainly affected by interest expenses for loans.

The net result for 2023 improved significantly from € -43.4 million to € 122.8 million. In addition to the effects from operating activities, one-off income totalling € 31.1 million from the divestiture of participating interests is included.

H.VII.3. NET ASSETS

The total assets of Biotest AG grew from € 1,093.8 million to € 1,245.4 million in the financial year under review. With a carrying amount of € 485.8 million in the financial year under review (previous year: € 487.7 million), financial assets account for a significant share of around 39 % of total assets. The decrease in financial assets of € 1.9 million reflects the divestiture of the five participating interests abroad. As a consequence, interests in affiliated companies reduced by € 3.9 million to a carrying amount of € 103.7 million in the financial year under review. This was offset by the € 2.1 million year-on-year increase in intragroup loans granted to the associated company Biotest Lux S.à.r.l., Luxembourg, at the end of the financial year under review.

As far as the company's current assets are concerned, inventories amounted to € 467.3 million as of 31 December 2023, up 47.4 % on the previous year's level of € 317.2 million. The increase in inventories relates especially to blood plasma as well as Yimmugo, and serves to expand production capacity and secure market supplies in the 2024 financial year.

Trade receivables due from third parties and participating interests increased by 11.4 % to € 152.0 million. These include major 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 exchange risks. Receivables due from affiliated companies decreased by € 13.3 million to € 15.2 million. This reduction mainly reflects fewer foreign receivables in the UK compared to the previous year. Offsetting this, the profit transferred from the profit and loss transfer agreement with Biotest Pharma GmbH was € 1.4 million higher at € 6.1 million compared to the 2022 financial year.

The decrease in other assets to € 9.9 million (previous year: € 13.9 million) is mainly due to the disposal of shares held in trust. Offsetting this, other receivables from tax authorities from value added tax increased to € 6.8 million and were thereby higher year-on-year (previous year: € 2.5 million).

The company's cash and cash equivalents amounted to € 117.3 million as of the end of the financial year under review (previous year: € 125.9 million). The lower level mainly reflects cash outflows from operating activities.

Provisions for pensions increased slightly from € 105.0 million in the previous year to € 105.5 million in the financial year under review. This is mainly due to the company works agreement concluded in relation to the employer-financed company pension scheme, which applies retroactively to 1 January 2022. Other provisions rose from € 54.2 million to € 58.9 million and mainly relate to provisions for outstanding invoices for goods and services, profit-sharing, and charges in the sales operations area, of which € 9.2 million relate to other accounting periods.

At € 1.5 million, liabilities to banks in the financial year under review were slightly below the previous year's level (previous year: € 2.0 million). The decrease is mainly due to the repayment of the promissory note loan and a lower level of borrowing from other banks. Liabilities due to affiliated companies decreased to € 352.8 million (previous year: € 358.9 million) and mainly relate to liabilities from cash management within the Biotest Group as well as the shareholder loan granted by Grifols Biotest Holdings GmbH, Frankfurt am Main, Germany, in the nominal amount of € 290 million, including accrued interest.

The trade payables of Biotest AG also rose from € 18.7 million in the previous year to € 43.3 million as of the end of the financial year under review, reflecting factors relating to the balance sheet date. Other liabilities increased from € 305.3 million in the previous year to € 310.2 million as of the balance sheet date. The increase mainly reflects a rise in commission liabilities in connection with the delivery and service business.

The financing facility arranged in the 2019 financial year remained unchanged at € 225.0 million as of the end of the financial year under review. Other liabilities also include a loan and the associated accrued interest of € 44.3 million (previous year: € 44.3 million), which was granted by a business partner and matures in the 2029 financial year.

In the coming financial year, the company also anticipates other financial obligations of € 370.4 million. These comprise purchase commitments under plasma supply agreements (€ 265.3 million), lease and licence expenses under the operating lease agreement with the subsidiary Biotest Pharma GmbH (€ 86.4 million), commitments under toll manufacturing (€ 5.5 million) and the supply of intermediates (€ 7.0 million), as well as leasing and rental obligations (€ 6.2 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 higher than in the previous year (22.8 %), amounting to 29.9 % as of the end of the financial year under review. The increase in the equity ratio reflects the sharp rise in net profit for the financial year under review, and the associated growth in equity, which more than offset the 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. The subordinated shareholder loan of € 290 million was extended on 15 March 2024 until 2 January 2030.

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 concluded on 2 July 2019 and drawn down in the amount of € 225 million as of 31 December 2023 (previous year: € 225 million). This credit agreement includes a financial covenant to be complied with, which is monitored by Biotest 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 totalling € 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 € 189.5 million as of the balance sheet date (previous year: € 194.0 million). All of the shares in Biotest Pharma GmbH, Dreieich, were pledged.

To cover further financing requirements in 2024, Biotest AG and Grifols Worldwide Operations Limited, Dublin, Ireland, a wholly owned subsidiary of Grifols, S.A., concluded a € 147 million financing agreement on 7 March 2023.

Cash flows

At € -20.6 million, cash flow from operating activities in the financial year under review was at a higher level than in the same period of the previous year (€ -69.7 million), thereby reflecting an improvement. The net profit of € 137 million generated in the financial year under review, after a net loss of € -43.3 million in the previous year, exerted a significant effect in this context. The considerable increase in inventories of € 150.2 million to € 467.3 million had a negative impact on operating cash flow. Inventories rose by € 67.9 million in the same period of the previous year, mainly due to the higher level of finished goods and work in progress in connection with the ramp-up of the Biotest Next Level facility. Trade receivables and other assets increased by € 3.1 million (previous year: € 5.5 million). On the liabilities side, trade payables and other liabilities rose by € 30.4 million.

At € 25.5 million (previous year: € -20.7 million), cash flow from investing activities was significantly higher than in the previous year. Investing activities in the area of property, plant and equipment, and intangible assets, led to cash outflows of € 5.9 million (previous year: € 2.1 million). Cash outflows for intragroup loans amounted to € 3.7 million in the financial year under review, compared to € 18.6 million in the previous year. The divestiture of the interests in the subsidiaries in Spain, Brazil, Italy, the UK, and France for an amount of € 35 million had a positive effect.

Cash flow from financing activities amounted to € -13.5 million and was thereby significantly lower than the previous year's level of € 105.0 million. The main difference arose from the external financing of € 100 million utilised in the previous year, whereas only € 1.5 million was attributable to loans from third parties in the financial year under review. Cash outflows from financing activities are mainly due to the repayment of liabilities to banks and intragroup financing activities amounting to € -12.9 million (previous year: € 5.8 million).

Cash and cash equivalents decreased to € 117.3 million at the end of the 2023 financial year compared with € 125.9 million as of 31 December 2022.

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 € 664.8 million (previous year: € 517.5 million) and earnings before interest and taxes (EBIT) of € 124.9 million (previous year: € -38.9 million). Total assets increased to € 1,245.4 million as of 31 December 2023 (previous year: € 1,093.8 million). The equity ratio of Biotest AG amounts to 29.9 % as of 31 December 2023, reflecting a year-on-year increase 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 utilise the financial support of its main shareholder Grifols, S.A. to ensure the acceleration of development activities and expansion of the production capacities of the Biotest Next Level facility.

H.IX. PROPOSED APPROPRIATION OF EARNINGS

Due to a net retained loss of € -43,357,903.35 thousand in the 2022 financial year, Biotest AG did not distribute any dividends last year. With the achievement of a net profit of € 122,812,379.96 for the 2023 financial year as reported in the financial statements of Biotest AG prepared according to the accounting standards of the German Commercial Code (HGB), the Board of Management intends to make up for the dividend arrearages on eligible preference shares. The Board of Management and the Supervisory Board propose that the net retained profit of € 79,454,476.61 reported in the financial statements of Biotest AG be appropriated as follows:

	in EUR
Distribution of a dividend of EUR 0.04 per dividend-entitled preference share in relation to 19,785,726 non-voting preference shares for the 2022 financial year	791,429.04
Distribution of a dividend of EUR 0.04 per dividend-entitled preference share in relation to 19,785,726 non-voting preference shares for the 2023 financial year	791,429.04
Total distribution	1,582,858.08
Profit carried forward to a new account	77,871,618.53

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 2024 financial year, the Board of Management is aiming for revenue growth in the upper single-digit percentage range compared with 2023. Rising demand for plasma protein preparations, expanded production capacities thanks to the new Biotest Next Level facility, and revenue from technology disclosure and development services for Grifols, S.A., are expected to generate most of the revenue growth. In addition, marketing authorisation for the new product developments is to be obtained not only in Europe, but especially also in the USA.

The Board of Management regards the continuous supply of human plasma, the starting material for Biotest products, as a particular challenge. Despite expanding access to further quantities of plasma, the raw material can often not be used in time as inspections by European authorities are subject to delays, an after-effect of the pandemic. In the Board of Management’s assessment, a lack, or delayed availability, of plasma and replacement parts as well as staff shortages could even lead to interruptions in production and lost revenues.

In general, the company continues 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 moderate.

Financial outlook

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 2024 financial year, the Board of Management is aiming for upper single-digit percentage revenue growth compared to 2023, including revenue from technology disclosure and development services for Grifols, S.A. This revenue growth is enabled by the ramp-up of the Yimmugo® production facility within Biotest Next Level. It remains the case that the Board of Management does not rule out negative revenue trends due to potential reductions in demand owing to the economic situation and country-specific savings in the healthcare sector.

Accordingly, the Board of Management expects an operating result (EBIT) in a range between € 80 million and € 100 million for 2024. As a consequence, the Board of Management anticipates a slight improvement in return on capital employed (ROCE) in

2024 compared to the 2023 financial year, and a positive cash flow from operating activities significantly above the previous year's level.

The Biotest Group aims to maintain a balanced financing structure in terms of its ratio of debt to equity, as well as of 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. Moreover, Biotest has expanded its network of plasma collection centres to ensure the requisite plasma supplies for the new Biotest Next Level production facility, among other objectives. For the 2024 financial year, the Biotest Group plans to invest at the same level as in the previous year. The major share of capital expenditure will go towards the expansion and maintenance of production facilities and infrastructure measures at the Dreieich site in Germany. Furthermore, some of the investments are also attributable to the expansion of existing plasma centres and the establishment of new plasma centres in Europe, as well as further developments in the digitalisation area.

Financing in 2023 has been mainly provided by shareholder loans and further external financing sources. These financing sources, which are available to Biotest on both a short-term and long-term basis, the contractual financing commitment from Grifols Worldwide Operations Limited, Dublin, Ireland, as well as cash inflows in connection with the technology transfer and licensing agreement, secure the emerging financing requirements for the ramp-up of the Biotest Next Level project as well as 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).

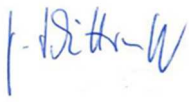
Pursuant to Section 312 (1) AktG, the Board of Management of Biotest AG has prepared a Board of Management report on relationships with affiliated companies, which contains the following concluding statement:

"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, 21 March 2024

Peter Janssen
Chairman of the Board of Management

Ainhoa Mendizabal Zubiaga
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 2023

in € million	Note	2023	2022
Revenue	D 1	684.6	516.1
Cost of sales		–404.3	–391.2
Gross profit		**280.3**	**124.9**
Other operating income	D 5	27.0	4.4
Marketing and sales costs		–50.4	–49.0
Administrative expenses		–30.6	–31.7
Research and development costs	D 4	–66.8	–50.5
Other operating expenses	D 6	–16.0	–14.8
Operating result		**143.5**	**–16.6**
Financial income	D 7	9.7	18.1
Financial expenses	D 8	–49.7	–31.3
Financial result		**–40.0**	**–13.3**
Result from joint ventures	D 9	2.8	–1.0
Profit (loss) before taxes		**106.3**	**–30.8**
Income taxes (expenses; previous year income)	D 10	20.7	–0.8
Profit (loss)		**127.0**	**–31.7**
Attributable to:			
Equity holders of the parent		**127.0**	**–31.7**
Earnings per ordinary share in €	E 12	**3.20**	**–0.81**
Additional dividend rights per preference share in €	E 12	**0.02**	**0.02**
Earnings per preference share in €	E 12	**3.22**	**–0.79**

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 2023

in € million	2023	2022
Profit (loss) for the period	**127.0**	**–31.7**
Exchange difference on translation of foreign operations	2.8	–
Reclassification of foreign currency translation differences recognised in the statement of income	0.3	–
Reclassification of the deconsolidation effect in the statement of income	–0.3	–
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods	**2.8**	**–**
Remeasurement of defined benefit plans (see E 13)	–2.8	32.7
resulting income tax effect	0.8	–9.5
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods	**–2.0**	**23.2**
Other comprehensive income, net of tax	**0.8**	**23.2**
Total comprehensive income, net of tax	**127.8**	**–8.5**
Attributable to:		
Equity holders of the parent	**127.8**	**–8.5**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of the Biotest Group as of 31 December 2023

in € million	Note	31 December 2023	31 December 2022*
ASSETS			
Non-current assets			
Intangible assets	E 1	15.0	16.4
Property, plant and equipment	E 2	522.4	520.3
Right-of-use assets from leases	E 3	56.0	27.5
Investments in joint ventures	E 4	11.3	5.1
Other assets	E 10	0.1	0.3
Other financial assets	E 5	16.7	13.3
Deferred tax assets	E 6	32.9	0.7
Total non-current assets		**654.4**	**583.6**
Current assets			
Inventories	E 7	419.1	293.8
Contract assets	E 9	51.6	35.2
Trade receivables	E 8	145.2	124.5
Current income tax assets		–	0.6
Other assets	E 10	21.2	21.7
Other financial assets	E 5	11.3	27.0
Cash and cash equivalents	E 11	108.1	116.6
Total current assets		**756.5**	**619.4**
Total assets		**1,410.9**	**1,203.0**
EQUITY AND LIABILITIES			
Equity			
Subscribed Capital		39.6	39.6
Share premium		219.8	219.8
Retained earnings		112.5	143.4
Share of profit or loss attributable to equity holders of the parent		127.0	–31.7
Equity attributable to equity holders of the parent	E 12	**498.9**	**371.1**
Total equity	E 12	**498.9**	**371.1**
Non-current liabilities			
Provisions for pensions and similar obligations	E 13	91.1	85.8
Other provisions	E 14	4.8	1.9
Financial liabilities	E 15, E3	429.7	612.8
Other liabilities	E 16	–	–
Deferred tax liabilities	E 6	1.1	1.2
Total non-current liabilities		**526.7**	**701.7**
Current liabilities			
Other provisions	E 14	23.1	26.3
Current income tax liabilities		0.9	0.3
Financial liabilities	E 15, E3	260.1	31.3
Trade payables		78.1	51.1
Other liabilities	E 16	22.9	21.0
Contract liabilities		0.2	0.2
Total current liabilities		**385.3**	**130.2**
Total liabilities		**912.0**	**831.9**
Total equity and liabilities		**1,410.9**	**1,203.0**

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 2023

in € million	Note	2023	2022
Profit (loss)		127.0	–31.7
Tax expense		–20.7	0.8
Depreciation, amortisation and impairment of intangible assets, property, plant, equipment and rights of use	E 1; E 2; E 3	35.9	35.8
Unscheduled impairment of inventories		–	–
Reversal of/and impairment of financial assets		–	–
Other non-cash income and expense items		–1.9	–
Gain on disposal of subsidaries		–23.1	–
Losses / Gains from joint ventures	D 9	–2.4	0.7
Losses from the disposal of property, plant and equipment		–	–
Changes in pension provisions	E 13	–0.8	0.9
Financial result	D 7; D 8	40.0	13.3
Operating cash flow before changes in working capital		**154.0**	**19.8**
Changes in other provisions	E 14	–0.4	6.1
Changes in inventories, receivables and other assets		–165.7	–76.1
Changes in trade payables and other liabilities		45.3	24.8
Cash flow from changes in working capital		**–120.8**	**–45.2**
Interest paid		–24.2	–13.1
Taxes paid		–11.7	–2.0
Cash flow from operating activities		**–2.7**	**–40.5**
Payments for investments in intangible assets and property, plant and equipment		–33.4	–29.3
Proceeds from the disposal of property, plant and equipment		1.0	–
Proceeds from the disposalof subsidiaries	B 1	35.0	–
Interest received		1.1	0.1
Payments for investments in other financial assets		–2.4	–7.8
Cash flow from investing activities		**1.3**	**–37.0**
Dividend payments for the previous year	E 12	–	–0.8
Other payments / proceeds from financing activities	E 5; E 11	2.1	–3.8
Proceeds from the assumption of financial liabilities	E 15	10.1	100.0
Payments for the redemption of financial liabilities	E 15	–12.0	–
Payments for redemption portion of lease liablities		–7.0	–5.8
Cash flow from financing activities		**–6.8**	**89.6**
Cash changes in cash and cash equivalents		–8.2	12.1
Exchange rate-related changes in cash and cash equivalents		0.1	–
Consolidation group-related changes in cash and cash equivalents		–0.4	–
Cash and cash equivalents on 1 January	E 11	116.6	104.4
Cash and cash equivalents on 31 December	E 11	**108.1**	**116.6**

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 2023

in € million	Subscribed capital	Share premium	Retained earnings	Remeasurement of defined benefit plans	Translation reserve	Total equity
As of 1 January 2022	**39.6**	**219.8**	**155.7**	**–32.7**	**–2.0**	**380.4**
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	**39.6**	**219.8**	**123.2**	**–9.5**	**–2.0**	**371.1**
As of 1 January 2023	**39.6**	**219.8**	**123.2**	**–9.5**	**–2.0**	**371.1**
Reclassification to income statement	**–**	**–**	**–0.3**	**–**	**0.3**	**–**
Other comprehensive income after taxes	–	–	–	–2.0	2.8	0.8
Profit (loss) for the period	–	–	127.0	–	–	127.0
Total comprehensive income	**–**	**–**	**126.7**	**–2.0**	**3.1**	**127.8**
Dividend payments	–	–	–	–	–	–
As of 31 December 2023 (see E 12)	**39.6**	**219.8**	**249.9**	**–11.5**	**1.1**	**498.9**

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

NOTES FOR THE FINANCIAL YEAR 2023

A. GENERAL INFORMATION

The Biotest Group consists of the parent company, Biotest Aktiengesellschaft (Biotest AG) with its registered office in Dreieich, Germany, and its domestic and foreign subsidiaries. The Group's headquarters are located at Landsteinerstraße 5, 63303 Dreieich, Germany. Biotest AG is registered in the commercial register of the District Court of Offenbach am Main under 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 through to worldwide marketing and distribution, Biotest specialises primarily in the therapeutic areas of clinical immunology, haematology and intensive care medicine.

The review of the Biotest Group's reporting and management structure has led to an amendment in the assessment of future segment reporting. In operational terms, the company is now divided into three reporting segments: the European Union, the Rest of the World, and Stateless.

The European Union sales region includes all European Union countries.

The Rest of the World sales region includes all other countries.

The Stateless sales region includes revenue from technology disclosure and development services for Grifols, S.A.

The previous segmentation comprised the following reporting segments: Therapy, Plasma & Services, and Other.

For further information, please see section C of the notes to the consolidated financial statements.

The Biotest Group employed 2,426 staff worldwide as of the reporting date (previous year: 2,228).

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 2023.

The consolidated financial statements in their current version comply with Section 315e of the German Commercial Code (HGB). In Germany, this forms the legal basis for consolidated accounting in accordance with international standards in conjunction with Regulation (EC) no. 1606/2002 concerning 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 millions of euros (€ million). The financial statements have been prepared in euros.

Due to the presentation in millions of euros, rounding differences of +/- one decimal place may occur when summing the amounts shown. The visual indicator "-" signifies that no value exists for this item. A value of +/- 0.0 indicates that a value exists but is displayed as 0.0 due to rounding.

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

The Board of Management of Biotest AG prepared the consolidated financial statements as of 21 March 2024, 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 2023:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates (applied early, in the 2022 financial year)
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules
- Amendments to IFRS 17: Insurance Contracts

The IASB has published the standards and interpretations listed below, which were not yet mandatory in the 2023 financial year. These standards and interpretations are to be applied from the 2024 financial year onwards and are not expected to have any material impact on the Group:

- Amendments to IAS 1: Classification of Liabilities
- Amendments to IAS 1: Classification of liabilities with covenants as current or non-current
- Amendments to IAS 7 and IFRS 7: Disclosure Requirements for Supplier Finance Arrangements (endorsement still pending)
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

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 eight (previous year: twelve) 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 interests 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 Group's ultimate parent company, also prepares the consolidated financial statements for the largest consolidated group.

Until 25 April 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.

With effect as of 1 May 2023, the Biotest companies Biotest Farmacêutica Ltda., São Paolo, Brazil, Biotest Italia S.r.l., Trezzano sul Naviglio, Italy, and Biotest Medical, S.L.U., Barcelona, Spain, were divested to local Grifols subsidiaries. Furthermore, the companies Biotest France SAS, Paris, France, and Biotest (UK) Ltd, Birmingham, UK, were divested to the respective local Grifols subsidiaries with effect from 1 June 2023. The five companies have been removed from the scope of consolidation of Biotest AG since the respective transaction dates. Due to the deconsolidation of the five companies, comparability with the previous year is naturally limited.

As of 30 April 2023, the non-current assets of Biotest Farmacêutica Ltda, São Paulo, Brazil, were valued at € 0.2 million, its current assets at € 1.9 million (thereof cash and cash equivalents: € 0.0 million), its non-current liabilities at € 0.1 million, and its current liabilities at € 4.2 million.

As of 30 April 2023, the non-current assets of Biotest Italia S.r.l., Trezzano sul Naviglio, Italy, were valued at € 0.9 million, its current assets at € 11.4 million (thereof cash and cash equivalents: € 0.0 million), its non-current liabilities at € 0.9 million, and its current liabilities at € 5.4 million.

As of 30 April 2023, the non-current assets of Biotest Medical, S.L.U., Barcelona, Spain, were valued at € 0.1 million, its current assets at € 2.2 million (thereof cash and cash equivalents: € 0.0 million), its non-current liabilities at € 0.0 million, and its current liabilities at € 0.1 million.

As of 30 May 2023, the non-current assets of Biotest France SAS, Paris, France, were valued at € 0.2 million, its current assets at € 1.3 million (thereof cash and cash equivalents: € 0.0 million), its non-current liabilities at € 0.1 million, and its current liabilities at € 0.7 million.

As of 30 May 2023, the non-current assets of Biotest (UK) Ltd, Birmingham, UK, were valued at € 0.0 million, its current assets at € 9.5 million (thereof cash and cash equivalents: € 0.4 million), its non-current liabilities at € 0.1 million, and its current liabilities at € 2.8 million.

The total purchase price for the five Biotest companies amounted to € 35.0 million and the gain on disposal amounted to a total of € 23.1 million. All purchase price payments consisted exclusively of cash and cash equivalents (see consolidated cash flow statement). The expense from the disposal of the pro rata goodwill of € 1.2 million was recognised in the gain on disposal.

B 2 CONSOLIDATION METHODS

The closing date for Biotest AG and all companies included in the financial statements is 31 December 2023. The consolidated companies' financial statements were prepared applying uniform accounting policies as prescribed by Biotest AG.

Intragroup revenue, 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 (that is, 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 variable returns from its interest in the investee, and
- the ability to use its power over the investee to affect the amount of the investor'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 expenses 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 statement of income. Any retained investment is recognised at fair value.

Business combinations are consolidated using the purchase method in accordance with IFRS 3. Under this method, the cost of a business combination is measured as the sum of the consideration transferred, measured at fair value on the acquisition

date. Incidental acquisition costs incurred in connection with the business combination are recognised as other operating expenses.

A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement. Investments in joint ventures are recognised using the equity method in accordance with IAS 28. Under the equity method, investments are recognised on the statement of financial position 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 from the joint venture is reported separately in profit or loss for the period. Changes recognised directly in the equity of the joint venture are recognised by the Group in the amount of its share and, where appropriate, are presented in the consolidated statement of changes in equity. Goodwill arising on the acquisition of a joint venture is included in the carrying amounts of joint ventures and is neither amortised nor tested for impairment separately.

After applying the equity method, the Group determines whether it is necessary to record an additional impairment on 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, that is, in a separate item in equity, which is disclosed under retained earnings on the statement of financial position.

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	**2023**	2022	**31.12.2023**	31.12.2022
USD	1.0816	1.0539	1.1050	1.0666
GBP	0.8699	0.8526	0.8691	0.8869
CHF	0.9717	1.0052	0.9260	0.9847
HUF	381.7600	390.9440	382.8000	400.8700
BRL	5.4016	5.4432	5.3618	5.6386

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 expenses 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 gain on 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

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 is 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 exclusively include assets with a finite useful life. 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 in 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 liabilities for the related payment obligations at present values on the statement of financial position. 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. As a basis for determining the incremental borrowing rate, the Biotest Group utilised base interest rates with matching maturities, including premiums for country risks and currency risks.

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 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 calculated.

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

To calculate 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 recoverable amount exceed the carrying amount.

In the 2023 financial year, a change of accounting estimates was made when recognising impairment on the basis of expected credit losses on trade receivables and contract assets. The change in an accounting estimate includes both the selection of estimation or valuation techniques and the selection of inputs. The change in the aforementioned estimate relates to the effects of changes of an estimation technique (see notes B15 Financial Instruments, F3 Financial Risk Management, E8 Trade Receivables and E9 Contract Assets).

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, less expected completion or selling costs. Production costs are calculated 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 licensing agreements are recognised in the amount in which Biotest has already received prepayments for an obligation to render services to a customer in the future. Licence revenues are recognised with the delivery of the products at a 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 from a past event, it is probable that this will result in an outflow 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 that 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, other financial receivables, and derivative financial assets held for trading.

Cash and cash equivalents comprise cash and current account balances, cheques, and short-term realisable financial assets with original 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 statement of financial position generally correspond to the market prices of the financial assets. If these are not immediately available, the fair values are calculated using recognised valuation models and by 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 recognised, but impairments on such commitments are recognised 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 applying 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. This excludes financial assets at fair value through profit or loss. Accordingly, the Biotest Group recognises an impairment loss on the assets based on expected credit losses. Expected credit losses arise from the difference between the contractually agreed cash flows and the 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 sales of collateral and of 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 concerning significant financial difficulty on the part 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 9.5.5.15 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 on the part of the Biotest Group itself (assets with increased credit risk) or based on an impairment matrix depending on the duration of the overdue period (assets without increased credit risk). In the event of default patterns that diverge significantly from the impairment matrix based on overdue amounts, the percentages are adjusted taking region-specific factors into consideration.

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 in order to review a potentially significant increase in an expected credit risk. This is primarily realised 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 Biotest Group generally assumes the existence of a default if the contractual payments are overdue by more than 365 days. In addition, in individual cases, recourse is also made to internal or external information indicating that the contractual payments cannot be made in full. 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 as part 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. As the Group does not fulfil this requirement, it does not net financial assets and liabilities. 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 extinguished liability 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 as 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 of business. 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 rebates and cash discounts in the form of a fixed percentage of the agreed individual sales price. Rebates and discounts are recorded as sales deductions.

In addition, the Biotest Group – to a significantly lesser extent – generates revenue 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 that 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, revenue from toll manufacturing is 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 revenue 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 signed a technology transfer and licensing agreement with Grifols, S.A., Barcelona, Spain, with effect from 1 January 2023. The technology transfer and licensing agreement ensures that Biotest's new product developments (Yimmugo®, Fibrinogen, and Trimodulin) can be manufactured and marketed worldwide by making recourse to Grifols' organisation and production network. According to the agreement, Biotest is to disclose a total of six technology components and carry out development services for certain products. A standard market transaction price was determined for the services agreed in the contract with the help of a valuation report using capital-value-oriented methods, which consists of both fixed and variable payments. Biotest receives fixed one-off payments for the disclosure of the technology and for sharing development results and the further implementation of development services. A licensing agreement was also concluded, which entails a revenue-based licence payment to Biotest following successful approval of the new products. Revenue from non-refundable one-off payments for the disclosure of technologies is recognised at a point in time after the transfer of information to the customer. In the case of revenue from development services, where the customer receives the benefit continuously, revenue is recognised over a period of time. An input-based (cost-to-cost, as-invoiced) method is applied, whereby internal and external costs that have been incurred as of the given date are charged to the customer with a markup.

The Biotest Group usually concludes master 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 together with cred-its and rebates yet to be invoiced are recognised as other financial liabilities.

The master agreements concluded with customers and the general terms and conditions of business 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).

Estimates regarding revenue, costs or order progress are corrected if circumstances change. Any resultant increases or decreases in estimated revenue or costs are recognised in profit or loss in the period in which the circumstances giving rise to the correction come to the attention of management.

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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.

B 15 GOVERNMENT GRANTS

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

B 16 FINANCIAL INCOME AND FINANCIAL EXPENSES

Interest is recognised as expense or income at the time it arises. The interest portion included in the lease payments for leases is calculated using the method described in IFRS 16.37 and recognised as interest expense. The method uses a discount rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. All income and expenses from currency translations and value adjustments on financial instruments measured at fair value are reported in the financial result. In accordance with IFRS 7, interest on financial instruments is also reported 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 unutilised tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences, 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 at the amount at which it has become probable that future taxable income will allow the deferred tax asset to be realised.

Current tax rates or rates already approved 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 enforceable claims exist to offset 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.

To reform international tax rules, the act implementing Council Directive (EU) 2022/2523 to ensure global minimum taxation was transformed into German law. As part of the reform, Biotest falls within the scope of Pillar Two of the OECD model rules. The relevant Pillar Two legislation must be applied for all financial years beginning after 31 December 2023. At present, Biotest does not expect any significant impact on current taxes in subsequent years.

B 18UNCERTAIN ESTIMATES AND DISCRETIONARY JUDGEMENTS

The preparation of the financial statements requires estimates to be made for 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.

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, the distribution of the transaction price, and their allocation to the separate performance obligations. The most significant discretionary assumptions made by the management in connection with revenue from the technologies disclosed to Grifols S.A. include: estimates of the future sales prices of new products manufactured on the basis of the disclosed technologies, distribution of raw material costs, yields in the production process, required capital expenditure, and probabilities of success of product development. 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. Changes to these overall conditions 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.

The key assumptions and parameters underlying the estimates and judgements made are explained for each topic in the notes to the financial statements.

C. SEGMENT REPORTING

The information disclosed in the segment report has been prepared in accordance with IFRS 8. Segmentation at the Biotest Group is applied on the basis of sales regions 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 submitted to the chief operating decision maker on a monthly basis is based on IFRS figures and includes revenue from third parties. Revenue generated with third parties is applied as a measure to assess the sales regions' performance.

Until the 2023 financial year, the Biotest Group was managed according to the following segments: Therapy, Plasma & Services, and Other Segments. The review of the reporting and management structure by the Biotest Group's Board of Management led to a change in operational business management in the financial year under review.

The expansion of production capacities in the new Biotest Next Level facility and the securing of access to plasma deriving from the group alliance with Grifols have contributed to the fact that the former Plasma & Services segment, which in the past was planned and managed to utilise free production capacities, will no longer play a significant role for operational management purposes in future. For this reason, the Biotest Group's Board of Management decided to adjust the segment reporting in the 2023 financial year due to the change in management and resource allocation.

The Board of Management analysed the areas for which separate financial information is available. In the new structure, separate financial and earnings information is only available for the Biotest Group at overall Group level. The Biotest Group's production is realised entirely in Germany at the Group's main site in Dreieich.

In addition, the Biotest Group has sufficient global demand to sell its products, as a consequence of which Biotest's production facilities can operate at maximum capacity. Biotest is not faced with the question of whether the products can be commercialised, but rather at which locations they can be placed most effectively. As a consequence, the Group's planning and steering is conducted at regional product sales level.

In this context, region-specific sales information is regularly made available to the CODM for decision-making and resource allocation. Here it should be noted that the allocation of resources focuses particularly on the distribution of product volumes by country in order to maximise the Group's income. On this basis, the different sales regions European Union, Rest of the World, and Stateless were classified both as operating business segments and as reportable business segments. The European Union and the Rest of the World regions cover the distribution of Biotest Group products. The Stateless region includes revenue from technology disclosure and development services for Grifols, S.A.

Revenue in excess of 10 % is generated with the customer Grifols, S.A., and amounts to € 190.1 million (previous year: € 0.0 million).

Due to the change in segment reporting, the previous year's figures were adjusted to reflect the current business segments. As revenue with third parties is the sole segment performance indicator, the following table presents revenue with third parties by region. Further items from the statement of income or statement of financial position cannot be directly allocated to the reportable segments and are not managed by the CODM. For this reason, no further items are presented as part of segment reporting. The assets are not categorised geographically, as most of them are attributable to the production site in Dreieich, Germany.

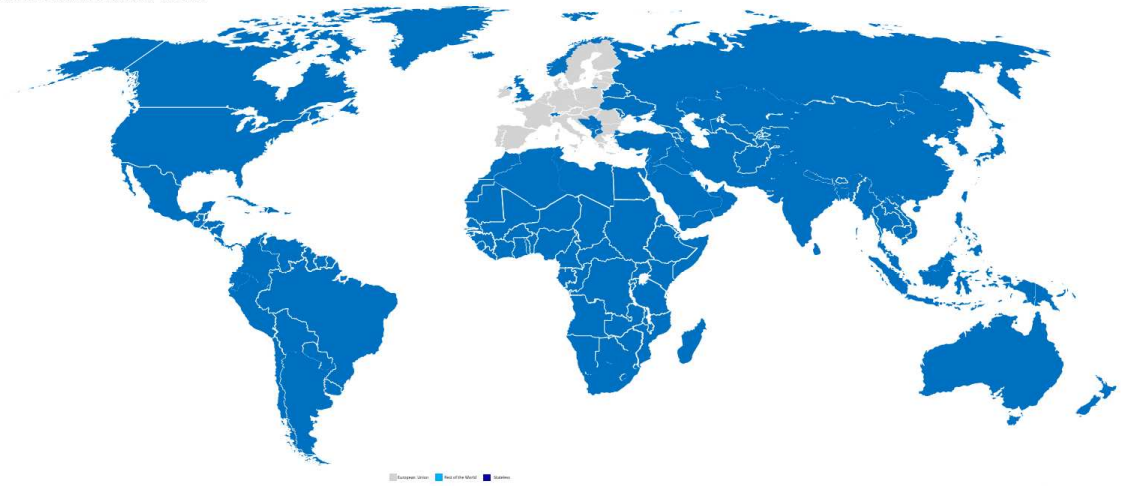
SEGMENT INFORMATION BY BUSINESS SEGMENT

in € million		European Union	Rest of the World	Stateless	Total
Revenue with third parties	2023	260.4	234.1	190.1	**684.6**
	2022	264.6	251.5	–	516.1

SEGMENT INFORMATION BY REGION

	Revenue with third parties based on customer's seat		Revenue with third parties based on company's seat	
in € million	**2023**	2022	**2023**	2022
European Union	260.4	264.5	476.8	456.2
Rest of the World	234.1	251.6	17.7	59.9
Stateless	190.1	–	190.1	–
Biotest Group	**684.6**	**516.1**	**684.6**	**516.1**
thereof:				
Germany	140.5	149.6	616.2	393.2
Rest of world	544.1	366.4	68.4	122.8

THE THREE 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 they generate, Biotest Group revenues can be classified into the following categories:

in € million							**Segments**	
Categories	European Union		Rest of the World		Staeless		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Type of products and services								
Sale of Biotest products	260.4	264.5	190.9	201.3	–	–	451.3	465.8
Contract fractionation	-	–	43.2	50.3	–	–	43.2	50.3
Technology disclosure and development services	–	–	–	–	190.1	–	190.1	–
	260.4	**264.5**	**234.1**	**251.6**	**190.1**	**–**	**684.6**	**516.1**
Timing of revenue recognition								
Goods transferred at a point in time	260.4	264.5	190.9	201.3	153.5	–	604.8	465.8
Services transferred over a period of time	–	–	43.2	50.3	36.6	–	79.8	50.3
	260.4	**264.5**	**234.1**	**251.6**	**190.1**	**–**	**684.6**	**516.1**

* The previous year's figures have been adjusted in accordance with the definition of the new 2023 segmentation structure.

Revenue from technology disclosure and development services amounted to € 190.1 million (previous year: € 0.0 million). Four of Biotest's six technology components were disclosed to Grifols during the financial year under review.

The Biotest Group's order book position from as yet unfulfilled delivery and service obligations amounted to € 110.2 million as of the balance sheet date (previous year: € 98.8 million). These delivery and service obligations are generally performed within a maximum period of one year.

D 2 COST OF MATERIALS

in € million	**2023**	2022
Raw materials, consumables and supplies	174.2	181.4
Services purchased	45.5	35.5
	219.7	**216.9**

In relation to the development costs attributable to the technology transfer and licensing agreement, please refer to section D 4.

D 3 PERSONNEL EXPENSES

in € million	**2023**	2022
Wages and salaries	161.7	148.9
Social security contributions	29.8	26.6
Pension costs	5.7	7.0
	197.2	**182.5**

Personnel expenses include expenses for severance payments of € 2.4 million (previous year: € 0.8 million).

The average number of employees converted to full-time equivalents in the 2023 financial year was 2,365 (previous year: 2,128). As of 31 December 2023, the Biotest Group employed 2,426 staff, when calculated on the basis of full-time equivalents (previous year: 2,228).

Employees are allocated to the following functional areas:

in full-time equivalents	**31.12.2023**	31.12.2022
Production	1,828	1,574
Administration	223	242
Distribution	143	189
Research and development	232	223
	2,426	**2,228**

D 4 RESEARCH AND DEVELOPMENT COSTS

Research and development expenses recognised in the income statement amounted to € 66.8 million (previous year: € 50.5 million). This includes € 36.6 million for development services that are reimbursed by Grifols S.A. as part of the technology transfer and licensing agreement with Grifols, S.A., including a profit markup. These reimbursements are recognised under revenue as the development results are utilised jointly. In the 2023 financial year, research allowances in accordance with the Research Allowance Act (FZulG), and the German Federal Ministry of Education and Research (BMBF) grant amounting to € 8.1 million, were recognised (previous year: € 15.3 million). No development costs were capitalised as internally generated intangible assets in the 2023 financial year (previous year: € 4.1 million).

D 5 OTHER OPERATING INCOME

in € million	**2023**	2022
Insurance reimbursements and other refunds	0.2	1.2
Gains on the divestiture of Biotest subsidiaries	23.1	–
Income from service agreements	0.1	0.2
Reversal of other provisions	0.4	0.4
Derecognition of liabilities	0.1	1.1
Change in impairments on financial assets measured at amortised cost	0.1	–
Cash discount	0.8	0.5
Other	2.2	1.0
	27.0	**4.4**

In the 2023 financial year, the € 23.1 million gain on the divestiture of five Biotest subsidiaries to Grifols, S.A., was recognised.

D 6 OTHER OPERATING EXPENSES

in € million	**2023**	2022
Expenses incurred in connection with provision of services	2.7	2.5
Donations	0.3	1.3
Change in impairments on financial assets measured at amortised cost	–	9.4
Nonperiod expenses from additions of provisions for sales agreements	9.2	1.3
Other	3.8	0.3
	16.0	**14.8**

D 7 FINANCIAL INCOME

in € million	2023	2022
Income from currency translation	5.3	5.0
Interest income	2.0	0.8
Other	–	0.0
Subtotal	**7.3**	**5.8**
Income from value adjustments of surrender claim against trustee from shares in ADMA Biologics Inc., Ramsey, NJ, USA	–	8.4
Currency hedging income	2.4	2.9
Income from value adjustments of other derivatives	–	1.0
Subtotal of income from fair value adjustments on financial instruments measured at fair value	**2.4**	**12.3**
	9.7	**18.1**

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

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

Overall, the reduction in financial income in the 2023 financial year is mainly due to the elimination of income from value adjustments to the claim for surrender against the trustee as a consequence of the divestiture of all of the remaining shares in ADMA Biologics Inc., Ramsey, NJ, USA (previous year: income of € 8.4 million).

D 8 FINANCIAL EXPENSES

in € million	2023	2022
Currency translation expenses	5.9	5.5
Interest expenses	34.5	18.0
Interest expenses from leases	2.1	0.5
Net interest expenses for pensions	3.4	1.2
Fees in connection with financial liabilities	0.2	3.8
Other	–	0.1
Subtotal	**46.1**	**29.1**
Expenses from value adjustments of surrender claim against trustee from shares in ADMA Biologics Inc.	0.9	–
Currency hedging costs	2.6	2.2
Expenses from value adjustments of other derivatives	–	–
Subtotal of expenses from fair value adjustments on financial instruments measured at fair value	**3.5**	**2.2**
	49.6	**31.3**

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 measurement as of the reporting date of foreign currency positions.

Interest expenses include interest of € 7.6 million for shareholder loans (previous year: € 7.2 million).

The increase in financial expenses resulted mainly from the € 16.5 million increase in interest expenses in connection with 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 2023 financial year, gains of € 2.8 million (previous year: losses of € -1.0 million) from joint ventures were recognised. With regard to the effects of the application of IAS 29 Financial Reporting in Hyperinflationary Economies, please refer to the comments in E 4.

D 10 INCOME TAXES

in € million	2023	2022
Tax expense for the financial year	12.6	1.8
Tax income from other periods	–	–
Current taxes	**12.6**	**1.8**
Deferred taxes	**–33.3**	**–1.0**
Income tax expenses	**–20.7**	**0.8**

Deferred taxes from items relating to amounts in other comprehensive income (credited directly to equity) amounted to € -0.8 million (previous year: € 9.5 million).

For the 2023 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	2023	2022
Earnings before taxes	**106.3**	**–30.8**
	–	–
Expected tax income	**30.8**	**–8.9**
Unrecognised interest/tax loss carryforwards	0.2	6.2
Tax effects from the application of foreign tax rates and offsetting against tax losses	0.3	0.1
Deferred taxes on loss carryforwards from previous years	–27.1	–
Depreciation of deferred tax assets	–	–
Current tax income relating to other periods	–	–
Tax effect of adjustments to deferred taxes from previous years (utilisation of loss carryforwards)	–21.9	–0.1
Tax effect of non-deductible expenses	6.4	4.1
Tax effect of tax-free income	–9.4	–0.6
Other effects	–	–
Income tax disclosed in the statement of income	**–20.7**	**0.8**

In previous years, deferred taxes on tax loss carryforwards and interest expenses eligible for carryforward in the meaning of the interest barrier were not capitalised, as it was not foreseeable that these could be utilised in the near future. The positive result in 2023 will now partially utilise the tax loss carryforwards and the interest expenses that can be carried forward (€ 21.9 million). Deferred taxes were capitalised on the remaining portions (€ 27.1 million).

The tax effects from non-deductible expenses largely include the additional interest expenses claimed on the basis of the interest barrier, 25 % of which are non-deductible for trade tax purposes (€ 3.3 million). This also includes the tax loss on the divestiture of one of the Biotest subsidiaries to Grifols (€ 1.9 million).

Tax-free income mainly comprises dividends from subsidiaries (€ 1.0 million) and gains on the divestiture of the Biotest companies to Grifols (€ 8.4 million)

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 9 May 2023 elected KPMG AG Wirtschaftsprüfungsgesellschaft as auditor for the 2023 financial year.

The total fee invoiced by the auditor KPMG AG Wirtschaftsprüfungsgesellschaft in the 2023 financial year amounts to € 0.8 million. Of this amount, € 0.7 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 and the EMIR certificate.

In the previous year, the total fee for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft amounted to € 0.9 million. A total of € 0.8 million of the fee related to the audit of the financial statements for the 2022 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 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**
Additions	–	–	0.6	0.3	0.9
Reclassifications	–	0.6	0.1	–0.7	–
Disposals	–1.2	–	–	–	–1.2
Disposals from the scope of consolidation	–0.6	–	–0.7	–	–1.3
Currency translation differences	–	–	–	–	–
Balance as of 31 December 2023	**6.0**	**1.1**	**30.0**	**5.9**	**43.0**
Accumulated depreciation					
Balance as of 31 December 2021	**0.6**	**–**	**26.5**	**–**	**27.1**
Depreciation's 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**
Depreciation for the financial year	–	0.1	1.0	–	1.1
Reclassifications	–	–	–	–	–
Disposals	–	–	–	–	–
Disposals from the scope of consolidation	–0.6	–	–0.7	–	–1.3
Currency translation differences	–	–	–	–	–
Balance as of 31 December 2023	**–**	**0.1**	**27.9**	**–**	**28.0**
Carrying amount as of					
31 December 2022	7.2	0.5	2.4	6.3	16.4
31 December 2023	**6.0**	**1.0**	**2.1**	**5.9**	**15.0**

Development costs of € 2.7 million were capitalised for the Fibrinogen project in the 2023 financial year (previous year: € 3.6 million). The carrying amount of the marketing authorisations already in use (for the Yimmugo EU project) is € 1.0 million (previous year: € 0.5 million). In total, the carrying amount of development costs capitalised as of 31 December 2023 is € 3.7 million (previous year: € 4.1 million).

Under the technology transfer and licensing agreement, Biotest undertakes to carry out or complete development services specified in the agreement (including for Yimmugo and Fibrinogen). Grifols fulfils its obligations by assuming the costs for development services, in which Grifols also participates and which Biotest performs with a markup, whereby Biotest remains the owner of the know-how and both parties benefit from the development results.

The € 1.0 million of development costs for Cytotect originally capitalised in 2023 (of which € 0.4 million from the previous year) were written off in the 2023 financial year, as study 997 (Cytotect Pregnancy) was discontinued.

A goodwill impairment test was performed as of 30 September 2023.

An impairment test was conducted as of 30 September 2023 for capitalised development costs that are not yet available for use (Fibrinogen project).

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 with its recoverable amount.

A pre-tax discount rate of 9.91 % (previous year: 10.02 %), which is based on the relevant WACC (weighted average cost of capital), was used for the goodwill impairment test. 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 2033 onwards, this is supplemented by perpetual growth rates. The 2032 year forms the basis for determining the perpetual growth rate.

The results of the impairment test are largely dependent on the strategic corporate planning and the assumed growth rates for revenue and the EBIT margin. An average revenue growth rate of 12.8 % p.a. was assumed for the detailed planning period. An average EBITDA margin of 18.1% was imputed.

The segmentation was changed in the financial year under review, with the different sales regions European Union, Rest of the World, and Stateless being classified both as operating business segments and as reportable business segments. Goodwill was allocated to two operating segments on the basis of relative fair values – 42 % (€ 2.5 million) to the European Union cash-generating unit, and 58 % (€ 3.5 million) to the Rest of the World cash-generating unit.

No need for impairment was identified in either the old or the new structure of cash-generating units for the carrying amounts of intangible assets totalling € 6.0 million (previous year: € 7.2 million) that were impairment tested.

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

in € million	**2023**	2022
Cost of sales	0.6	0.6
Administrative expenses	0.4	0.4
Research and development costs	0.1	0.1
	1.1	**1.1**

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 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**
Additions	5.9	3.2	8.2	15.2	32.5
Reclassifications	–0.8	0.5	–0.2	0.5	–
Disposals	–0.4	–0.2	–0.3	–0.5	–1.4
Disposals from the scope of consolidation	–0.3	–0.2	–0.3	–	–0.8
Currency translation differences	0.2	0.2	0.1	–	0.5
Balance as of 31 December 2023	**322.6**	**339.1**	**122.2**	**102.7**	**886.6**
Accumulated depreciation					
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
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**
Depreciation for the financial year	10.4	12.8	6.2	–	29.4
Reclassifications	–	–	–	–	–
Disposals	–	–0.2	–0.2	–	–0.4
Disposals from the scope of consolidation	–0.2	–0.2	–0.3	–	–0.7
Currency translation differences	0.2	0.2	–	–	0.4
Balance as of 31 December 2023	**121.8**	**153.0**	**89.4**	**–**	**364.2**
Carrying amount as of					
31 December 2022	206.6	195.2	31.0	87.5	520.3
31 December 2023	**200.8**	**186.1**	**32.8**	**102.7**	**522.4**

Advance payments in the 2023 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 € 0.1 million in the 2023 financial year (previous year: € 1.0 million).

Additions to property, plant and equipment include borrowing costs of € 1.8 million (previous year: € 1.5 million). The financing cost rate used for borrowing costs is unchanged from the previous year at 2.5 %.

As of 31 December 2023, the Biotest Group had obligations to purchase non-current assets of € 7.3 million (previous year: € 11.1 million).

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

in € million	**2023**	2022
Cost of sales	23.9	23.9
Marketing and distribution costs	0.3	0.2
Administrative expenses	4.7	4.8
Research and development costs	0.5	0.5
	29.4	**29.4**

E 3 LEASES

The following table shows the carrying amounts of the right-of-use assets recognised on the statement of financial position 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 2022	**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**
Additions	35.2	0.8	0.1	36.1
Disposals	–2.8	–0.5	–	–3.3
Disposals from the scope of consolidation	–1.3	–0.7		–2.0
Currency translation differences	0.2		–	0.2
Balance as of 31 December 2023	**72.8**	**2.3**	**0.7**	**75.8**
Accumulated depreciation				
Balance as of 1 January 2022	**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	–	–	–0.2
Balance as of 31 December 2022	**15.5**	**1.5**	**0.3**	**17.3**
Depreciation for the financial year	4.6	0.7	0.1	5.4
Disposals	–1.3	–0.5	–	–1.8
Disposals from the scope of consolidation	–0.8	–0.4		–1.2
Currency translation differences	0.1	–	–	0.1
Balance as of 31 December 2023	**18.1**	**1.3**	**0.4**	**19.8**
Carrying amount as of				
31 December 2022	26.0	1.2	0.3	27.5
31 December 2023	**54.7**	**1.0**	**0.3**	**56.0**

The Biotest Group mainly leases plasma collection stations in Germany, Hungary, and the Czech Republic, as well as logistics and office buildings. The rental 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 rental 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, rental agreements with extension, termination, and purchase 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 Leases 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 statement of income:

in € million	2023	2022
Cost of sales	3.0	2.8
Marketing and distribution costs	0.7	0.6
Administrative expenses	1.7	1.8
Research and development costs	–	0.0
	5.4	**5.2**

The increase in right-of-use assets is mainly due to the rental agreement concluded in September 2023 with project developer Four Parx GmbH for the rental of new commercial and logistics space in the immediate vicinity of the main plant and production facility in Dreieich as well as the opening of new plasma centres.

In the 2023 financial year, financial liabilities from leases of € 7.0 million (previous year: € 5.3 million) were repaid and € 2 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 € 9.3 million (previous year: € 7.7 million) in the 2023 financial year. Future cash outflows amounted to € 57.9 million as of the balance sheet date (previous year: € 29.0 million).

Potential future cash outflows of € 5.8 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 lessee but not yet commenced give rise to potential cash outflows of € 3.8 million (previous year: € 7.0 million).

As of 31 December 2023, 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: € 0.1 million).

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

in € million	2023	2022
Depreciation charge for right-of-use assets	5.4	5.2
Interest expense on lease liabilities	0.5	0.5
Expense relating to leases of low-value assets	0.2	0.2
Total value in income statement	**6.1**	**5.9**

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, which is equity accounted.

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

Due to the inflation trend in Iran, since 2020 the joint venture based there has applied the regulations of IAS 29 Financial Reporting in Hyperinflationary Economies. The consolidated statement of financial position and the income statement have been adjusted in accordance with IAS 29 in order to calculate the share of net assets and of profit and loss. IAS 29 is to be applied retrospectively, that is, 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 both in the financial year under review and in the previous year. A consumer price index published by the International Monetary Fund was used for this purpose. The level of the index applied as of the 2023 reporting date was 896.6 (2022: 604.8). Due to the restatement of the opening statement of financial position, an effect on the company's equity of 253.1 billion rials arose. As a result of the restatement of the opening statement of financial position, a foreign currency effect of € 1.1 million was recognised in other comprehensive income. The adjustment of the closing statement of financial position resulted in a further foreign currency effect of € 2.8 million recognised in other comprehensive income. Together with the recognised profits from joint ventures of € 2.8 million, this leads to the recognition on the statement of financial position of interests in joint ventures of € 11.3 million as of 31 December 2023 (previous year:

€ 5.1 million). The amount recognised on the statement of financial position as of 31 December 2023 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. amounted to 37.5 billion rials as of 31 December 2021 (previous year: 37.5 billion rials), excluding any adjustment as a result of IAS 29, and is fully paid in. The shareholders' general 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. BioDarou's proportionate equity at Biotest increased from € 1.6 million to € 3.8 million.

As no audited financial statements of BioDarou P.J.S. Co. were available as of the time when these consolidated financial statements were prepared, the prior-year figures of BioDarou P.J.S. Co. as of 31 December 2022 are reported.

The joint venture had the following assets and liabilities – without taking into consideration an adjustment due to IAS 29:

On 31 December 2022, the value of non-current assets amounted to € 0.4 million (previous year: € 0.4 million) and the value of current assets amounted to € 29.0 million (previous year: € 17.8 million).

Non-current liabilities were valued at € 1.6 million as of 31 December 2022 (previous year: € 1.1 million) and current liabilities at € 14.1 million (previous year: € 13.1 million).

In the 2022 financial year, the company's revenue amounted to € 18.8 million (previous year: € 23.0 million) and its net profit to € 5.8 million (previous year: € 1.3 million).

The joint venture had the following assets and liabilities – taking into consideration an adjustment due to IAS 29:

On 31 December 2022, the value of non-current assets was € 2.7 million (previous year: € 2.3 million) and the value of current assets was € 36.8 million (previous year: € 21.7 million).

Non-current liabilities were valued at € 1.6 million as of 31 December 2022 (previous year: € 1.1 million) and current liabilities at € 14.1 million (previous year: € 13.1 million).

In the 2022 financial year, revenue amounted to € 21.4 million and the company's net profit amounted to € 10.1 million.

E 5 OTHER FINANCIAL ASSETS

in € million	2023 Total	2023 thereof non-current	2022 Total	2022 thereof non-current
Cash deposit with banks (financial assets measured at amortised cost)	10.4	–	12.4	–
Surrender claim against trustee from the sale of shares in ADMA Biologics Inc. (financial assets at fair value through profit or loss)	–	–	7.6	–
Receivable from trustee (financial assets measured at amortised cost)	0.1	–	5.9	–
Loan to third parties (financial assets measured at amortised cost)	16.6	16.6	13.1	13.1
Receivables from joint ventures (financial assets measured at amortised cost)	0.4	–	0.0	–
Other receivables (financial assets measured at amortised cost)	0.2	–	0.1	0.0
Derivative financial instruments (financial assets at fair value through profit or loss)	0.2	–	1.1	0.1
Pension fund (financial assets at fair value through profit or loss)	0.1	0.1	0.1	0.1
	28.0	**16.7**	**40.3**	**13.3**

The cash deposited with banks in the 2023 financial year, mainly for guarantees issued, is recognised at amortised cost.

In the previous year, the receivable due from the trustee from the divestiture of shares in ADMA Biologics Inc. included the cash receivable from the shares in ADMA Biologics Inc. divested in 2022, which was paid to Biotest by the trustee in the 2023 financial year. All shares in ADMA Biologics Inc. were divested during the financial year under review. The valuation of the shares in ADMA Biologics Inc. as of the date of divestiture led to an impairment loss of € 0.9 million (previous year: reversal of impairment loss of € 8.4 million), which is reported under financial expenses (previous year: financial income).

Loans to third parties comprise non-current financial receivables from third parties to support the establishment of new plasma collection centres amounting to € 16.6 million (previous year: € 13.1 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	2023	2022	2023	2022	2023	2022
Intangible assets	–	–	1.1	1.2	–0.1	1.2
Property, plant and equipment	0.7	0.3	8.8	9.2	–0.8	0.1
Other financial assets	1.9	1.7	0.8	0.9	–0.1	–0.2
Inventories	17.2	10.5	1.0	0.1	–5.8	–1.8
Trade receivables	0.3	0.1	–	0.4	–0.6	–0.0
Contract assets	–	–	15.0	10.5	4.5	–0.9
Deferred expenses	0.1	0.3	–	–	0.2	–1.0
Other provisions	1.1	1.3	–	–	0.2	0.0
Financial liabilities	–	0.8	–	–	0.7	0.0
Pension provisions	8.4	6.7	–	–	–2.5	10.1
Other liabilities	1.4	1.2	0.7	2.1	–1.6	1.5
Contract liabilities	–	–	–	–	–	–
IFRS 16	7.5	5.7	7.1	5.5	–0.3	0.1
Other statement of financial position items	0.1	0.3	–	–	0.1	–0.2
Tax value of the recognised loss carried forward	27.6	0.5	–	–	–27.1	–0.4
Total deferred taxes	**66.3**	**29.4**	**34.5**	**29.9**	**–33.2**	**8.5**
Less netting of deferred tax assets and liabilities	–33.4	–28.7	–33.4	–28.7		
Deferred tax assets / liabilities	**32.9**	**0.7**	**1.1**	**1.2**		

As of 31 December 2023, the Group had usable tax loss carryforwards of € 81.3 million (previous year: € 5.1 million). These loss carryforwards are attributable to countries with a tax rate of 29.01 % (€ 77.5 million) and 9 % (€ 3.8 million).

Deferred taxes are not recognised for tax loss carryforwards of € 17.9 million (previous year: € 150.3 million), as the utilisation of these carryforwards in the near future is not reasonably certain at this time. Of the unrecognised loss carryforwards, none

(previous year: € 128.7 million) relate to German companies and € 17.9 million (previous year: € 21.6 million) to foreign companies. In addition, none (previous year: € 130.3 million) of the unrecognised loss carryforwards relate to unlimited carryforwards, € 11.5 million (previous year: € 13.3 million) can be carried forward for up to five years, and € 6.4 million (previous year: € 6.7 million) for five years or longer.

By way of divergence from the previous year, deferred tax assets are recognised for the domestic interest carryforward of € 24.4 million that existed as of 31 December 2023 (previous year: € 48.0 million), as it is also now likely that this interest carryforward will be utilised in the near future.

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 2023, 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 € 0.2 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	**2023**	2022
Raw materials, consumables and supplies	120.5	95.5
Work in progress	201.2	135.4
Finished goods and merchandise	97.4	62.9
	419.1	**293.8**

As of the balance sheet date, the Biotest Group had inventories of € 0.0 million (previous year: € 0.1 million) with a turnover rate of more than one year.

Impairment losses on inventories amounted to € 95.5 million as of the balance sheet date (previous year: € 63.8 million). The increase is mainly due to the € 80.2 million devaluation of plasmatic coagulation Factor VIII due to the unfavourable market trend for drugs with coagulation factors (previous year: € 50.3 million).The total devalued inventory assets have a residual carrying amount of € 120.3 million (previous year: € 139.6 million) after devaluation to the net realisable value.

Of the previous year's impairment losses on inventories, € 15.9 million were utilised in the 2023 financial year (previous year: € 31.3 million), and € 0.3 million were reversed (previous year: € 0.8 million). In addition, inventories were written down by € 48.0 million (previous year: € 43.0 million). Additions to, and reversals of, impairment losses on inventories are reported under cost of sales.

Inventories expensed in the cost of sales amounted to € 328.1 million in the 2023 financial year (previous year: € 316.6 million).

E 8 TRADE RECEIVABLES

As in the previous year, none of the trade receivables totalling € 145.2 million (previous year: € 124.5 million) were classified as non-current. They are composed as follows:

in € million	**2023**	2022
Trade receivables (gross)	162.2	141.9
Sale of trade receivables	–	–0.7
Allowance for bad debts	–17.0	–16.7
Trade receivables (net)	**145.2**	**124.5**

Net trade receivables include € 60.7 million (previous year: € 0.0 million) of receivables due from related parties. Receivables due from Grifols, S.A., as part of technology transfer and licensing agreements amounted to € 47.9 million as of 31 December 2023 (previous year: € 0.0 million). The allowance for doubtful accounts is determined as the difference between the nominal amount of the receivables and the estimated net collectible amount. An impairment matrix was used to analyse receivables that do not exhibit any specific indications of impairment in individual cases, depending on the length of time they have been

overdue. For customers in the Middle East region that are overdue by more than one year, the flat-rate percentages were adjusted due to special default patterns.

As part of factoring agreements, Biotest AG had sold receivables with a total volume of € 0.0 million as of the balance sheet date (previous year: € 0.7 million).

Their carrying amount is a reasonable approximation of fair value. Allowances for expected credit losses for trade receivables show the following changes:

in € million	2023	2022
Balance as of 1 January	16.7	8.8
Additions	6.4	10.9
Utilisation	–	–1.3
Reversals	–6.1	–1.7
Balance as of 31 December	**17.0**	**16.7**

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 € 15.5 million in the financial year (previous year: € 8.0 million).

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

in € million	2023	2022
European Union	1.8	2.2
Rest of world	15.2	14.5
Stateless	–	–
Allowances for expected credit losses	**17.0**	**16.7**

Net trade receivables are denominated in the following currencies:

in € million	2023	2022
EUR	113.1	86.3
USD	23.4	27.8
GBP	0.4	7.8
HUF	3.0	1.0
BRL	4.3	0.6
Other currencies	1.0	1.0
Trade receivables (net)	**145.2**	**124.5**

E 9 CONTRACT ASSETS

Contract assets from toll manufacturing amounting to € 51.6 million (previous year: € 35.2 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	2023	2022
Contract assets (gross)	51.7	35.5
Allowances for expected credit losses	–0.1	–0.3
Contract assets (net)	51.6	35.2

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 impairment matrix was used to

analyse portfolios of contract assets that do not exhibit any specific indications of impairment in individual cases, depending on the length of time they have been overdue.

The allowances for expected credit losses on contractual assets show the following changes:

in € million	2023	2022
Balance as of 1 January	**0.3**	**0.3**
Additions	–	0.1
Utilisation	–	–
Reversals	–0.2	–0.1
Balance as of 31 December	**0.1**	**0.3**

E 10 OTHER ASSETS

	2023		2022	
in € million	**Total**	**thereof non-current**	Total	thereof non-current
Value added and other tax receivables	7.5	–	3.3	–
Deferred income	1.8	–	2.9	0.2
Payments in advance	9.2	–	12.6	–
Other assets	2.8	0.1	3.2	0.1
	21.3	**0.1**	**22.0**	**0.3**

As of 31 December 2023, ancillary financing costs of € 0.0 million (previous year: € 0.2 million) were capitalised under prepaid expenses. 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	2023	2022
Carrying amount	**21.3**	**22.0**
Unimpaired and not past due as of the reporting date	21.3	21.6
unimpaired as of the reporting date and past due in the following time band		
< 90 days past due	–	0.4

As in the previous year, no valuation allowances were applicable to other assets in the 2023 financial year.

Other assets are denominated in the following currencies:

in € million	2023	2022
EUR	15.9	18.0
USD	3.5	0.5
BRL	–	0.5
HUF	1.0	1.4
CZK	0.8	–
Other currencies	0.1	1.6
	21.3	**22.0**

E 11 CASH AND CASH EQUIVALENTS

in € million	2023	2022
Bank balances	107.9	116.0
Cash on hand	0.2	0.6
	108.1	**116.6**

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

In the 2023 financial year, payments of € 143.6 million were received from Grifols as part of technology transfer and licensing agreements.

In the 2023 financial year, Biotest AG made cash deposits with banks to secure its operating business. An amount of € 10.4 million was deposited as of 31 December 2023 (previous year: € 12.4 million). This amount is shown within other current financial assets as of 31 December 2023.

E 12 EQUITY

The subscribed capital is fully paid in and amounted to € 39,571,452 as of 31 December 2023 (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 2023, the subscribed capital was divided into 19,785,726 no-par-value ordinary shares and 19,785,726 no-par-value preference shares without voting rights. Securitisation 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 (HGB).

The voluntary takeover offer by Grifols, S.A., published on 26 October 2021 for the shares of Biotest AG was effectively completed (the "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., announced 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.

Due to a net retained loss incurred in the 2022 financial year, Biotest AG did not pay out any dividends last year. The Board of Management and the Supervisory Board intend to make up for the arrearages in dividends on entitled preference shares. The proposal for the appropriation of profits envisages the distribution of a dividend of € 0.8 million for the 2023 year, and the subsequent payment of the dividend on entitled preference shares of € 0.8 million for the 2022 financial year. A dividend of € 0.00 per share (previous year: € 0.00 per share) will be paid on the ordinary shares and a dividend of € 0.04 per share (previous year: € 0.04 per share as a subsequent payment) 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 € 0.02 per share, holders of preference shares receive an additional dividend of € 0.03 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 authorised capital has not been utilised to date. The existing authorised capital is to be supplemented by a resolution of the Annual General Meeting on 9 May 2023 to authorise the Board of Management, with the approval of the Supervisory Board, to exclude the subscription rights of holders of shares of one class to shares of the other class, provided that both preference and ordinary shares are issued. The preference shareholders did not approve the special resolution to amend the authorised capital approved by the Annual General Meeting on 7 May 2019 and the corresponding amendment to the Articles of Association, and the Articles of Association have not yet been amended.

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	2023	2022
Earnings after taxes	127.0	–31.7
Additional dividend on preference shares	–	–0.4
Profit adjusted for additional dividend rights	**127.0**	**–32.1**
Number of shares outstanding (weighted average)	39,571,452	39,571,452
Basic and diluted earnings per ordinary share in €	3.20	–0.81
Additional dividend rights per preference share in €	0.02	0.02
Basic and diluted earnings per preference share in €	3.22	–0.79

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 € 7.9 million (previous year: € 5.7 million) were held by a trustee, Biotest Vorsorge Trust e.V., in financial year 2023 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	2023	2022
Net present value of defined benefit obligations		
From pension plans	87.2	80.4
From similar obligations	11.8	11.1
	99.0	**91.5**
Fair value of plan assets		
For pension plans	5.9	4.2
For similar obligations	2.0	1.5
	7.9	**5.7**
Net defined benefit liability		
From pension plans	81.3	76.2
From similar obligations	9.8	9.6
	91.1	**85.8**

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

in € million	2023	2022
Current service cost	5.2	6.5
Net interest expenses	3.4	1.1
Total expenses recognised in profit and loss	**8.6**	**7.6**
Actuarial gains due to experience adjustments	–1.1	1.3
Actuarial losses due to changes in financial assumptions	4.2	–34.8
Actuarial gains from changes in demographic assumptions	–	–
Return on plan assets (excluding amounts included in net interest expense)	–0.3	0.8
Revaluations recognised directly in other comprehensive income	**2.8**	**–32.7**
Defined benefit gains (previous year: costs)	**11.4**	**–25.1**

In financial year 2023, actuarial losses of € 2.8 million (previous year: actuarial gains € 32.7 million) are recognised in other comprehensive income. Of this amount, € -4.2 million resulted from changes in actuarial assumptions, which is mainly due to the decrease in the actuarial interest rate in the main plans in Germany from 3.9% to 3.4%. In total, actuarial losses (before tax) of € 22.3 million (previous year: € 19.4 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	2023	2022
Net present value of defined benefit obligation as of 1 January	**91.5**	**121.0**
Change in consolidation group	–0.7	–
Current service cost	5.2	6.5
Interest expense	3.5	1.2
Expenses recognised in the consolidated statement of income	**8.0**	**7.7**
Actuarial gains due to experience adjustments	–1.1	1.3
Actuarial losses due to changes in financial assumptions	4.2	–34.8
Actuarial gains due to changes in demographic assumptions	–	–
Revaluations recognised directly in the statement of comprehensive income	**3.1**	**–33.5**
Pension benefits paid	–3.6	–3.7
Net present value of defined benefit obligation as of 31 December	**99.0**	**91.5**

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

in € million	2023	2022
Fair value of plan assets as of 1 January	**5.7**	**4.5**
Interest income	0.1	0.1
Income recognised in the consolidated statement of income	**0.1**	**0.1**
Return on plan assets (excluding amounts included in net interest expenses)	0.2	–0.8
Revaluations recognised directly in the statement of comprehensive income	**0.2**	**–0.8**
Contribution by the employer	1.9	1.9
Payments from plan assets	–	–
Fair value of plan assets as of 31 December	**7.9**	**5.7**

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

in € million	2023	2022
In the next 12 months	5.2	4.4
Between 2 and 5 years	22.4	21.6
Between 5 and 10 years	31.3	31.1
After 10 years	113.7	112.9
Total expected payments	**172.6**	**170.0**

The weighted average term of the defined benefit plans is 11.6 years (previous year: 11.7 years) as of 31 December 2023.

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

in € million	2023	2022
Cash and cash equivalents	0.1	0.2
Financial investment	2.8	1.0
Fund shares	5.0	4.5
	7.9	**5.7**

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 euro time deposits as well as domestic government bonds, mortgage bonds, 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. In the 2023 financial year, no contributions to plan assets were expected (previous year: € 1.9 million).

Of the provisions for pensions and similar obligations, € 98.9 million (previous year € 90.8 million) relate to pension plans in Germany. The calculation of the German pension plans is based on the following actuarial assumptions:

in %	2023	2022
Discount rate as of 31 December	3.4	3.9
Expected return on plan assets	1.7	1.1
Rate of increase for wages and salaries	3.4	3.4
Rate of interest for pensions	2.0	2.2
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 taken into consideration.

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 2023.

Parameter	Parameter change	Impact on the pension obligation in € million
Rate of interest	Increase by 50 basis points	–5.4
Rate of interest	Decrease by 50 basis points	5.5
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	6.7
Pension trend	Decrease by 100 basis points	–5.7
Life expectancy	Increase by one year	3.2

An amount of € 11.8 million (previous year: € 11.8 million) was expensed for defined contribution plans in the financial year under review, and comprises the following items:

in € million	2023	2022
Defined contribution plans of the Company	–	0.1
Employer contributions to statutory pension scheme	11.8	11.7
	11.8	11.8

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 2022	**17.4**	**–**	**4.4**	**6.4**	**28.2**	**26.3**
Change in consolidation group	–0.2	–	–1.1	–2.8	–4.1	
Additions	8.1	–	12.2	1.0	**21.3**	
Transfer	–	–	–	–	**–**	
Utilisation	–13.9	–	–1.8	–1.0	**–16.7**	
Reversals	–0.5	–	–0.2	–0.1	**–0.8**	
Balance as of 31 December 2023	**10.9**	**–**	**13.5**	**3.5**	**27.9**	**23.1**

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

Additions to personnel provisions in the 2023 financial year mainly comprise additions of € 5.6 million (previous year: € 13.3 million) for profit sharing and the LTI Programme for employees.

The provisionsProvisions for sales contracts include provisions for contingent liabilities in connection with price moratoria and mandatory discounts as well as for other risks with customers and disputed contractual penalties. The additions of € 10.4 million in the 2023 financial year are mainly due to contingent liabilities in connection with price moratoria and mandatory discounts.

Other provisions include provisions for archiving costs, an obligation from a donation to a haemophilia foundation, and other items.

E 15 FINANCIAL LIABILITIES

in Mio. €	**2023**	2022
Non-current liabilities		
Subordinated shareholder loan	329.5	321.9
Secured loans from financial institutions	–	218.6
Other financial liabilities	47.8	47.9
Liabilities from derivative financial instruments	–	–
Long-term share of lease liabilities	52.4	24.4
	429.7	**612.8**

in Mio. €	**2023**	2022
Current liabilities		
Unsecured promissory notes	–	2.0
Other financial liabilities	27.9	21.7
Secured loans from financial institutions	226.8	2.8
Liabilities from derivative financial instruments	0.1	0.2
Short-term share of lease liabilities	5.4	4.6
	260.2	**31.3**

The core of the financing of Biotest AG is formed by a subordinated, bullet euro shareholder loan from Grifols Biotest Holdings GmbH with an original term until January 2025, which was extended in March 2024 until 2 January 2030. Please see section F 12.

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, and which was valued € 226.8 million 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 € 15.0 million (previous year: € 27.3 million) from the promised financing remain unutilised as of 31 December 2023. In the 2023 financial year, an amount of € 10.0 million was drawn during the course of the year and then repaid in full in November 2023. 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 2023 financial year.

Other financial liabilities mainly include an unsecured long-term of € 44.3 million (previous year: € 44.3 million), commission liabilities of € 18.4 million (previous year: € 15.5 million) and a repayment obligation from a supply contract of € 5.4 million (previous year: € 5.9 million).

The last repayment of the promissory note loan of € 2.0 million was made in the 2023 financial year. The promissory note loan was concluded in October 2013 in the original amount of € 210 million and was repaid in full.

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:

2023 (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 %	329.5	–	329.5	–
Secured loans from financial institutions:				
Euro - variable at 5.4 to 10.7 %	226.8	226.8	–	–
Promissory note loans:	–	–	–	–
Euro - fixed at 3.8 %	–	–	–	–
Other financial liabilities:				
Euro - fixed at 0.0 to 9.0 %	75.5	27.8	3.4	44.3
Euro - variable at 2.2 %	–	–	–	–
CZK - fixed at 0.0 %	0.2	0.1	0.1	–
Liabilities from derivative financial instruments	0.1	0.1	–	–
Lease liabilities:				
Euro - fixed at 0.0 to 6.3 %	43.5	3.7	11.4	28.4
HUF - fixed at 2.4 to 11.4 %	9.5	1.0	3.7	4.8
CZK - fixed at 0.9 to 6.8 %	4.6	0.6	2.1	1.9
CHF - fixed at 0.0 to 4.5 %	0.2	0.1	0.1	–
GBP - fixed at 0.0 %	–	–	–	–
BRL - fixed at 0.0 %	–	–	–	–
	689.9	**260.2**	**350.3**	**79.4**

The pricing and repayment terms as well as the maturity profile of the previous year's 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 loans:				
Euro - fixed at 0.0 to 7.0 %	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 rights of use of leased assets are capitalised with carrying amounts of € 56.0 million (previous year: € 27.5) 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 € 551.5 million as of the balance sheet date (previous year: € 502.3 million) and is derived as follows:

in € million	**2023**	2022
Shareholder loans	329.5	321.9
interest bearing financial liabilities to third parties	272.3	268.0
Lease liabilities	57.8	29.0
	659.6	**618.9**
Cash and cash equivalents	108.1	116.6
	108.1	**116.6**
Net debt	**551.5**	**502.3**

Interest-bearing financial liabilities to third parties consist of secured loans from financial institutions of € 226.8 million, and other interest-bearing unsecured loans of € 45.5 million.

E 16 OTHER LIABILITIES

in € million	**2023**	2022
Liabilities for commissions payable	4.7	3.6
Deferred liabilities	4.0	2.3
Wage tax liabilities	2.2	2.1
Deferred income	2.7	2.7
Social security liabilities	0.3	0.7
Value added tax liabilities	0.4	0.4
Plasma swap liabilities related parties	7.0	7.3
Other liabilities	1.6	1.9
	22.9	**21.0**

As in the previous year, no other liabilities with a remaining term of more than one year existed as of the reporting date of the financial year under review (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 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 company's performance 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 2021, 2022, and 2023. The targets of the LTIP 2021, 2022, as well as 2023 are not dependent on the share price. Instead, share price-independent targets are set. As a consequence, the 2021, 2022, and 2023 LTIPs do not have to be reported in accordance with IFRS 2.

The 2021, 2022, and 2023 LTIPs 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 if the company employing the participant leaves the group of companies in which the parent company holds a participating interest.

For a detailed description of the LTI programmes, please see our comments in the Remuneration Report of Biotest AG. This 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 their accounting treatment. Derivatives form a separate class in this context.

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), and 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 as of each reporting date. The fair values of financial instruments measured at amortised cost are listed in section F 2.3 Aggregation of Measurement Categories, including Measurements and Fair Value.

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. When 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 taken into consideration.

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 statement of financial position are to be classified in a three-level hierarchy of fair value measurement. The level in each case reflects the market proximity of the data included in the determination of the fair value. The levels of the fair value hierarchy are described below:

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

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

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

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

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

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

in € million		Measurement basis in the statement of financial position according to IFRS 9			
Item of the statement of financial position	Carrying amount as of 31 December 2023	At amortised cost	At fair value through profit or loss	Fair value as of 31 December 2023	Fair value level
Financial assets at fair value (FAFVtPL)					
Trade receivables	–	–	–	–	–
Derivatives without a hedging relationship	0.2	–	0.2	0.2	2
Surrender claim against trustee	–	–	–	–	–
Pension fund	0.1	–	0.1	0.1	1
Total	0.3	–	0.3	0.3	
Financial assets measured at amortized cost (AC)					
Trade receivables	145.2	145.2	–	145.2	–
Cash deposits with banks	10.4	10.4	–	10.4	–
Loans to third parties	16.6	16.6	–	16.6	–
Receivables from joint ventures	0.4	0.4	–	0.4	–
Miscellaneous other financial assets	0.3	0.3	–	0.3	–
Cash and cash equivalents	108.1	108.1	–	108.1	–
Total	281.0	281.0	–	281.0	
Financial liabilities at fair value (FLFVtPL)					
Derivatives without a hedging relationship	0.1	–	0.1	0.1	2
Total	0.1	–	0.1	0.1	
Financial liabilities at amortized cost (FLAC)					
Trade payables	78.1	78.1	–	78.1	–
Subordinated shareholder loans	329.5	329.5	–	325.6	2
Secured loans from financial institutions	226.8	226.8	–	232.3	2
Unsecured bank liabilities	–	–	–	–	–
Other financial liabilities	75.6	75.6	–	73.5	2
Total	710.0	710.0	–	709.5	
Valuation in the statement of financial position according to IFRS 16					
Lease liabilities	57.8	–	–	–	–

in € million		Measurement basis in the statement of financial position according to IFRS 9			
Item of the statement of financial position	Carrying amount as of 31 December 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	–	–	–	–	–
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	–	–	–	–

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.

In the 2023 financial year, all remaining shares in ADMA Biologics Inc., which are measured at fair value, were sold.

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 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 categorised 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 by measurement category is as follows for financial year 2023:

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	2.0	–	–1.0	0.1	–	1.1
Financial assets measured at fair value through profit or loss	–	–1.1	–	–	–	–1.1
Financial liabilities measured at amortised cost	–38.2	–	–0.1	–	–	–38.3
Financial liabilities measured at fair value through profit or loss	–	–0.1	–	–	–	–0.1
Total	**–36.2**	**–1.2**	**–1.1**	**0.1**	**–**	**–38.4**

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

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	0.8	–	–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**

All components of the net gain or loss are recorded under other financial expenses or other financial income. Value adjustments applied to trade receivables and other financial assets are exceptions in this context. 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 loss of € 1.2 million (previous year: gain of € 10.0 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 on the basis of the interest rates last fixed before 31 December 2023. Financial liabilities repayable on demand are always allocated to the earliest time period.

in € million		Cash flow in 2024			Cash flow in 2025		
Balance sheet items	Carrying amount as of 31 December 2023	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments
Primary financial liabilities:							
Liabilities to shareholders	–329.5	–	–	–	–47.3	–	–290.0
Liabilities to banks	–	–	–	–	–	–	–
Liabilities to fianancial instututions	–226.8	–	–17.4	–225.0	–	–	–
Lease liabilities	–57.8	–1.9	–	–5.4	–2.7	–0.8	–2.7
Other financial liabilities	–75.6	–3.5	–0.9	–26.9	–3.5	–	–3.4
Trade payables	–78.1	–	–	–78.1	–	–	–
Derivative financial liabilities:							
Foreign exchange derivatives without hedge relationships	–0.1	–	–	–0.1	–	–	–

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 financial institutions	–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

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

Cash flow in 2026			Cash flow in 2027			Cash flow in 2028			Cash flow nach 2028		
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
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–3.5	–	–	–3.5	–	–	–3.5	–	–	–	–	–44.3
–1.5	–	–4.3	–1.4	–	–4.2	–1.3	–	–4.1	–8.5	–	–35.1
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–

Cash flow in 2025			Cash flow in 2026			Cash flow in 2027			Cash flow after 2027		
Fixed interest	Variable interest	Principal repayments	Fixed interest	Variable interest	Principal repayments	Fixed interest	Variable interest	Principal repayments	Fixed interest	Variable interest	Principal repayments
–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	–	–	–	–	–	–	–	–	–

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, in 2021 Biotest concluded a hybrid loan agreement 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 utilise 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 on the statement of financial position under other financial assets or financial liabilities. As of 31 December 2023, € 0.2 million (previous year: € 1.1 million) are reported under other financial assets and € 0.0 million (previous year: € 0.2 million) under financial liabilities.

CREDIT RISK

A credit risk is the financial risk that a contractual partner will not meet its payment obligations. Default risk is countered through continuous receivables management. The customer's credit rating is assessed, and credit terms and other conditions are subsequently defined. In the previous year, portions of domestic receivables and select foreign receivables were sold to factoring companies or banks. However, no factoring was realised in the financial year.

Of the net trade receivables, € 13.5 million (previous year: € 20.5 million) relate to receivables from customers in Iran. Valuation allowances of € 1.7 million (previous year: € 1.0 million) are attributable to these receivables.

Credit insurance policies are in place with various companies for certain customers in selected countries. Economic risks are insured for an amount of € 22.2 million (previous year: € 22.2 million), and political risks for an amount of € 22.8 million (previous year: € 22.8 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	2023	2022
Trade receivables	145.2	124.5
Contract assets	51.6	35.2
Cash and cash equivalents	108.1	116.6
Other financial assets	28.0	40.3

To cover the default risk, corresponding value adjustments are made in the amount of the expected credit default in accordance with IFRS 9.5.5. The simplified approach is mainly used for trade receivables. For this purpose, probabilities of default are calculated for individual customers or customer groups on the basis of the customer's historical payment behaviour using an impairment matrix. In the impairment matrix, the expected loss over the remaining term is calculated as a flat-rate percentage depending on the duration of the overdue period and, if necessary, adjusted to reflect current conditions and expectations of future economic and business trends. In the event of default patterns that diverge significantly from the impairment matrix based on overdue amounts, the percentages are adjusted taking region-specific factors into consideration.

The change in the estimation technique represents a change in accounting estimate, which was implemented as part of the harmonisation of Group accounting guidelines between Biotest and Grifols.

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

in € million	Loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
31 December 2023				
Trade receivables		101.5	–17.0	
not past due	0.19%	3.2	–	No
1-30 days past due	0.19%	64.4	–0.1	No
31-60 days past due	0.62%	3.5	–	No
61-90 days past due	2.03%	0.7	–	No
91-180 days past due	3.01%	2.4	–0.1	No
181-365 days pat due	8.52%	2.9	–0.2	No
More than 365 past due	38.30%	4.7	–1.8	No
Loss	74.80%	19.7	–14.8	Yes
Contract assets		51.7	–0.1	
not past due	0.19%	51.7	–0.1	No
Cash and cash equivalents		108.1	–	
Other financial assets		28.0	–	
Total		289.3	–17.1	

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**

Biotest categorises all the assets listed above into groups based on an impairment matrix depending on the length of time overdue (for trade receivables and contract assets) or based on the credit rating and origin of the respective debtor (for other financial assets and cash and cash equivalents), and recognises impairment allowances ranging from 0.19 % to 100 %. 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 arises 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. In addition, foreign currency risks exist arising from leasing contracts concluded in foreign currencies (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, risks relating to the balance sheet (statement of financial position) are hedged selectively. The Biotest Group makes use of opportunities to offset currency risk naturally and to use currency futures to manage currency risk.

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

Foreign currency risk		USD		HUF
in € million	**2023**	2022	**2023**	2022
Cash and cash equivalents	2.0	2.0	2.4	1.4
Trade receivables	23.4	27.8	3.0	1.1
Other primary financial assets	2.3	21.0	0.1	–
Other derivative financial assets	0.1	0.1	–	–
Trade payables	–14.9	–8.3	–1.0	–0.5
Lease liabilities	–	–	–0.7	–0.5
Other primary financial liabilities	–10.4	–10.4	–	–
Other derivative financial liabilities	–	–0.0	–	–
Net position	**2.5**	**32.2**	**3.8**	**1.5**

Due to the divestiture of Biotest (UK) Ltd. in the 2023 financial year, the importance of GBP as a foreign currency for the Biotest Group has diminished.

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

in € million	Nominal amount		Market values	
	2023	2022	**2023**	2022
Forward exchange transactions	21.9	76.2	0.1	0.9

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 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 2023.

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 lead to higher 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 2023, the Biotest Group has a contractually agreed credit line:

in € million	2023	2022
Loans drawn down	633.9	596.3
Loans not drawn down	15.0	27.3

As of 31 December 2023, the Biotest Group has issued secured financing commitments to suppliers for € 26.9 million, of which € 17.3 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 2023 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 2023	Cash flows	Addition of RoU assets in 2023 (not cash-effective)	Exchange rate changes	Other	December 31 2023
Financial liabilities	615.0	–24.1	–	–	41.1	632.0
Lease liabilities	29.0	–9.0	–	41.2	–	–3.4	57.8
Total	**644.0**	**–33.1**	**41.2**	**–**	**37.7**	**689.8**

in € million	January 1 2022	Cash flows	First-time adoption of IFRS 16	Addition of RoU assets in 2022 (not cash-effective)	Modifications of leases (not cash-effective)	Exchange rate changes	Other	December 31 2022
Financial liabilities	504.4	–	100.0	–	–	–	–	–	10.6	–	615.0
Liabilities from finance leases	26.8	–	–5.9	–	–	8.3	–	–	–0.2	–	29.0
Total	**531.2**	**94.1**	**–**	**8.3**	**–**	**–0.2**	**10.6**	**644.0**

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 HUF are considered separately.

Based on total exposure of € 8.2 million (previous year: € 40.2 million), the currency sensitivities result in the following hypothetical impact on earnings:

in million €	Appreciation of EUR of 10 %		Depreciation of EUR of 10 %	
	2023	2022	**2023**	2022
EUR to USD	1.1	0.7	–1.1	–0.1
EUR to HUF	0.4	–0.1	–0.5	0.1
EUR to other exhange rates	1.1	3.2	–1.2	–3.1
	2.6	**3.8**	**–2.8**	**–3.1**

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 they are 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 included 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	
	2023	2022
from derivative financial instruments	0.0	0.0
from primary financial instruments	–1.1	–1.0
total hypothetical impact on results	**–1.1**	**–1.0**

in million €	decrease in interest rate structure of 100 BP	
	2023	2022
from derivative financial instruments	0.0	–0.0
from primary financial instruments	1.1	1.0
total hypothetical impact on results	**1.1**	**1.0**

If the market interest rate level as of 31 December 2023 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.

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 statement of financial position 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 equity ratio of the Biotest Group as of 31 December 2023 amounts to 35.4 % (previous year: 30.8 %). Due to the Biotest Next Level project, the equity ratio may also amount to less than 40 % for a short period of time. In addition, both long-term and quarterly special financial ratios are used for analysis and management purposes. The key figures in this context are adjusted EBIT and net debt.

No fundamental changes were made to the objectives or processes for managing capital in the 2023 financial year. An adequate organisational structure as well as defined workflows and monitoring processes were implemented for the necessary controlling of the Biotest Next Level project and the financial resources it requires.

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 pre-emptive 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. In the 2023 financial year, the remaining obligation of € 2.0 million from the promissory note loan was repaid in full, as a consequence of which no obligation from promissory note loans remains as at the 2023 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 € 329.5 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 € 240.0 million forms a further key component of the financing. Of the volume made available, € 225.0 million had been utilised as of 31 December 2023 (previous year: € 225.0 million). 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 € 240.0 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 € 185.8 million (previous year: € 194.0 million).

Furthermore, Biotest AG has pledged the entirety of its interest 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. Collateral of € 12.2 million arising from receivables due from affiliated companies exists as of the balance sheet date (previous year: € 19.0 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, a wholly owned subsidiary of Grifols, S.A., concluded a € 147.0 million financing agreement on 7 March 2023, which was not utilised in the 2023 financial year.

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 derives 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 derive from past events but are not recognised in the financial statements, 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.

A contingent liability of € 5.1 million exists in the context of an ongoing antitrust case in Romania.

Cash of € 10.4 million (previous year: € 12.5 million) was deposited with banks as collateral.

Contingent liabilities of € 1.8 million (previous year: € 1.7 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 2024	2025 to 2028	starting in 2029	Total
Commitments under longterm supply agreements with fixed purchase volumes	273.6	514.7	96.6	884.9
Commitments under longterm service agreements	7.0	7.4	–	14.4
Other financial obligation	4.3	13.5	10.7	28.5
	284.9	**535.6**	**107.3**	**927.8**

The other financial commitments comprise plasma supply contracts with a volume of € 875.0 million (previous year: € 1,134.9 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 2024 to 2025, under which Biotest is to receive products worth € 10.0 million (previous year: € 15.3 million) in subsequent years.

Obligations under long-term service agreements mainly relate to purchase commitments under two toll manufacturing agreements for the periods from 2024 to 2025 totalling € 14.4 million (previous year: € 19.6 million).

F 8 COTHER 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, Frankfurt am Main, 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:** Grifols Worldwide Operations Limited, Dublin, Ireland and Grifols UK Limited, London, UK. By purchase agreements dated 2 May 2023, the Biotest companies Biotest Farmacêutica Ltda., São Paolo, Brazil, Biotest Italia S.r.l., Trezzano sul Naviglio, Italy, and Biotest Medical, S.L.U., Barcelona, Spain, were divested to local Grifols subsidiaries and have since become sister companies of the Biotest Group. In addition, the companies Biotest France SAS, Paris, France, and Biotest (UK) Ltd., Birmingham, UK, were divested to the respective local Grifols subsidiaries by way of purchase agreements dated 1 June 2023 and have also since that date been sister companies of the Biotest Group. The total disposal price for the five Biotest companies amounted to € 35.0 million and the gain on disposal for these Biotest subsidiaries amounted to a total of € 23.1 million.

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. The shareholder loan amounts to € 290.0 million as of 31 December 2023 (previous year: € 290.0 million) plus unpaid interest of € 39.5 million (previous year: € 31.9 million), which was extended until 2 January 2030. Please see section F 12.

B) GRIFOLS, S.A.

On 31 May 2023, Biotest signed a technology transfer and licensing agreement with Grifols, S.A., Barcelona, Spain, with effect from 1 January 2023. The technology transfer and licensing agreement ensures that Biotest's new product developments (Yimmugo®, Fibrinogen, and Trimodulin) can be manufactured and marketed worldwide by making recourse to Grifols' organisation and production network. According to the agreement, Biotest is to disclose a total of six technology components and provide development services for certain products. A standard market transaction price was determined for the services agreed in the contract with the help of a valuation report using capital-value-oriented methods, which consists of both fixed and variable payments. Biotest receives fixed one-off payments for the disclosure of the technology and for the provision of development results as well as the further implementation of development services. A licensing agreement was also concluded, which entails a revenue-based licence payment to Biotest following successful approval of the new products. The total revenue from technology disclosure and development services with Grifols, S.A. (whereby the aforementioned development services are also agreed in this contract), amounted to € 190.1 million in the 2023 financial year. The EBIT effect from the technology transfer and licensing agreement amounted to € 158.2 million, of which € 153.5 million was attributable to technology disclosure and € 4.7 million to development services.

A master distribution agreement with separate annexes relating to the distribution of pharmaceutical plasma products in Italy, Nordic, Portugal, Singapore, Spain, and the UK was concluded with Grifols, S.A., in the financial year under review, as well as a master contract manufacturing agreement, and a commitment for FDA support. As part of the master distribution agreement, revenue of € 4.8 million was generated with Grifols UK Limited, London, UK, in the 2023 financial year.

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

In the financial year under review, Biotest generated revenue of € 4.9 million (previous year: € 7.5 million) from toll manufacturing with BioDarou P.J.S. Co.

Receivables and contract assets from joint ventures amount to € 6.4 million (previous year: € 7.3 million) as of 31 December 2023, excluding allowances recognised for this purpose. As in the previous year, no allowances for doubtful accounts receivable were recognised in the 2023 financial year.

D) 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.

The amendment agreement dated 21 March 2023 increased the exchange volume from 200,000 litres to 400,000 litres and extended the exchange period until 31 December 2024.

In the 2023 financial year, Grifols supplied 198,166.081 litres of source plasma to Biotest. In return, Biotest supplied 196,395.751 litres of source plasma to Grifols.

As of 31 December 2023, liabilities of € 7.0 million are due to Grifols Worldwide Operations Limited arising from the plasma swap agreement (previous year: € 7.3 million).

With effect from 1 January 2023, Grifols Worldwide Operations Ltd., Biotest, and Biotest Pharma GmbH have entered into a distribution agreement for the distribution of human albumin in the People's Republic of China, under which Grifols Worldwide Operations Ltd. is appointed as the sole distribution partner. In this context, Biotest invoiced Grifols Worldwide Operations Ltd. for the human albumin supplied. Biotest had issued invoices totalling € 5.1 million in 2023, of which the entire amount was paid by Grifols Worldwide Operations Ltd. by 31 December 2023.

E) BIOTEST SUBSIDIARIES DIVESTED IN THE 2023 FINANCIAL YEAR

In the period from 1 May/1 June 2023 to 31 December 2023, the subsidiaries Biotest Farmacêutica Ltda, São Paulo, Brazil, Biotest Italia S.r.l., Trezzano sul Naviglio, Italy, Biotest Medical S.L.U., Barcelona, Spain, and Biotest (UK) Ltd., Birmingham, UK, which were divested in the 2023 financial year, generated total revenue of € 28.2 million.

OTHER RELATED COMPANIES AND PERSONS

With a company agreement dated 25 April 2022, Grifols Biotest Holdings GmbH, Frankfurt am Main, Germany, was formed by way of a change in the legal form of 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 fell below the notification thresholds of 3, 5, 10, 15, 20, 25, 30, 50, and 75 % on 25 April 2022 due to the cessation of the attribution of voting rights due to the cessation of the control function and now amounts to 0.0 %.

In a notification dated 27 April 2022, Grifols, S.A., Barcelona, Spain, informed 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 amounts to 96.20 % as of 25 April 2022. Grifols, S.A., holds the voting rights as the ultimate controlling party over the entire 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., 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.

Grifols, S.A., Barcelona, Spain is the ultimate parent company.

SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Composition of the bodies

As at 31 December 2023, the members of the Supervisory Board and the Board of Management continue to hold the following mandates on statutory supervisory boards and comparable supervisory bodies of commercial enterprises:

Supervisory Board

Dr. Bernhard Ehmer,
Heidelberg, Germany
Chairman of the Supervisory Board of Biotest AG
Member of the Supervisory Board of Affimed N.V., Mannheim, Germany
Member of the Board of Achilles Therapeutics plc, London, UK

Jürgen Heilmann,
Dreieich, Germany
Commercial employee of Biotest AG, Dreieich, Germany
Employee representative on the Supervisory Board of Biotest AG

Dirk Schuck,
Rüsselsheim, Germany
EmployeeDiplom-Betriebswirt (FH), M.A., employee of Biotest AG, Dreieich, Germany
Employee representative on the Supervisory Board of Biotest AG

Tomás Dagá Gelabert,
Barcelona, Spain
Deputy Chairman of the Supervisory Board of Biotest AG (member until 21 April 2023)
Member of the Management Board of Grifols, S.A., Barcelona, Spain
Vice Secretary of the Management Board of Grifols, S.A., Barcelona, Spain (Vice Secretary until 18 December 2023)
Member of several administrative bodies of the Grifols Group
Partner at Osborne Clarke Spain, Barcelona, Spain

David Bell,
Aledo, Texas, USA
Member of the Supervisory Board of Biotest AG
Chief Corporate Affairs & Legal Officer of Grifols, S.A., Barcelona, Spain
Member of the Management Team of Grifols, S.A., Barcelona, Spain
Member of several administrative bodies of the Grifols Group

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., Mannheim, Germany
Member of the Supervisory Board of Karo Healthcare Actiebolag, Stockholm, Sweden
Member of the Board of Directors of Klosterfrau Zürich AG, Zürich, Switzerland
Member of the Advisory Board of Röchling SE & Co. KG, Mannheim, Germany
Member of the Supervisory Board of Beiersdorf AG, Hamburg, Germany

Raimon Grifols Roura,
Sant Cugat del Vallès, Spain
Member of the Supervisory Board of Biotest AG (member since 9 May 2023)
Co-CEO and Deputy Chairman of the Administrative Board of Grifols, S.A., Barcelona, Spain
Member of several administrative bodies of the Grifols Group

Remuneration of the Supervisory Board

In the financial year under review, the Supervisory Board received a total of € 361 thousand (previous year: € 364 thousand), the entirety of which comprises fixed remuneration components.

In addition to the Supervisory Board remuneration listed, further benefits were expensed in 2023 and 2022 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
Member of the Board of Management (Chief Executive Officer until 31 December 2023, Chief Financial Officer until 15 February 2023)

Ainhoa Mendizabal Zubiaga,

Sant Andreu de Llavaneres, 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 Executive Officer from 1 January 2024, Chief Operations Officer until 31 December 2023)

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 2023 financial year amounted to € 4,540 thousand (previous year: € 5,740 thousand). The Board of Management remuneration is divided into a non-performance-based component of € 1,807 thousand (previous year: € 2,401 thousand), a performance-based component of € 2,003 thousand (previous year: € 2,561 thousand) and a pension expense of € 730 thousand (previous year: € 778 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 2023 programme based on a fixed amount for 100 % target achievement. This amounts to € 428 thousand for Dr. Ramroth, € 210 thousand for Dr. Schüttrumpf, € 300 thousand for Mr. Janssen and € 220 thousand for Mrs. Mendizabal Zubiaga. A provision of € 186 thousand was recorded for this tranche in 2023. Of this amount, Dr. Ramroth accounted for € 69 thousand, Dr. Schüttrumpf for € 34 thousand, Mr. Janssen for € 48 thousand and Mrs. Mendizabal Zubiaga for € 35 thousand.

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 € 541 thousand was formed for this tranche in 2023. Of this amount, Dr. Ramroth attributed to € 179 thousand, Dr. Floß for € 159 thousand, Dr. Schüttrumpf for € 88 thousand, and Mr. Janssen for € 114 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 € 626 thousand was formed for this tranche in 2023. Of this amount, € 298 thousand is attributable to Dr. Ramroth, € 265 thousand to Dr. Floß, and € 63 thousand to Dr. Schüttrumpf.

Dr. Ramroth received a payment of € 507 thousand, Dr. Floß € 450 thousand and Dr. Schüttrumpf € 84 thousand from the non-share-based LTIP 2020, the payments for which were set for the 2023 financial year. The active members of the Board of Management have pension entitlements amounting to € 11,495 thousand (previous year: € 10,618 thousand).

The employment contracts also include market-standard severance provisions in the event of a change of ownership or control, as well as in the event of early 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, an additional cap applies 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 on good grounds, 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 € 7,582 thousand (previous year: € 7,508 thousand) have been formed for pension commitments to former Board of Management members and their surviving dependants. As of the balance sheet date, no loan receivables from members of the executive bodies existed.

Pension payments of € 520 thousand (previous year: € 520 thousand) were made to former members of the Board of Management in the 2023 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	130.3	100.0	–
Biotest Grundstücksverwaltungs GmbH */***	Dreieich, Germany	10.1	100.0	–
Plasma Service Europe GmbH */***	Dreieich, Germany	49.8	100.0	–
Biotest Austria GmbH	Vienna, Austria	2.5	100.0	0.5
Biotest (Schweiz) AG	Rupperswil, Switzerland	4.2	100.0	–0.6
Biotest Hungaria Kft.	Budapest, Hungary	4.5	100.0	0.7
Biotest Hellas MEPE	Athens, Greece	–7.9	100.0	–
Biotest Lux S.à.r.l.	Luxemburg, Luxemburg	–0.3	100.0	–
Plazmaszolgálat Kft. *	Budapest, Hungary	5.9	100.0	–1.6
Cara Plasma s.r.o. *	Prague, Czech Republic	–3.0	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	5.8
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 2022
****** Excluding an adjustment due to IAS 29

F 10 EXEMPTION 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 2023 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 were formed for legal proceedings pending and threatened as of the balance sheet date (previous year: € 0.1 million). 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

In January 2024, Biotest opened the 11th plasma collection centre in Germany in Cologne. Biotest now operates 37 plasma centres in Europe.

In February 2024, Biotest announced that the Phase III trial with Fibrinogen Concentrate in acquired fibrinogen deficiency met its primary endpoint. This demonstrated that Fibrinogen Concentrate is non-inferior to standard care in reducing intraoperative blood loss in patients with acquired fibrinogen deficiency undergoing planned major spinal or abdominal surgery.

On 15 March 2024, a subordinated shareholder loan in the nominal amount of € 290 million provided to Biotest by Grifols Biotest Holdings GmbH, Frankfurt am Main, Germany, was extended until 2 January 2030.

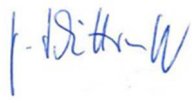
F 13 CORPORATE GOVERNANCE

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, 21 March 2024

Peter Janssen
Chairman of the
Board of Management

Ainhoa Mendizabal Zubiaga
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."

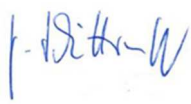
Dreieich, 21 March 2024

Biotest Aktiengesellschaft

The Board of Management

Peter Janssen
Chairman of the
Board of Management

Ainhoa Mendizabal Zubiaga
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 2023, 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 2023 and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have 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 2023.

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 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, 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 der 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 2023. 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 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 F 3 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 "Risk report" in Chapter D. "Outlook, risk and opportunities report" of the combined management report under political 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 2023, trade receivables in connection with business relationships in Iran amounted to EUR 11.5 million (PY: EUR 20.5 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 value adjustments as defined by IFRS 9.

Because of the length of the payment terms and the payment behaviour coupled with the existing foreign transfer restrictions, determining any necessary value adjustments 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 value adjustments 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.

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 2023 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 consolidated financial statements. As at the reporting date, specific and general allowances on trade receivables from business relationships with customers in Iran amounted to EUR 1.7 million (PY: EUR 1.0 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.

Recognition of revenue and conformity with customary market practice of the Technology Transfer and Licensing Agreement (TTLA) concluded with Grifols, S.A.

Please refer with regard to the accounting and measurement methods for the recognition of revenue to the disclosures in the notes to the consolidated financial statements in Note B 13. Please refer in addition to the disclosures in the notes to the consolidated financial statements in Note F 8 with regard to the conformity of the transaction with customary market practice.

THE FINANCIAL STATEMENT RISK

Under the date of 31 May 2023, the majority shareholder of Biotest Aktiengesellschaft, Grifols, S.A., Barcelona (Spain), concluded a Technology Disclose and Licensing Agreement (TTLA) with this company. The agreement includes various performance obligations. In addition to the disclosure to Grifols, S.A. by Biotest of six autonomously usable technologies for the new "Biotest Next Level" production plant, making available the development results for the new product developments, Yimmugo, Fibrinogen and Trimodulin, is foreseen. The transaction price for the performance components included in the agreement was negotiated on the basis of a valuation appraisal applying capital value oriented procedures and comprises fixed and variable payments.

Revenue from the disclosure of the technologies is recognised based on the point in time following the disclosure of the information to Grifols, S.A. The amount of recognised revenue per disclosed technology is thereby based on the share of the fixed consideration that has to be allocated to the respective individually definable technologies. Revenues from the performance of development work is recorded based on the period involved, as soon as the respective work has been performed. The development work is thereby billed with a profit mark-up on the expenditure incurred for each project.

Revenue of EUR 190.1 million from the TTLA is reported for the first time in the consolidated financial statements of Biotest Aktiengesellschaft as at 31 December 2023. This represents 27.8 % of the revenue for the financial year 2023. The effect on the earnings before interest and taxes (EBIT) from the TTLA amounts to EUR 158.2 million. This represents 110.2 % of the EBIT for the financial year 2023. The receivables from Grifols, S.A. in connection with the TTLA amounted as at 31 December 2023 to EUR 47.9 million. Payments of EUR 143.6 million were received in the financial year 2023. On account of its volume, the transaction therefore had an important influence on the assets, liabilities, financial position and financial performance of the Group.

The reflection of the agreement in the accounting and reporting is complex and requires the assessment of the Board of Management with regard to the extent to which the individual terms of the agreement justify performance obligations with relevance for the revenue as defined by IFRS 15. For this purpose, among other things the extent to which the disclosed technologies are autonomously usable by Grifols, S.A. at the reporting date or the research and development results trigger autonomous benefits for Grifols, S.A. has to be assessed. For the determination of the appropriate transaction price and the allocation of the fixed and variable consideration to the individual performance obligations, the Board of Management of Biotest Aktiengesellschaft makes further assumptions that are discretionary and are subject in terms of time and substance to uncertainties regarding the amounts estimated. The main assumptions include the selling price, the yield from the substances, the capital expenditure, the plasma allocation key and the probability of success, as well as the royalty rate and the capital costs. Furthermore, the transaction involves a significant transaction between related parties with an extraordinary volume. The declaration of the Board of Management on the conformity of the transaction with customary market practice in the notes to the consolidated financial statements is therefore similarly discretionary and of considerable importance for the minority shareholders.

The risk for the consolidated financial statements is that the individual performance obligations are not correctly identified and/or the consideration is not appropriately allocated to the individual performance obligations and/or that the recognition of revenue based on the period or the point in time is not carried out properly, so that revenue is recorded without performance or with an incorrect amount or in the wrong period. Furthermore, there is a risk that the disclosures in the notes to the consolidated financial statements on the conformity of the transaction with customary market practice are insufficient and are therefore not properly presented.

OUR AUDIT APPROACH

In order to audit the proper recognition of the revenue, we assessed the design and implementation of the controls implemented by Biotest with regard to the performance, amount and recording of the revenue in the appropriate period. On the basis of the findings resulting from this, we audited the effectiveness of the controls. We furthermore obtained an understanding of the Company's process for the authorisation and approval of significant transactions between related parties with an extraordinary volume and evaluated the design, implementation and effectiveness of the internal controls relating to guidelines for the approvals to be obtained from the Board of Management and the Supervisory Board.

On account of the significance, the complexity and the discretionary decision inherent in the transaction, we allocated a main focus of our audit to the conformity of the recognition of revenue with the provisions of IFRS 15. We inspected the contractual arrangements and other relevant documents, in order to evaluate whether a customer agreement as defined by IFRS 15 exists, whether the autonomously definable performance obligations were correctly identified and whether the elected recognition of revenue based on the period or the point in time properly reflects the transfer of the power of disposal.

Involving our valuation specialists, we assessed the conformity of the determined transaction price with customary market practice and its allocation to fixed and variable components. We evaluated the competence, capabilities and objectivity of the independent appraiser appointed by Biotest, whose expert opinion provided the basis for the negotiations on the agreement. To evaluate the appropriateness, we discussed with the Board of Management the main assumptions on the selling price, the yield from the substances, the capital expenditure, the plasma allocation key and the probability of success of the valuation appraisal and the consistency of the assumptions with externally available data. We compared the royalty rates agreed in the TTLA and used to value the variable components with reference amounts from relevant databases. We compared the assumptions and data supporting the capital costs, especially the risk-free interest rate, the market risk premium and the Beta factor, with our own assumptions and publicly available data. We assessed the valuation methods applied with

regard to their compliance with the valuation principles. To evaluate the arithmetical correctness, we checked selected calculations applying risk-oriented aspects.

In addition, we evaluated the appropriateness of the allocation of the fixed consideration to the individual performance obligations fulfilled at the reporting date. In addition, we satisfied ourselves with regard to the recording of revenue relating to a point in time in the financial year 2023 based on performance records of the transfer of the disclosed technology to the power of disposal by Grifols, S.A. and by comparing the underlying invoices with the contractual bases for the recognition of revenue in the correct period. We inspected the cash receipts for all revenue of the financial year 2023 from the TTLA satisfied over time.

Finally, we assessed whether the note disclosures on conformity of the transaction with customary market practice in the notes to the consolidated financial statements are complete and correct.

OUR OBSERVATIONS

The procedure for identification and measurement of the revenue in conjunction with the TTLA and the recording of the revenue based on this are appropriate. The assumptions supporting the identification and measurement of the revenue are appropriate. The presentation in the notes to the consolidated financial statements is complete and appropriate.

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 Consolidated 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, the Board of 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 der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this 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-2023-12-31-de.zip" (SHA256-hash value: 2ebc958dc7a580b8aa 316d4b83d303a93366453 36b4e819bc617f40b3ef9e56e) 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 2023 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 (09.2022)).

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 9 May 2023. We were engaged by the Chairperson of the Audit Committee on 27 November 2023. 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 (longform 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, 25 March 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

Bock	Walter
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

SUPERVISORY BOARD REPORT

In the 2023 financial year, the Supervisory Board, in its function as a supervisory body and guided by the principles of responsible and good corporate governance, performed the duties incumbent upon it in accordance with the law, the Articles of Association and the Rules of Procedure without restriction. It regularly and carefully monitored the Board of Management's management of the Company and advised it on all matters of importance to the Company. The Executive Board also informed the Supervisory Board outside of meetings at regular intervals, comprehensively and promptly through written and verbal reports on current issues and all matters of fundamental importance to the Company, including decisions that did not require the approval of the Supervisory Board. In particular, the Executive Board informed the Supervisory Board about key business figures. In particular, the Board of Management regularly informed the Supervisory Board about issues relating to planning, business development, strategic development, personnel and succession planning, the risk situation, risk management and compliance. Where the course of business deviated from the plan, the Board of Management explained these deviations and always involved the Supervisory Board in the coordination of strategy and the status of strategy implementation within the Company.

Where according to statutory law or the Articles of Association approval of the Supervisory Board was necessary for certain trans-actions, 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 members of the Supervisory Board also discussed current issues with the Board of Management outside of the meetings.

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 six meetings in the 2023 financial year, which were held as hybrid meetings, i.e. as face-to-face meetings with the option to participate in virtual form. Three further resolutions were passed by circular resolution. In connection with the fulfilment of their duties, the members of the Supervisory Board had sufficient opportunity, both in the committees and in plenary sessions, to critically and comprehensively examine the reports and proposed resolutions submitted by the Board of Management. They were able to contribute their own suggestions to discussions at any time.

MAIN FOCUS AT SUPERVISORY BOARD DELIBERATIONS

The Company's business activities and developments in connection with the Russian war of aggression in Ukraine were of central importance for the Supervisory Board's discussions in the 2023 financial year. The Supervisory Board's deliberations were characterised by discussions on the collaboration with Grifols, S.A., in particular, the conclusion of the Technology Transfer and Licence Agreement with Grifols, S.A. Further, the sale of five subsidiaries to the Grifols group and the execution of a master distribution agreement as well as the further development of the project Biotest Next Level (BNL).

On 8 February 2023, the Supervisory Board unanimously appointed Ms Ainhoa Mendizabal Zubiaga as a new member of the Board of Management by circular resolution.

On 10 March 2023, the Supervisory Board passed a unanimous resolution by circular resolution to approve the Corporate Governance Statement, the Remuneration Report and the Sustainability Report, in each case for the 2022 financial year.

In its meeting on 21 March 2023, the Supervisory Board approved the 2022 annual financial statements for Biotest AG and the 2022 consolidated financial statements. The Supervisory Board also approved the report of the Supervisory Board and the audited dependency report. At the proposal of the Audit Committee, the Supervisory Board took note of the EMIR report for the 2022 financial year. At the proposal of the Audit Committee, the Supervisory Board also resolved to propose KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as the auditor for the 2023 financial statements at the 2023 Annual General Meeting. At the proposal of the Audit Committee, the Supervisory Board unanimously resolved to select KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as the auditor for the sustainability report. The Supervisory Board unanimously passed a resolution to approve the agenda for the 2023 Annual General Meeting.

On 21 March 2023, the Supervisory Board also approved the Personnel and Compensation Committee's proposal on the achievement of the Executive Board members' performance targets for 2022 and approved the Executive Board members' performance targets for 2023. The Supervisory Board also unanimously approved the proposed 2023-2026 LTIP plan as proposed by the Personnel and Compensation Committee. The Supervisory Board also discussed the Group's current challenges and business development. The development of joint projects with Grifols S.A. was also reported on.

At the meeting of the Supervisory Board on 27 April 2023, the Board of Management presented measures for cooperation between Biotest AG and Grifols, S.A.. The Supervisory Board approved these. Another topic of discussion was the content of the planned Technology Transfer and Licence Agreement between Biotest AG and Grifols S.A. The Supervisory Board authorised the Board of Management to conclude and sign the Technology Transfer and Licence Agreement.

On 9 May 2023, discussed the status of the sales process of the five subsidiaries to the Grifols group. The Supervisory Board resolved that the tender for a new auditor for the 2024 financial year should begin in 2023. The Supervisory Board approved the appointment of a consultant to support Biotest AG in the tender and selection of a new auditor.

At the meeting on 19 July 2023, Mr Raimon Grifols Roura was elected as a new member of the Personnel and Compensation Committee and Mr David Bell as a new member of the Audit Committee. The Board of Management reported on the Group's current business performance and current challenges whereby the Technology Transfer and Licence Agreement with Grifols, S.A. and the current status of the sale process of the five subsidiaries was discussed. The Board of Management also reported on current development projects and their focus as well as the status of the implementation of SOX controls. The Supervisory Board supported the Board of Management's plan to lease a property on a long-term basis and negotiate a purchase option for the purpose of expanding material receiving, sampling and storage, intermediate product provision and spare parts storage.

On 31 August 2023, the Supervisory Board decided by circular resolution to extend the appointment and conclude the Board of Management contract of Dr Jörg Schüttrumpf from 1 September 2023 until 31 August 2028 and approved Dr Schüttrumpf's new role as 'Chief Scientific Innovation Officer' and Managing Director of Grifols Deutschland GmbH.

At the meeting of the Supervisory Board on 5 October 2023, the Board of Management reported comprehensively on the Group's business development, provided an overview of the development of the first year of sales of Yimmugo® as well as current development projects and their focus. The Supervisory Board accepted the proposal of the Personnel and Compensation Committee to appoint Mr Peter Janssen as 'Chief Executive Officer' from 1 January 2024 and to redistribute the responsibilities of the members of the Board of Management with a corresponding amendment to the Rules of Procedure of the Board of Management.

The Supervisory Board meeting on 29 November 2023 focused on a detailed report by the Board of Management on the Group's business development, with a particular focus on the status of the development programmes. The current status of the collaboration with Grifols S.A. was also reported on and current developments under the Technology Transfer and Licence Agreement were discussed. The Board of Management also presented the preliminary budget for 2024 and the internal audit plan for 2024.

COMMITTEES

The Supervisory Board formed committees in the reporting year in order to perform its duties efficiently. The two committees of the Supervisory Board are made up as follows:

Personnel and Compensation Committee

Dr. Bernhard Ehmer (Chairman)

David Bell (until 19 July 2023)

Raimon Grifols Roura (from 19 July 2023)

Jürgen Heilmann

Audit Committee

Uta Kemmerich-Keil (Chairwoman)

Tomás Daga Gelabert (until 22 April 2023)

David Bell (from 19 July 2023)

Dr. Bernhard Ehmer

Dirk Schuck

The Audit Committee met twice with the Board of Management in the 2023 financial year. Four resolutions were passed by circular resolution. 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 auditor outside of the meetings. The meetings and resolutions were prepared by reports and other information from the Board of Management. The heads of the relevant Group functions reported on individual items on the agenda and were available to answer questions. The committee chairperson informed the Supervisory Board promptly and comprehensively about the content and results of the committee meetings. At its meetings, the Audit Committee dealt with the Company's and the Group's accounting, including the financial reports during the year, and discussed these with the Board of Management. The auditor also took part in meetings on 21 March 2023. The Audit Committee deemed it necessary for the Board of Management to attend all meetings in the 2023 financial year.

On 6 June 2023, the Audit Committee approved the tender documents for the audit by circular resolution.

On 10 July 2023, the Audit Committee decided on minor adjustments to the timetable and the tender process regarding the weighting of the individual predefined criteria for the selection.

On 19 July 2023, the Audit Committee approved the evaluation of Deloitte GmbH's written offer and the participation of Deloitte GmbH in a meeting for a personal presentation.

On 4 August 2023, the Audit Committee resolved to propose Deloitte GmbH to the Supervisory Board as the auditor for the audit of the annual and consolidated financial statements of Biotest AG for the financial year ending 31 December 2024.

At the meeting on 5 October 2023, the Audit Committee met together with the Supervisory Board. At the meeting, the Audit Committee discussed an update of risk and compliance management. In the further course of the meeting, the auditor explained the updated audit plan for the 2023 audit and the results of the preliminary audit. The non-audit services for 2023/2024 were also presented.

The Personnel and Compensation Committee met three times in the reporting year. The meetings were held as hybrid meetings.

At the meeting on 21 March 2023, the Personnel and Compensation Committee dealt with the achievement of the targets for the Board of Management in 2022, new targets for the Board of Management for 2023 and the long-term incentive programme.

At the meeting on 19 July 2023, targets for the Board of Management and the future role of Dr Schüttrumpf were discussed.

On 5 October 2023, the Personnel and Compensation Committee dealt with the proposal to the Supervisory Board regarding the appointment of Mr Janssen as 'Chief Executive Officer'. It also discussed the new allocation of responsibilities for the members of the Board of Management and prepared a corresponding proposal for the Supervisory Board.

INDIVIDUAL ATTENDANCE AT MEETINGS

The meetings in the reporting year were held as face-to-face meetings with the option to participate in virtual form (hybrid meetings). The participation of the members of the Supervisory Board in the meetings of the Supervisory Board and the committees is disclosed below in individualised form. In each case, only the meetings that took place during the respective membership of the Supervisory Board or committee are disclosed.

Supervisory Board	Plenary-Meeting		Audit-Committee		Personnel and Compensation Commitee	
Dr. Bernhard Ehmer (Chairman)	6/6	100%	2/2	100%	3/3	100%
David Bell	6/6	100%	1/1	100%	1/1	100%
Uta Kemmerich-Keil	5/6	83%	2/2	100%	-	
Dirk Schuck	6/6	100%	2/2	100%	-	-
Jürgen Heilmann	4/6	67%	-	-	3/3	100%
Tomás Dagá Gelabert, until 22. April 2023	0/1	0%	0/1 1	0%	-	-
Raimon Grifols Roura from 9. May 2023	3/3	100%	-	-	2/2	100%-
Teilnehmerquote (total)		88%				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 21 March 2024, the Board of Management and the Supervisory Board of Biotest AG issued a Declaration of Compliance with the recommen-dations of the government commission on the German Corporate Governance Code in accordance with Section 161 of the Ger-man Stock Corporation Act.

CHANGES TO THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

In the financial year 2023, the following changes have taken place in the Board of Management and the Supervisory Board:

Dr Georg Floß left the Company as planned on 8 January 2023 following the expiry of his appointment to the Board of Management. Ms Ainhoa Mendizabal Zubiaga joined the Board of Management of Biotest AG on 15 February 2023. As Chief Financial Officer, Ms Mendizabal is responsible for finance, controlling, investor relations and insurance within the Biotest Group. On 31 December 2023, Dr Ramroth left the Board of Management and the Company as planned following the expiry of his appointment. Mr Peter Janssen 'Chief Executive Officer' since 1 January 2024.

The Supervisory Board would like to extend warm thanks to Dr Floß and Dr Ramroth in particular for their many years of commitment and trusting cooperation.

There were the following changes to the Supervisory Board in the current 2023 financial year. Mr Tomás Dagá Gelabert resigned from his office as member of the Supervisory Board on 22 April 2023. At the Annual General Meeting of Biotest AG on 9 May 2023, the shareholders elected Mr Raimon Grifols Roura as a new member of the Supervisory Board and Mr Javier Llunell Colera as his substitute member.

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 2023 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 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 2024 as well as at the meeting of the Supervisory Board on 21 March 2024. 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. On 25 March 2024, after provision of the unqualified opinion on 25 March 2024, the Supervisory Board adopted the single entity and consolidated financial statements as prepared by the Board of Management for the financial year 2023. 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 2023 would not have been possible.

Dreieich, 25 March 2024

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 defence 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-haemophilic globulin A is an essential element of blood clotting. A lack results in haemophilia 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 defences and immune regulation that enables the body to fight disease pathogens.

INDICATION

The area of therapeutic use for which a substance or medication can be developed and authorised.

INTENSIVE CARE MEDICINE

Medical specialty that deals with the diagnosis and treatment of life-threatening conditions.

INTRAVENOUS (I.V.)

Administration of a medication through an injection into a vein.

K

KAWASAKI SYNDROME

Kawasaki syndrome is an acute, febrile, systemic illness characterised by inflammation of the small and medium-sized arteries. In addition, systemic inflammation is present in many organs.

L

LIVER TRANSPLANTATION

A liver transplant is the surgical transplantation of a liver or parts of a liver into a patient with liver disease.

M

MONOCLONAL ANTIBODIES (mAb)

Antibodies whose production can be traced back to a single cell of origin and that specifically recognise and bind only one particular antigen.

P

PAUL-EHRLICH-INSTITUT (PEI)

German Federal Institute for Vaccines and Biomedicines. The PEI examines and evaluates benefits and risks of biomedical drugs and is responsible, among other things, for the approval of clinical trials, the authorisation of vaccines and preparations derived from human plasma and for the release for sale of production batches.

PHARMACOKINETICS

The sum of all processes that a medication undergoes in the body, from its absorption into the bloodstream to its distribution in the body, biochemical conversion and breakdown, and elimination of the substance (release, absorption into the bloodstream, distribution in the organism, metabolisation, elimination).

PHARMACOVIGILANCE

Systematic monitoring of a drug's safety to identify undesirable effects and take appropriate risk minimisation measures.

PHASE I/III

A pivotal, adaptive clinical trial that initially investigates both pharmacokinetics and safety (Phase I) and subsequently 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.

VERUM

A verum is a drug sample (tablet, infusion solution, etc.) administered as part of a clinical trial that contains pharmacologically active substances, in contrast to a placebo without active ingredients.

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 taxes, financial result and result from joint ventures (operating result).

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

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