Biotest

From Nature for Life

HALF-YEAR REPORT 2020 BIOTEST AG

KEY FIGURES

BIOTEST GROUP		H1 2020	H1 2019	Change in %
Revenues	€ million	**234.8**	195.1	20.3
thereof:				
Germany	€ million	**57.8**	55.3	4.5
Rest of World	€ million	**177.0**	139.8	26.6
thereof:				
Therapy	€ million	**207.4**	176.1	17.8
Plasma & Services	€ million	**24.9**	15.3	62.7
Other Segments	€ million	**2.5**	3.7	–32.4
EBITDA	€ million	**14.9**	8.9	67.4
Depreciation and amortisation	€ million	**14.2**	14.4	–1.4
Operating profit (EBIT)	€ million	**0.7**	–5.5	>100
EBIT in % of revenues	*%*	***0.3***	*–2.8*	–
Earnings before taxes from continuing operations	€ million	**–15.6**	2.5	>-100
Earnings after taxes from continuing operations	€ million	**–16.7**	2.0	>-100
Earnings after taxes from discontinued operations	€ million	**–**	–	-
Earnings after taxes (total)	€ million	**–16.7**	2.0	>-100
Earnings per share	€	**-0,43**	0.04	>-100
Financing				
Cash flow from operating activities of continuing operations	€ million	**–24.0**	–8.2	>-100
		30 June 2020	31 December 2019	
Equity	€ million	**459.3**	477.0	–3.7
Equity ratio	*%*	***40.1***	*43.0*	–
Balance sheet total	€ million	**1,145.2**	1,108.4	3.3
Employees in FTEs	number	**1,871**	1,837	1.9

CONTENTS

DR. MICHAEL RAMROTH
CEO / CFO

DR. GEORG FLOß
COO

Dear Shareholders,

The first half of 2020 was dominated by the extremely challenging conditions of the COVID-19 pandemic. The global spread of this disease is currently causing many people to worry about their own health or the health of their families and friends. This is particularly true for those who are already fighting other serious diseases, including many patients who are treated with Biotest drugs. The most important thing first of all: Biotest's preparations are safe.

Inactivation and elimination of the virus are both integrated into our production process on a standard basis and guarantee a strong protective and defence mechanism. In the last process step, nanofiltration, the plasma protein solution intended for drug production, passes through a filter whose pores are only 20 nanometres in diameter. The coronavirus is more than 120 nanometres in diameter and is thus six times wider than the opening of the filter. It cannot pass through this filter and is separated from the protein solution that is further processed into one of our preparations.

Biotest launched research and development initiatives to actively combat COVID-19 in the first half of 2020. Among other topics, our company is working on a new hyperimmunoglobulin drug against COVID-19 in an industry-wide cooperation with other pharmaceutical companies. Furthermore, the development project on Trimodulin that is already underway is gaining in importance. Biotest sees considerable potential for Trimodulin for patients with severe pneumonia after contracting the COVID-19 infection due to the great similarity of the COVID-19 disease pattern to that of the patients treated in the CIGMA study. For this reason, the phase III study planned for Trimodulin in artificially ventilated patients with severe pneumonia is to be extended to include COVID-19 patients. At the same time, a much faster phase II study on COVID-19 patients is being started in order to significantly accelerate development in view of the current COVID-19 pandemic.

We have further tightened our already strict safety precautions for work processes inside the company in order to protect our employees from being infected with COVID-19 and to ensure the safe continuation of production. Similarly, this year's Annual General Meeting was held as a virtual meeting in May to protect all those involved. Two new Supervisory Board members, Ms Fischer and Mr Gao, were elected and the distribution of a dividend of € 0.04 per preferred share was approved.

Besides the projects on combatting COVID-19 just mentioned, Biotest also made encouraging progress with other research and development projects in the first half of 2020. The clinical phase I/III trial of the fibrinogen concentrate for the treatment of patients with congenital fibrinogen deficiency was successfully completed. Initial results confirm the

high expectations regarding efficacy and the safety of the preparation.

Our preparation Zutectra that has already been approved has also received positive confirmation. Zutectra is the only preparation worldwide for the prevention of hepatitis B re-infections after liver transplantation that can be administered subcutaneously. It is therefore very easy to administer and can be done by the patient at home and without any support from medically trained personnel. A patient study published in the journal "Health and Quality of Life Outcomes" has now shown that subcutaneous administration is preferred over intramuscular and intravenous forms of administration. Among other findings, patients showed a significant improvement in terms of side effects, pain, their ability to function physically, as well as physical and emotional impairments. Against the backdrop of the COVID-19 pandemic, the fact that patients do not need to visit clinics when taking Zutectra is particularly important as it minimises contact and limits their risk of infection.

As far as the strengthening of our international market presence is concerned, Biotest, together with our distribution partner Anhui Tonrol Pharmaceutical Co. Ltd. was able to celebrate an important success in June 2020 by launching the product "Human Albumin Injection" on the Chinese market. This was the first time Biotest had generated sales in China in the company's history.

For the first half of the year, Biotest's total sales of € 234.8 million were approximately 20.3% above the figure for the same period of the previous year. EBIT improved by € 6.2 million compared to the same period of the previous year and amounted to € 0.7 million for the first six months of financial year 2020. Sales and EBIT in the first half of the year developed in line with our expectations so that we confirm the forecast for the current financial year set out in the 2019 Annual Report.

Finally, we would like to report on the progress made in the Biotest Next Level project. The second acceptance inspection by the authorities took place in June. It focused on the validation of the production facilities for IgG Next Generation and the in-process laboratories. This inspection was very successful as there were only two minor "observations." For this reason, we expect the project to continue to progress according to plan, with the inspection of the production of the consistency batches to accompany production in early 2021

Considering the progress that has been made with the Biotest Next Level project, the scheduled progress of our clinical development projects, the measures taken to contain COVID-19 and the fact that we were able to enter the market in China, we look to the future with optimism. We would be pleased if you would continue to accompany the development of the Biotest Group and thank you for your trust!

Kind regards,

Dr. Michael Ramroth
Chairman of the
Board of Management

Dr. Georg Floß
Member of the
Board of Management

INTERIM MANAGEMENT REPORT FOR THE BIOTEST GROUP AS OF 30 JUNE 2020

A. GROUP PRINCIPLES

I. BUSINESS MODEL OF THE GROUP

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

The Biotest Group is engaged in research and development in all three therapeutic areas. Biotest covers all material steps of the value chain, from pre-clinical and clinical development to global distribution.

A. SEGMENTS OF THE BIOTEST GROUP

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

B. HUMAN RESOURCES

As of 30 June 2020, Biotest employed 1,871 persons expressed as full-time equivalents (FTEs). This represents an increase of 1.9 % compared to 1,837 full-time equivalents at the end of 2019. The increase is mainly due to the expansion of the Biotest Next Level team.

II. GROUP STRATEGY

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

In order to continue participating in future global market growth, the Biotest Group has been expanding its production capacity at its headquarters in Dreieich since 2013. Under the Biotest Next Level project, the product portfolio will be expanded and production capacity doubled. In the future, five instead of three product classes will be obtained from the raw material of plasma while simultaneously increasing yield; this will further strengthen profitability and hence the competitiveness of the Company on global markets and thus lay the foundation for the further profitable growth of the Group.

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

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

III. RESEARCH AND DEVELOPMENT (GENERAL)

Within the corporate strategy, the research and development area, among others, is the basis of the future growth of the Biotest Group. Substantial potential is offered by the ongoing development of existing products and the development of new products. The focus in research and development projects is on plasma proteins. In addition to its blood plasma products,

Biotest is developing an early-stage new haemophilia preparation.

A description of the progress made in the research and development projects in the first half of 2020 can be found in the "Research and Development" section of the Economic Report.

In the first half of 2020, the Biotest Group's research and development costs amounted to € 27.8 million (previous year: € 27.6 million) and are mainly attributable to plasma proteins. These expenses amounted to 11.8 % of sales after 14.1 % in the same period of the previous year. The number of employees (converted into FTEs) in research and development was 209 FTEs as of 30 June 2020, slightly up from 31 December 2019 (204 FTEs).

B. ECONOMIC REPORT

I. BUSINESS AND GENERAL FRAMEWORK

According to the Kiel Institute for the World Economy (IfW), global economic activity declined drastically in the first months of 2020 as a result of the global corona crisis.[1] At the global level, the gross domestic product (GDP) slumped by 3.5 % in the first quarter and by 2.0 % in the advanced economies.[2]

For the year as a whole, the IfW forecasts a 3.8 % decline in the global gross domestic product in 2020 to be followed by growth of 6.2 % in the coming year 2021. For the advanced economies, the IfW expects GDP growth of 1.8 % in 2019 to be followed by a 6.1 % decline in 2020. Economic activity is expected to recover in 2021 and result in GDP growth of 5.1 %.[3] Nevertheless, the forecasts are subject to reservations, as the extent and duration of the economic slump remain highly unclear.[4] The IfW sees a significant risk in the possibility of a second wave of the pandemic.[5] Negative financial repercussions (e.g. a wave of insolvencies; doubts about the solvency of individual countries) and possibly yet another increase in trade policy tensions are considered to be further risks.[6]

Against the backdrop of the COVID-19 pandemic, seasonally and calendar-adjusted economic output in Germany declined by 2.2 % in the first quarter of 2020 compared to the previous quarter. The IfW expects an even more severe economic slump with a decline of 12.0 % in the gross domestic product for the second quarter, due to the shutdown measures that peaked in April.[7] The researchers emphasize, however, that economic sentiment and activity indicators are pointing upwards again after the low point in April, indicating a temporary end to the economic trough.[8]

For the year as a whole, the IfW expects the German gross domestic product to plummet by 6.8 % in 2020 according to the summer forecast from June 2020, followed by a strong recovery in 2021 with GDP growth of 6.3 %.[9]

The IfW also anticipates a sharp drop in the gross domestic product internationally in 2020, however this is expected to immediately be followed by a strong recovery in 2021 in all areas. While a less drastic slump is forecast for the United States (2019: 2.3 %, 2020: -5.8 %, 2021: 4.2 %)[10] and Asia (2019: 5.5 %, 2020: -1.4 %, 2021: 8.3 %)[11], the researchers at the IfW expect a considerably more drastic drop in the GDP for the euro region due to the current crisis (2019: 1.3 %, 2020: -8.6 %, 2021: 6.6 %), the United Kingdom (2019: 1.4 %, 2020: -9.1 %, 2021: 7.8 %)[12] and Latin America (2019: 0.6 %, 2020: -7.2 %, 2021: 4.1 %)[13], a region that has already been experiencing weak growth.

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

II. INDUSTRY-SPECIFIC FRAMEWORK

Immunoglobulins and albumin, the Biotest Group's best-selling products, are enjoying stable growth. This applies to established markets such as the USA and Europe as well as to other regions of the world. As a long-term target corridor, industry experts expect the global demand for immunoglobulins (IgG), for example, to increase by 7 to 8 % annually.[14] In order to meet this growth in demand, more blood plasma is being collected. For example, the volume of plasma collected in the USA in financial year 2019 rose by

[1] Kiel Institute for the World Economy (2020), Economic Reports from Kiel, The World Economy in Summer 2020, p. 2.
[2] Ibid. p. 2, p. 4.
[3] Ibid. p. 10.
[4] Ibid. p. 15.
[5] Ibid.
[6] Ibid.
[7] Kiel Institute for the World Economy (2020), Economic Reports from Kiel, The German Economy in Summer 2020. p. 37.
[8] Ibid. p. 3.
[9] Ibid. p. 38.
[10] Kiel Institute for the World Economy (2020), Economic Reports from Kiel, The World Economy in Summer 2020, p. 28.
[11] Ibid. p. 30.
[12] Ibid. p. 28.
[13] Ibid. p. 30.
[14] Biotest Market and Pricing Insights based on MRB (2018, 2019), Plasma Protein Therapeutics Association (PPTA) (2019), Markets and Markets (2019), Allied Market Research (2018).

around 9 % compared to the previous year.[15] With the increasing plasma collection volume, the industry is also preparing for the additional fractionation capacities that are currently being installed worldwide. The Biotest Group will participate in this growth trend by doubling its capacity.

EU prices for intravenous immunoglobulins (IVIG) are still well below the price level in the United States.[16] The market volume for immunoglobulins in the USA increased in 2019 compared to the previous year with growth rates in the lower double-digit percentage range.[17] In Europe, on the other hand, the market volume in the same period developed more slowly than in the USA.[18] The German market also developed positively last year in terms of sales volume – both for general practitioners and for clinics.[19] The average price in German clinics showed a positive development in the course of 2019.[20]

The long-term growth of the global albumin market is estimated to continue at an annual rate of around 6 %.[21]

The recombinant sector is significantly shaped by the introduction of half-life extended Factor VIII preparations, which intensify competition and thus significantly increase price pressure in the overall market. The introduction of new alternatives to Factor VIII therapy, known as non-replacement therapies, is slowing the growth of the Factor VIII market, particularly in the US, Europe and other developed markets. Growth in the low to mid-single-digit percentage range is still expected to continue, primarily due to the increasingly established Factor VIII therapies in emerging markets.[22] Haemophilia patients currently do not have access to coagulation factor therapy in many of these countries. While Europe, North and South America account only for approximately 24 % of the world population, they are responsible for approximately 80 % of the global Factor VIII market volume. The US market plays a special role in this respect.[23] The expected market launch of gene therapies for the treatment of haemophilia A will put further pressure on the developed Factor VIII markets and further increase the importance of markets outside the US and Europe.

Slight decrease of -5 to 1 % p. a. is predicted for the world market for plasmatic Factor VIII preparations by the year 2024.[24]

During the COVID-19 pandemic, in many countries planned surgeries were either postponed or stopped altogether. This also affected transplant activity during the peak of the pandemic in the respective countries. While some countries, such as Germany, were able to maintain a stable level in the first months of 2020 compared to the previous year[25], activities in other countries, such as Spain and the UK, were reduced to a much lower level. It is expected that with the relaxation of protective measures, transplantation numbers will return to pre-COVID-19 levels in the coming year.[26]

III. BUSINESS PERFORMANCE

A. AT A GLANCE

In the first half of financial year 2020, the Biotest Group recorded revenue of € 234.8 million (same period of the previous year: € 195.1 million). On a half-year basis, sales are € 39.7 million or 20.3 % above the figure for the same period last year.

EBIT at Group level amounted to € 0.7 million in the first six months of financial year 2020 (same period of the previous year: € –5.5 million).

In order to expand the product range and increase capacity, Biotest started planning and implementing the Biotest Next Level project in 2013. In financial year 2020, further progress was made with this project. The validation of the clean rooms and media systems and their approval by the Darmstadt Regional Council in November 2019 was followed by the second approval by the Darmstadt Regional Council in mid-June 2020. Here, the validation of the process equipment and the in-process control laboratories was approved.

Despite a few bottlenecks in terms of personnel and materials due to the corona crisis, commissioning is progressing and in two further acceptance inspections by the Regional Council in the fourth quarter of 2020 and the first quarter of 2021, the manufacturing license in accordance with §13 of the German Medicines Act (AMG) is to be obtained.

The situation regarding the spread of the novel coronavirus / COVID-19

During the first quarter of 2020, the effects of the novel coronavirus, which first appeared in Asia at the turn of 2019/2020, developed into a pandemic with global implications. In order to contain the spread of the virus, governments around the world took measures during the first quarter, including a restriction of personal contacts. In the course of the second quarter, the first cautious easing of these measures became

[15] PPTA (2019).
[16] CMS.gov, IQVIA (Jan 2020).
[17] PPTA (2019), Credit Suisse (May 2018, Sep 2018, Jan 2019, Dec 2019).
[18] Insight Health (Jan 2020), IQVIA (Jan 2020), PPTA (2020).
[19] Insight Health (Jan 2020), IQVIA (Jan 2020).
[20] IQVIA (Jan 2020).
[21] Biotest Market and Pricing Insights based on MRB (2017), Markets and Markets (2019).
[22] Biotest Market and Pricing Insights based on MRB (2019).
[23] Report on the Annual Global Survey 2018, World Federation of Hemophilia (2019)
[24] Biotest Market and Pricing Insights based on MRB (2019).
[25] Eurotransplant database, accessed 23.06.2020.
[26] Organización Nacional De Transplantes Website accessed 23.06.2020; NHS, www.organdonation.nhs.uk, accessed 12.06.2020.

possible, although it is not yet possible to return to the normal business routines before the outbreak of the pandemic. The core markets of the Biotest Group were also affected by those measures and still are at the time this half-year report is being prepared. As a result of the measures adopted by governments, there are signs of a significant cooling of economic activity worldwide and a recession in the current year 2020. In forecasts from June 2020, the Kiel Institute for the World Economy expects global gross domestic product to decline by 3.8 %[27] and German gross domestic product by 6.8 %[28] in the current year.

The safety of Biotest preparations and the patients treated with them is always ensured. Biotest does not collect blood plasma from persons who have contracted acute coronavirus infections. If an infection exists but is not detected at the time that blood is donated, the virus would be eliminated in the four independent virus elimination steps that are standard features of Biotest's production process.

With the increasing spread of the novel coronavirus in Europe in the first half of 2020, Biotest took precautions to protect the health of the Biotest Group's employees, by making greater use of opportunities to work from home, for example. In areas such as production and the plasma collection centres, a high level of precautions exist to ensure the safety of plasma donors, Biotest employees and subsequent users of the preparations. These precautions have been extended to include measures relating to hygiene and maintaining social distance during the processes. It can be seen that the Biotest hygiene concept is very effective. Biotest itself produces a hand disinfectant in order to be independent of the market availability of other hand disinfectants. Authorities confirmed that Biotest is a company with systemic relevance. Therefore, children of Biotest employees can be placed in emergency care, thus preventing a staff shortage in critical processes. The Biotest Group has thus already taken effective measures to ensure business continuity.

Early in 2020, business in Asia was impacted by the measures taken to contain the COVID-19 pandemic, including travel restrictions and limited availability of current and potential customers. The situation in Asia had a negative impact on the Biotest Group's revenue development in the region in the first half of 2020. In Europe postponed surgeries and transplantations as well as the reduced numbers of outpatient treatments in hospitals led to lower demand of immunoglobulins and hyper-immunoglobulins.

Appeals or government orders to restrict personal contact and measures to maintain reasonable distances between individuals has limited people's willingness to donate plasma and led to a reduction of the capacity of plasma collection centres. In March and April 2020, compared to the respective periods of the previous year, there was a significant decrease in the collection volume of the Biotest plasma centres. To some extent, the Biotest Group is able to compensate for the expected shortfall in plasma from the blood plasma stockpiled on the reporting date of 30 June 2020. For the remaining months of the current year, the planned production volume of end products can only be adequately supported by plasma if plasma collection volumes reach the former levels again. If that is not the case due to the uncertainties regarding the further course of the COVID-19 pandemic, a significant reduction of the supply of the raw material blood plasma may result in a lower availability of finished products at the end of the current financial year or thereafter.

Please refer to the Research and Development section for more information on research activities regarding therapeutic approaches for COVID-19 patients.

Personnel changes in the Supervisory Board

On 4 January 2020, Ms Christine Kreidl, member of the Supervisory Board of Biotest AG, resigned from the Supervisory Board at her own request. On 12 February 2020, Ms Simone Fischer was appointed a new member of the Supervisory Board of Biotest AG and confirmed in office by the Annual General Meeting on 8 May 2020. Mr Xiaoying (David) Gao was also newly elected to the Supervisory Board of Biotest AG by the Annual General Meeting. Dr Cathrin Schleussner resigned from her office as a member of the Supervisory Board at the end of the Annual General Meeting 2020.

Changes in the scope of consolidation

In the first quarter of 2020, Biotest Real Estate Corporation, Wilmington (Delaware), USA, was deconsolidated from the consolidated financial statements of Biotest AG. The reason was the liquidation of the company.

The company held a plot of land in the US that was sold in 2019. The positive deconsolidation result of Biotest Real Estate Corporation is mainly the result of currency differences from currency translation accumulated in equity, which is shown in the Consolidated Statement of Income in the amount of € 0.4 million.

B. RESEARCH AND DEVELOPMENT

Compared to the same period of the previous year, the costs of research and development increased slightly by 0.7 % to

[27] Kiel Institute for the World Economy (2020), Economic Reports from Kiel, The World Economy in Summer 2020. p. 10.

[28] Kiel Institute for the World Economy (2020), Economic Reports from Kiel, The German Economy in Summer 2020. p. 3.

€ 27.8 million in the first six months of financial year 2020 (same period of the previous year: € 27.6 million). A complete list of all research and development projects is included in the 2019 Annual Report (page 16). Biotest was able to make further progress with the following research and development projects in the period from January to June 2020:

RESEARCH & DEVELOPMENT PROGRESS
IN THE FIRST SIX MONTHS OF 2020

Therapeutic area Haematology	
Fibrinogen	Clinical phase I/III study (study no. 984; congenital fibrinogen deficiency) completed; data analysis is currently underway; initial results confirm the high expectations regarding efficacy and safety Phase III clinical trial (trial no. 995 in acquired fibrinogen deficiency): Recruitment ongoing
Therapeutic area Clinical Immunology	
IgG Next Generation	Phase III study in PID (primary immunodeficiency): Treatment of adults and children completed. The evaluation of the study has begun. Phase III study in ITP (immunthrombocytopenia): treatment of adults and children has been completed. The data shows the expected good efficacy and a good safety profile of the product.
Therapeutic area Intensive Care Medicine	
Trimodulin	Coordination with the U.S. Food and Drug Administration (FDA), EMA and Paul-Ehrlich-Institut has taken place. The phase III study and paediatric development plan are in preparation. A clinical phase II study for the treatment of patients with severe COVID-19 pneumonia is planned.

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

In this extremely difficult situation, Biotest would like to provide any support possible in order to contribute to solving the corona crisis.

Due to the great similarity of the clinical picture to the patients treated in the CIGMA study, Biotest sees Trimodulin as having considerable potential also for patients with severe pneumonia after a COVID-19 infection. The CIGMA study was a large-scale phase II study in artificially ventilated patients with severe pneumonia (severe Community Acquired Pneumonia = sCAP). This group of diseases also includes pneumonia caused by the current coronavirus in critically ill patients. Trimodulin is administered as an adjunct to standard therapy such as antiviral or antibiotic therapy, and intensive care. In the CIGMA study, a relative reduction in mortality of 50-70 % was observed in a subgroup of patients with high inflammation markers or reduced immune function. The same changes also occur in COVID-19 patients with a severe course of the disease. That is why Biotest is now expanding its planned phase III study in sCAP to include COVID-19 patients. At the same time, an accelerated phase II study with COVID-19 patients is planned to be started in order to drastically accelerate development in response to the current COVID-19 pandemic. Plans for accelerated development have been prepared and discussed with regulatory authorities in Europe and the US.

In addition, Biotest is also working on a new medication against COVID-19 derived from hyperimmune plasma. A test for antibodies against the virus will be carried out on plasma donations from donors who have previously recovered from COVID-19. The donations with the most antibodies will be processed in a production pool to produce a new hyperimmunoglobulin against COVID-19. This medication could then be used therapeutically against COVID-19. In this context, Biotest has entered into an industry-wide cooperation within the COVID-19 Plasma Alliance with the companies Bio Products Laboratory, CSL, LFB, Octapharma and Takeda, among others. The alliance is developing a non-company specific trademarked polyclonal hyperimmunoglobulin medication against SARS-CoV-2.

The direct use of "convalescent" plasma as a therapeutic agent represents an even more short-term approach that is currently being promoted in many countries, including Germany. The short-term availability of this direct therapeutic use of plasma is probably offset by a lower effectiveness and increased side effects compared to a hyperimmunoglobulin. In Hungary, the Ministry of Health launched a "Scientific Consortium" to introduce the collection and clinical use of plasma from cured coronavirus patients. The Ministry of Health has asked Biotest AG's Hungarian plasma collection company, Plazmaszolgálat Kft., to collect COVID-19 hyperimmune plasma exclusively for this purpose. Both healed COVID-19 patients and normal donors visit one of our plasma centres in Budapest. The plasma they donate is then processed by the Hungarian blood transfusion service.

C. MARKETING AND DISTRIBUTION

The first half of 2020 was characterized by COVID-19 worldwide impact. The lock down in many countries had an impact on logistic, led to the reduction of hospitals outpatient visits as well as to the decrease of surgeries and transplant procedures. Despite this scenario, Biotest turnover in the therapy segment was first time above € 200 million with a double digit growth rate compared to 2019.

This result is effect of the growth in all regions and all major countries thanks to the positive sales performance of the main products (IVIG, Albumin and FVIII).

General demand for Biotest's hyperimmunoglobulins, particularly Cytotect CP, has increased, both in Europe (e.g. in Austria, Switzerland, Croatia) as well as on an international level (e.g. in Saudi Arabia, Russia, Kazakhstan). Despite the SARS-CoV-2 pandemic and its negative impact on transplant procedures, strong sales were also seen e.g. in Taiwan and Spain. In

addition, Cytotect CP gained marketing authorizations in Poland and in the UK. For the latter region, the list price has already been approved by the local authorities and reimbursement negotiations are expected to be finalized soon.

In June 2020, Biotest recorded the first revenues in its company history in China with human albumin. This marked the market entry into the world's largest market for human albumin, at more than 450 tons per year, not only in terms of volume, but also in terms of value, with a market size of around € 2.5 billion. Biotest AG markets its product "Human Albumin Injection" there together with its distribution partner Anhui Tonrol Pharmaceutical Co Ltd.

A study carried out in Italian liver transplant centers and published in the journal "Health and Quality of Life Outcomes" also showed that the Biotest preparation Zutectra® enables users to enjoy an improved quality of life compared to other forms of administration. Zutectra® is the world's only hepatitis B immunoglobulin preparation for independent administration at home. With Zutectra® a significant improvement was achieved in terms of side effects, pain, physical and emotional impairment and social interaction possibilities, among other things. The product also offers a practical home therapy option in times of the COVID 19 pandemic for high-risk patients following liver transplantation for hepatitis B.

While all congresses since February 2020 have been cancelled or postponed due to the corona crisis, Biotest's marketing and sales activities are strongly focused on digital channels and alternative ways of interacting with customers. Here the focus on Biotest's special portfolio will be continued.

Due to the COVID-19 situation, some countries have made an access at the borders more difficult, so that delivery may be delayed due to unavailable means of transportation.

MARKETING & DISTRIBUTION PROGRESS
IN THE FIRST SIX MONTHS OF 2020

Therapeutic area Clinical Immunology	
Intratect®	Global demand for immunoglobulins remains high with stable global prices Tender with substantial sales volumes awarded in Algeria.
Cytotect® CP	In January, Cytotect CP was approved in the UK and in Poland. For the UK, the list price has already been confirmed by the local authorities. Reimbursement negotiations are in their final phase, not only in the UK, but also in Spain, where Cytotect CP received its marketing authorization end of last year.
Hepatect	Biotest won a 1-year tender (2020-2021) in Saudi Arabia with a volume of 2.3 Mio USD.
Zutectra®	Improved quality of life with Zutectra® compared to other application forms was shown in a recently published multicentre observational study. Zutectra® demonstrated significant improvement in pain reduction and increased patient convenience. Zutectra, the worldwide only HBIG for subcutaneous use after liver transplantation, has increasingly been used in many European countries hit by the COVID-19 pandemic due to the convenient option of home administration of Zutectra. This is also true for Croatia where Zutectra was launched just recently in 2019.
Fovepta	Biotest won a contract for a 2-year tender in Saudi Arabia.
Therapeutic area Haematology	
Haemoctin®	First sales of Haemoctin® in Kenia. Preparation of the launch of Haemoctin® 500 and 1000 with reduced volume in different countries in Europe and Africa (including Italy and Algeria). Introduction of Haemoctin 1000 IU in Iran Initiation of further lifecycle activities for Haemoctin in Germany and Switzerland. Closing of rebate contracts with several German Health insurance funds Start of new online medical education concept in Haemophilia.
Therapeutical area Intensive Care Medicine	
Albumin®	First Albumin (Human Albumin Injection) sales to China, with 450t the world biggest Human Albumin market (>40% of the world)
Pentaglobin®	Pentaglobin® continues its strong sales performance in the first half of 2020, with double-digit growth compared to the same period in 2019. This strong growth is driven by use in COVID-19 patients.

IV. PRESENTATION OF RESULT OF OPERATIONS, FINANCIAL POSITION AND CASH FLOW

A. RESULTS OF OPERATIONS

In the first half of 2020, the Biotest Group generated revenue of € 234.8 million compared to € 195.1 million in the same period of the previous year. The revenue growth of 20.3 % is mainly due to increased revenue in the Therapy segment and in the Plasma & Services segment. The 17.8 % (€ 31.3 million) growth in revenue in the Therapy segment is the result of both increased sales volumes and higher selling prices for important products such as Intratect® and human albumin. The revenue growth in the Plasma & Services segment of 62.7 %

(€ 9.6 million) was due to significantly higher toll manufacturing.

SALES BY SEGMENT

in € million	H1 2020	H1 2019	Change in %
Therapy	207.4	176.1	17.8
Plasma & Services	24.9	15.3	62.7
Other Segments	2.5	3.7	–32.4
Biotest Group	**234.8**	**195.1**	**20.3**

In addition to the breakdown by segments, sales are also reported by a geographical breakdown.

Biotest achieved significant growth in revenue in three of four regions in the first half of 2020, while revenue in the Intercontinental region declined slightly. The Central Europe region contributed the largest share of revenue with sales of € 81.3 million.

SALES BY REGION

in € million	H1 2020	H1 2019	Change in %
Central Europe	81.3	76.1	6.8
Eastern and Southern Europe	58.3	32.4	79.9
Intercontinental	41.3	41.8	-1.2
Middle East, Africa and France	53.9	44.8	20.3
Biotest Group	**234.8**	**195.1**	**20.3**

In the first half of 2020 the cost of sales of € 168.7 million were 20.3 % higher than in the same period of the previous year (€ 140.2 million). The increase of € 28.5 million resulted in particular from the growth in revenue and the increased ramp-up phase costs of the Biotest Next Level project.

Marketing and distribution costs amounted to € 23.8 million for the first six months of 2020, up € 0.2 million or 0.8 % on the previous-year figure of € 23.6 million. The main reason for the disproportionately low development of expenses compared to the development of revenue was lower marketing costs. This decline is due to the absence of congresses and lower travel expenses as a result of the COVID 19 pandemic.

The Biotest Group's administrative expenses for the first half of 2020 amounted to € 16.5 million and were thus above the previous year's level (previous year: € 15.4 million).

Research and development costs of € 27.8 million were incurred in the first six months of the current 2020 financial year, which were thus at the same level as in the same period of the previous year (€ 27.6 million). They are related to the production of clinical trial material for the development projects IgG Next Generation and Trimodulin®.

EBIT amounted to € 0.7 million in the first half of 2020 (same period of the previous year: € -5.5 million). This includes expenses of € 40.3 million for the Biotest Next Level project (same period of the previous year: € 34.5 million). The significantly stronger EBIT compared to the previous year in the Therapy segment is primarily the result of increased revenue. In particular, revenue in Biotest's new Chinese market made a positive contribution to EBIT development. In the same period of the previous year, the adjustments made to financial assets measured at amortized cost were € 2.4 million higher.

The EBIT margin for the first six months of the current financial year was 0.3 %, compared to -2.8 % for the same period of the previous year.

In the first half of 2020, the EBIT of the existing product business without the expenses for Biotest Next Level (€ 40.3 million) and for monoclonal antibodies (€ 0.1 million) was € 41.1 million, compared to € 29.9 million in the previous year. Income from insurance compensation amounting to € 9.5 million strengthened EBIT in the previous year.

The adjusted EBIT margin for the first six months of the current financial year was 17.5 %, compared to 15.3 % for the same period of the previous year.

ADJUSTED EBIT**

in € million	H1 2020	H1 2019	Change in %
EBIT	0.7	–5.5	>100
Expenses for Biotest clonal Level**	40.3	34.5	16.8
Expenses for monoclonal antibodies	0.1	0.9	-88.9
ADJUSTED EBIT	**41.1**	**29.9**	**37.5**

** The research and development costs for products that can be produced only at the new facility were added to the costs for Biotest Next Level

KEY INCOME STATEMENT ITEMS OF THE BIOTST GROUP*

in € million	H1 2020	% of sales	H1 2019	% of sales
Cost of sales	–168.7	71.9	–140.2	71.9
Marketing and distribution costs	–23.8	10.1	–23.6	12.1
Administrative expenses	–16.5	7.0	–15.4	7.9
Research and development costs	–27.8	11.8	–27.6	14.1
Other operating income and expenses	3.0	1.3	8.9	4.6
Financial income and expenses	–13.2	5.6	–3.6	1.8

* Costs / expenses are marked with a negative sign.

EBIT BY SEGMENT

in € million	H1 2020	H1 2019	Change in %
Therapy	2.2	–4.9	>100
Plasma & Services	–	0.9	-100
Other Segments	–1.5	–1.5	–
Biotest Group	**0.7**	**–5.5**	**>100**

EBIT in the Plasma & Services segment declined slightly from € 0.9 million in the same period of the previous year to € 0.0 million in the first half of 2020.

At € -1.5 million, EBIT in the Other Segments segment was at the same level as last year.

In the first half of 2020, the financial result from continuing operations amounted to € -16.3 million after € 8.0 million in the same period of the previous year. The main reasons for the significant decrease were value adjustments on financial instruments measured at fair value and increased financing costs.

For the Biotest Group, this results in earnings before taxes (EBT) of € -15.6 million after € 2.5 million in the same period of the previous year.

The Biotest Group's total earnings after taxes (EAT) for the first half of 2020 amounted to € -16.7 million (same period of the previous year: € 2.0 million). This results in earnings per share of € -0.43 after € 0.04 in the first half of 2019.

KEY PERFORMANCE FIGURES OF THE BIOTEST GROUP

in € million	H1 2020	H1 2019	Change in %
EBIT	0.7	–5.5	>100
EBT	–15.6	2.5	>-100
EAT	–16.7	2.0	>-100

B. FINANCIAL POSITION

The balance sheet total of the Biotest Group rose from € 1,108.4 million on 31 December 2019 to € 1,145.2 million on 30 June 2020.

The slight decrease in non-current assets by € 4.3 million to € 581.3 million (31 December 2019: € 585.6 million) is attributable on the one hand to the higher level of scheduled depreciation in the area of property, plant and equipment compared to new investments. On the other hand, other assets decreased by € 2.0 million to € 3.7 million as of 30 June 2020 due to the amortisation of deferred financing costs.

Current assets increased significantly compared to the end of 2019 and totaled € 563.9 million on 30 June 2020 (31 December 2019: € 522.8 million). This change is based on several effects: Inventories were further expanded to secure sales planned for the coming months and increased by € 24.2 million. Trade receivables increased by € 4.9 million compared to the end of 2019. Contract assets also increased by € 4.0 million and other financial assets by € 5.6 million. This is due in particular to a fixed-term deposit in the amount of € 10 million with a term until October 2020. Cash and cash equivalents increased by € 2.9 million to € 63.7 million in the first half of 2020.

Equity decreased to € 459.3 million (31 December 2019: € 476.9 million) due to the loss for the period as of 30 June 2020. The equity ratio remained solid at 40.1 % at the end of the first half of 2020.

Total liabilities increased by € 54.4 million to € 685.9 million as of 30 June 2020 (31 December 2019: € 631.5 million). The increase is mainly due to an increase in non-current financial liabilities of € 50.0 million, which is attributable to the utilisation of a further tranche of a loan that was already closed in 2019 for a total volume of € 240.0 million and is due in 2024.

C. CASH FLOW

In the first six months of 2020, the Biotest Group recorded negative operating cash flow of € -24.0 million due to changes in working capital. In the same period of the previous year, operating cash flow was € -8.2 million. Cash flow from investing activities amounted to € -18.8 million in the period from January to June 2020 (previous year: € -1.5 million), caused among other things by payments for investments in fixed assets and a time deposit of € 10 million with a term until October 2020. Cash flow from financing activities amounted to € 45.9 million in the first half of 2020, significantly above the previous year's level of € -2.4 million. The cash flow from financing activities in the current financial year was mainly influenced by drawing down € 50.0 million of a loan tranche. The cash outflows from financing activities mainly related to the redemption portion of leasing liabilities in accordance with IFRS 16 for the repayment of a promissory note as well as for the dividend payout.

D. SUMMARY ASSESSMENT OF THE BUSINESS SITUATION OF THE COMPANY

The high level of uncertainty regarding the further spread of the COVID 19 pandemic continues through to the time of preparation of the half-year financial statements for 2020. Potential economic consequences cannot yet be conclusively assessed at the time of preparation. In the first half of 2020, the spread of the coronavirus had a negative impact on the willingness of the population to donate. In addition, the number of operations as well as the number of patients treated on an outpatient basis decreased, leading to weaker

sales of hyperimmunoglobulins in the first half of 2020. The execution of business activities in regions affected by a pandemic could be disadvantageous and thus adversely affect the assets, financial position and earnings of the Biotest Group. Assuming that this negative trend does not continue, the Board of Management forecasts an EBIT of € -10 to -5 million.

C. OUTLOOK, RISK AND OPPORTUNITIES REPORT

I. OUTLOOK REPORT

A. EXPECTED DEVELOPMENT OF THE MARKET ENVIRONMENT

Target markets

According to current studies, the worldwide demand for immunoglobulins will continue to increase by roughly 8 % annually in the coming years.[29] The prices of these preparations have been stable in the first half of 2020 due to the improved supply situation worldwide.[30]

For plasmatic coagulation factors, the Biotest Group anticipates a slight downward trend in the world market volume between -5 and 1 % per year until 2024.[31]

B. EXPECTED DEVELOPMENT OF THE BIOTEST GROUP

Expected business and earnings situation of the Biotest Group

The Board of Management expects sales growth of around 10 % for financial year 2020. Earnings in 2020 will be influenced by various factors. Besides the expected expenses of € 80 million to € 90 million from the Biotest Next Level expansion project, including the associated research and development costs, the tense situation in the crisis regions, particularly in the Middle East and Asia, could also have an impact. Based on the aforementioned factors, the Board of Management expects EBIT to be between € -10 million and € -5 million. As a result, the Board of Management expects a return on capital employed (RoCE) of around -1 % to -0.5 % and cash flow from operating activities of around € -50 million to € -45 million for 2020. For EBIT adjusted for the impact on earnings of the Biotest Next Level project, the Board of Management anticipates an increase to €70 million to €85 million. In particular as consequence of the increased expenditures on the two new COVID-19-studies the Management Board expects that Earnings and Cash Flow will be at the lower end of the ranges given.

Expected financial position and cash flows of the Biotest Group

The Biotest Group strives for a balanced financing structure with regard to the ratio of both debt to equity capital and from short-term to long-term loan financing. A large share of the cash and cash equivalents received in recent years has been used by the Group for the Biotest Next Level project and it will continue to do so to finance the expansion of capacity at the Dreieich site and to ensure the supply of raw materials for plasma. Furthermore, the increase in current assets required for further sales growth must be financed. Investments by the Biotest Group with a volume of around € 30 million to € 40 million are planned for financial year 2020, of which around a quarter will be used for further investment in the expansion of existing plasma centres and the construction of new centres in Europe. Besides the organic growth described above and the financing thereof, partnerships could represent a future strategic option.

Financing in 2020 was essentially through shareholder loans and the financing concluded on 24 June 2019. These essential sources of funding, which are available to Biotest AG in the long term, can secure the financing needs arising from the Biotest Next Level project and other activities.

The forecast for financial year 2020 was prepared on the assumption that the spread of the coronavirus will not have any significant negative impact on Biotest's business performance. However, the continuing high level of uncertainty with regard to the economic consequences of the coronavirus limits the certainty of the planning assumptions.

II. RISK REPORT

The risk situation of the Biotest Group has not changed significantly since it was presented in the 2019 Annual Report (pages 23 to 32). This also applies to the assessment of risks in connection with pandemics (page 31 of the 2019 Annual Report 2019). In particular with regard to plasma procurement,

[29] Biotest Market and Pricing Insights based on "Global MRB report 2018", by MRB, 2020 and "US MRB report 2019" by MRB 2020, Plasma Protein Therapeutics Association (PPTA) (2020), Markets and Markets (2019), Allied Market Research (2018).

[30] Insight Health, IQVIA (Jan Apr 2020), www.cms.gov.

[31] Biotest Market and Pricing Insights based on MRB (2019).

we refer to the comments on page 8. In connection with potential logistics problems, we refer to the comments on page 10. There are still no identifiable risks that could jeopardise the Biotest Group's financial stability.

III. OPPORTUNITIES REPORT

The opportunities situation of the Biotest Group has not changed significantly compared to the presentation in the 2019 Annual Report (pages 32 and 33).

D. SUPPLEMENTARY REPORT

There were no events after the balance sheet date that had a significant impact on the net assets, financial position or results of operations.

Biotest AG's Supervisory Board extended the appointment of Dr. Michael Ramroth by three years and the appointment of Dr. Georg Floß by two years.

CONSOLIDATED STATEMENT OF INCOME

of the Biotest Group for the period from 1 January to 30 June 2020

in € million	Q2 2020	Q2 2019	H1 2020	H1 2019
Revenue	137.1	117.6	234.8	195.1
Cost of sales	–99.5	–82.2	–168.7	–140.2
Gross profit	**37.6**	**35.4**	**66.1**	**54.9**
Other operating income	0.6	6.0	6.5	10.5
Marketing and distribution costs	–12.3	–12.5	–23.8	–23.6
Administrative expenses	–8.6	–7.9	–16.5	–15.4
Research and development costs	–15.3	–13.6	–27.8	–27.6
Other operating expenses	–2.4	–0.7	–3.5	–1.6
Change in impairments on financial assets measured at amortised cost	–0.3	–2.3	–0.3	–2.7
Operating profit	**–0.7**	**4.4**	**0.7**	**–5.5**
Fair value adjustments on financial instruments measured at fair value	0.5	1.7	–3.1	11.6
Financial income	0.1	1.0	1.5	3.1
Financial expenses	–5.8	–3.6	–14.7	–6.7
Financial result	**–5.2**	**–1.0**	**–16.3**	**8.0**
Earnings before taxes	**–5.9**	**3.4**	**–15.6**	**2.5**
Income taxes	0.1	–0.2	–1.1	–0.5
Earnings after taxes from continuing operations	**–5.8**	**3.2**	**–16.7**	**2.0**
Earnings after taxes from discontinued operations	–	–	–	–
Earnings after taxes (total)	**–5.8**	**3.2**	**–16.7**	**2.0**
Attributable to:				
Equity holders of the parent	–5.8	3.2	–16.7	2.0
thereof from continuing operations	–5.8	3.2	–16.7	2.0
thereof from discontinued operations	–	–	–	–
Earnings per share in €	**-0,16**	**0,07**	**-0,43**	**0,04**
thereof from continuing operations	-0,16	0,07	-0,43	0,04
thereof from discontinued operations	–	–	–	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of the Biotest Group for the period from 1 January to 30 June 2020

in € million	H1 2020	H1 2019
Consolidated result for the period	**–16.7**	**2.0**
Exchange difference on translation of foreign operations	–0.1	–
Reclassification of foreign currency translation differences recognised in the statement of income	–	–
Other comprehensive income, net of tax reclassified to profit or loss, or potentially reclassified to profit or loss in subsequent periods	**–0.1**	**–**
Other comprehensive income, net of tax	**–0.1**	**–**
Total comprehensive income, net of tax	**–16.8**	**2.0**
Attributable to:		
Equity holders of the parent	**–16.8**	**2.0**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of the Biotest Group as of 30 June 2020

in € million	30 June 2020	31 December 2019
ASSETS		
Non-current assets		
Intangible assets	13.7	13.8
Property, plant and equipment	519.4	521.9
Right-of-use assets	26.7	26.0
Investments in joint ventures	1.9	1.9
Other assets	3.7	5.7
Other financial assets	7.6	7.6
Deferred tax assets	8.4	8.7
Total non-current assets	**581.3**	**585.6**
Current assets		
Inventories	304.3	280.1
Contract assets	42.1	38.1
Trade receivables	112.6	107.7
Current income tax assets	1.8	1.7
Other assets	8.5	9.0
Other financial assets	31.0	25.4
Cash and cash equivalents	63.7	60.8
Total current assets	**563.9**	**522.8**
Total assets	**1,145.2**	**1,108.4**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	39.6	39.6
Share premium	219.8	219.8
Retained earnings	216.6	222.3
Share of profit or loss attributable to equity holders of the parent	–16.7	–4.7
Equity attributable to equity holders of the parent	**459.3**	**477.0**
Non-controlling interests	–	–
Total equity	**459.3**	**477.0**
Non-current liabilities		
Provisions for pensions and similar obligations	109.5	109.5
Other provisions	2.3	2.7
Financial liabilities	459.2	402.9
Other liabilities	–	0.3
Deferred tax liabilities	1.1	1.1
Total non-current liabilities	**572.1**	**516.5**
Current liabilities		
Other provisions	19.7	22.3
Current income tax liabilities	2.3	2.8
Financial liabilities	8.1	7.5
Trade payables	49.0	52.2
Other liabilities	34.8	30.2
Total current liabilities	**113.8**	**115.0**
Total liabilities	**685.9**	**631.5**
Total equity and liabilitie	**1,145.2**	**1,108.5**

CONSOLIDATED CASH FLOW STATEMENT

of the Biotest Group for the period from 1 January to 30 June 2020

in € million	H1 2020	H1 2019
Operating cash flow before changes in working capital	14.5	8.6
Cash flow from changes in working capital	–34.6	–15.9
Interest and taxes paid	–3.9	–0.9
Cash flow from operating activities from continuing operations	**–24.0**	**–8.2**
Cash flow from operating activities from discontinued operations	–	–
Cash flow from operating activities total	**–24.0**	**–8.2**
Cash flow from investing activities from continuing operations	–18.8	–1.5
Cash flow from investing activities from discontinued operations	–	–
Cash flow from investing activities total	**–18.8**	**–1.5**
Cash flow from financing activities from continuing operations	45.9	–2.4
Cash flow from financing activities from discontinued operations	–	–
Cash flow from financing activities total	**45.9**	**–2.4**
Cash changes in cash and cash equivalents	**3.1**	**–12.1**
Exchange rate-related changes in cash and cash equivalents	–0.2	–
Cash and cash equivalents on 1 January	60.8	61.9
Cash and cash equivalents on 30 June	**63.7**	**49.8**
thereof from discontinued operations	–	–
thereof from continuing operations	**63.7**	**49.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of the Biotest Group for the period from 1 January 2019 to 30 June 2020

in € million	Subscribed capital	Share-premium	Accumulated differences from currency translation	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As of 1 January 2019	**39.6**	**219.8**	**–4.2**	**239.8**	495.0	0.2	495.2
Acquisition of minority interests	–	–	–	–	–	–0.2	–0.2
Gains/losses recognised directly in equity	–	–	0.3	–12.9	–12.6	–	–12.6
Result of the period	–	–	–	–4.7	–4.7	–	–4.7
Total comprehensive income	**–**	**–**	**0.3**	**–17.6**	**–17.3**	**–**	**–17.3**
Dividend payments	–	–	–	–0.8	–0.8	–	–0.8
As of 31 December 2019	**39.6**	**219.8**	**–3.9**	**221.4**	**476.9**	**–**	**476.9**
As of 1 January 2020	**39.6**	**219.8**	**–3.9**	**221.4**	**476.9**	**–**	**476.9**
Gains/losses recognised directly in equity	–	–	–0.1	–	–0.1	–	–0.1
Result of the period	–	–	–	–16.7	–16.7	–	–16.7
Total comprehensive income	**–**	**–**	**–0.1**	**–16.7**	**–16.8**	**–**	**–16.8**
Dividend payments	–	–	–	–0.8	–0.8	–	–0.8
As of 30 June 2020	**39.6**	**219.8**	**–4.0**	**203.9**	**459.3**	**–**	**459.3**

SELECTED DISCLOSURES

METHOD OF PREPARATION

The interim consolidated financial statements of Biotest AG and its subsidiaries as of 30 June 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Accordingly, these interim consolidated financial statements as of 30 June 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and contain condensed reporting compared to the consolidated financial statements. IFRSs include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretation Committee (SIC). The accounting of the Biotest Group is prepared in accordance with the IFRSs effective for financial years beginning on or after 1 January 2020.

These interim consolidated financial statements were approved for publication by the Board of Management on 13 August 2020.

CONSOLIDATED GROUP

The consolidated financial statements of Biotest AG include all material subsidiaries, comprising three domestic and 11 foreign companies in which Biotest AG directly or indirectly holds the majority of voting rights.

Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, an indirectly controlled subsidiary of Creat Group Co. Ltd., Nanchang, People's Republic of China (Creat), holds a majority interest (approx. 90 % of the ordinary voting shares of Biotest AG) in Biotest AG. The Biotest Group is included in the consolidated financial statements of Tiancheng International Investment Limited, Hong Kong, People's Republic of China, which also prepares the consolidated financial statements for the largest group of consolidated companies as the ultimate parent company of the Group.

Biodarou P.J.S. Co., based in Tehran, Iran, is included in the consolidated financial statements as a joint venture and accounted for using the equity method.

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

in € million	**H1 2020**	H1 2019
Operating profit (EBIT)	0.7	–5.5
Fair value adjustments on financial instruments measured at fair value (+ income, - expenses)	–3.1	11.6
Financial income and expenses	–13.2	–3.6
Earnings before taxes (EBT)	**–15.6**	**2.5**
Income taxes	–1.1	–0.5
Earnings after taxes (EAT)	**–16.7**	**2.0**

NET DEBT

in € million	**30 June 2020**	31 December 2019
Shareholder loan	306.7	303.1
Financial liabilities to third parties	131.1	79.7
Lease liabilities	27.8	26.7
Financial liabilities	**465.6**	**409.5**
Cash and cash equivalents	63.7	60.8
Current financial investments	10.0	–
	73.7	**60.8**
Net debt	**391.9**	**348.7**

The increase in net debt compared to the previous year is mainly due to the increase in financial liabilities to third parties. In the second quarter, a further tranche of € 50.0 million of a loan was drawn that was already closed in 2019 for a total volume of € 240.0 million with a maturity date of 2024.

SEGMENT REPORTING
of the Biotest Group for the period from 1 January to 30 June 2020

	Revenue			EBIT		
in € million	**H1 2020**	H1 2019	Change in %	**H1 2020**	H1 2019	Change in %
Therapy	207.4	176.1	17.8	2.2	–4.9	>100
Plasma & Services	24.9	15.3	62.7	–	0.9	-100.0
Other Segments	2.5	3.7	-32.4	–1.5	–1.5	0.0
Continuing operations	**234.8**	**195.1**	**20.3**	**0.7**	**–5.5**	**>100**
Discontinued operations	–	–		–	–	
Biotest Group	**234.8**	**195.1**	**20.3**	**0.7**	**–5.5**	**>100**

	Revenue based on customer's geographical location		
in € million	**H1 2020**	H1 2019	Change in %
Central Europe	81.3	76.1	6.8
Eastern and Southern Europe	58.3	32.4	79.9
Intercontinental	41.3	41.8	–1.2
Middle East, Africa and France	53.9	44.8	20.3
Biotest Group	**234.8**	**195.1**	**20.3**

QUARTER-TO-QUARTER COMPARISON
by business segments

	Revenue				
in € million	**Q2 / 2020**	Q1 / 2020	Q4 / 2019	Q3 / 2019	Q2 / 2019
Therapy	122.7	84.7	105.9	89.9	108.1
Plasma & Services	13.2	11.7	16.0	8.2	7.7
Other Segments	1.2	1.3	2.3	1.7	1.8
Continuing operations	**137.1**	**97.7**	**124.2**	**99.8**	**117.6**
Discontinued operations	–	–	–	–	–
Biotest Group	**137.1**	**97.7**	**124.2**	**99.8**	**117.6**

	EBIT				
in € million	**Q2 / 2020**	Q1 / 2020	Q4 / 2019	Q3 / 2019	Q2 / 2019
Therapy	–0.5	2.7	6.2	–0.8	5.2
Plasma & Services	0.4	–0.3	1.3	–1.2	–0.3
Other Segments	–0.6	–1.0	–0.5	–0.7	–0.5
Continuing operations	**–0.7**	**1.4**	**7.0**	**–2.7**	**4.4**
Discontinued operations	–	–	–	–	–
Biotest Group	**–0.7**	**1.4**	**7.0**	**–2.7**	**4.4**

OTHER DISCLOSURES

Schedule of assets – net presentation

in € million	Carrying amount as of 31 December 2019	Capital expenditure	Disposals net	Depreciation and amortisation	Currency translation differences	Carrying amount as of 30 June 2020
Intangible assets	13.8	0.8	–	–0.9	–	13.7
Property, plant & equipment	521.9	9.4	–0.2	–11.0	–0.7	519.4
Right of use assets	26.0	3.5	–	–2.2	–0.6	26.7
Total	**561.7**	**13.7**	**–0.2**	**–14.1**	**–1.3**	**559.8**

Employees

by operating functions

Full-time equivalents	**30 June 2020**	31 December 2019	Change in %
Marketing and distribution	197	195	1.0
Administration	195	193	1.0
Production	1,270	1,245	2.0
Research and development	209	204	2.5
Biotest Group	**1,871**	**1,837**	**1.9**

Financial instruments as of 30 June 2020

in € million	**Carrying amount**	**Fair value**
Assets		
Trade receivables	112.6	112.6
Contract assets	42.1	42.1
Other financial assets	38.7	38.6
Cash and cash equivalents	63.7	63.7
Equity and liabilities		
Trade payables	49.0	49.0
Financial liabilities		
Interest-bearing loans	437.7	441.8
Lease liabilities	27.8	27.8
Derivatives not designated as hedging instruments	1.7	1.7
Other financial liabilities	0.1	0.1
Other liabilities	34.8	34.8

FAIR VALUE HIERARCHY

The financial instruments carried at fair value in the statement of financial position must be assigned to a three-level fair value measurement hierarchy in accordance with IFRS 7.27A. The level reflects the proximity to the market of the data used to calculate fair value. Fair value hierarchy levels are described below:

Level 1: quoted prices on active markets for identical assets or liabilities,

Level 2: information other than quoted prices that is directly (such as prices) or indirectly (such as derived from prices) observable, and

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

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

In order to meet the fair value disclosure requirements, the Group has established groups of assets and liabilities based on their nature, characteristics, risks and the fair value hierarchy levels explained above.

Most trade receivables and other assets have remaining terms to maturity of less than one year. For this reason, the carrying amounts as of the balance sheet date approximate the fair values. Impaired trade receivables are only allocated to hierarchy level 3 with regard to the assessment of the default/credit risk, as the input factors are essentially based on internal estimates regarding the realisability of the respective receivables. These are partly due to classifications regarding the age of the receivable ("aging"), the origin of the debtor ("country risks") or a combination of the factors. These are derived from historical experience. In some cases, the estimates are also based on individual factors, such as knowledge of the insolvency of the customer concerned. Depending on the cluster, the impairment rate can be up to 100 %. In the case of other non-current receivables and financial investments that are held to maturity and thus have remaining terms to maturity of more than one year, the fair values correspond to the present values of the payments associated with the assets, taking into account the current interest rate parameters in each case, which reflect market and partner-related changes in conditions and expectations.

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

Derivative financial assets or liabilities (foreign exchange transactions and embedded derivatives) are mark-to-market based on quoted exchange rates and yield curve structures obtainable on the market. Fair value is assigned to hierarchy level 2.

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

Trade payables and other liabilities regularly have residual terms of less than one year. For this reason, the carrying amounts 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, based on the respective applicable yield curve and the credit spread curve for the individual currencies. Fair value is assigned to hierarchy level 2.

RELATED PARTY DISCLOSURES

Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany (Tiancheng) – an indirectly controlled subsidiary of Creat Group Co. Ltd., Nanchang, People's Republic of China (Creat) – holds the majority stake (approximately 90 % of the ordinary shares with voting rights in Biotest AG) in Biotest AG.

In 2018, Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, granted Biotest subordinated shareholder loans amounting to € 290.0 million. In 2019, the term of the shareholder loans was extended until January 2025. The carrying amount of the deferred interest loans as of 30 June 2020 was € 306.7 million. Interest expenses from the shareholder loans amounted to € 3.6 million in the first half of the year.

The following relationships exist with individual companies of the Creat Group: In the first half of 2020, Biotest acquired goods in the amount of € 0.8 million from Bio Products Laboratory Ltd. (BPL) based in Elstree, United Kingdom. As of 30 June 2020, Biotest had no liabilities to BPL.

In the first half of 2020, Biotest Pharma GmbH, Dreieich, Germany, delivered goods amounting to € 7.0 million to Anhui Tonrol Pharmaceutical Co, Ltd., Anhui, People's Republic of China. As of 30 June 2020, Biotest Pharma GmbH had no receivables from Anhui Tonrol Pharmaceutical Co., Ltd.

In the first half of 2020, Biotest passed on costs amounting to € 0.1 million to Tiancheng International Investment Ltd. based in Hong Kong, People's Republic of China (Tiancheng International). As of 30 June 2020, there were no receivables for reimbursement from Tiancheng International.

The Biotest Group also has reportable relationships with the joint venture BioDarou PJ.S. Co., Tehran, Iran.

BioDarou P.J.S. Co. purchased goods and services from Biotest totalling € 2.1 million in the first six months. Biotest's receivables from BioDarou P.J.S. Co. amount to € 14.4 million as of 30 June 2020.

Apart from these business relationships, there were no material transactions with related parties in the reporting period.

EVENTS AFTER THE REPORTING DATE

There were no events that had a significant impact on the net assets, financial position or results of operations after the balance sheet date.

Biotest AG's Supervisory Board extended the appointment of Dr. Michael Ramroth by three years and the appointment of Dr. Georg Floß by two years.

INFORMATION IN ACCORDANCE WITH SECTION 115 (5) OF THE WpHG

These interim financial statements and the interim management report for the Biotest Group have not been reviewed by an auditor.

RESPONSIBILITY STATEMENT

Declaration in accordance with section 37y no. 1 of the WpHG in conjunction with sections 297 (2) sentence 3 and 315 (1) sentence 6 of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the financial position, cash flow and results of operations of the Group, and the interim 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 for the remaining months of the financial year.

Dreieich, 13 August 2020
Biotest Aktiengesellschaft
Board of Management

Dr. Michael Ramroth
Chairman of the
Board of Management

Dr. Georg Floß
Member of the
Board of Management

FINANCIAL CALENDAR

13 AUGUST 2020
Half-year report for 2020

12 NOVEMBER 2020
Nine-month report for 2020

11 May 2021
Annual Shareholders' Meeting

ACKNOWLEDGEMENTS

PUBLISHER
Biotest AG
Landsteinerstr. 5
63303 Dreieich
Deutschland
www.Biotest.com

IR Contact
Dr. Monika Buttkereit
Phone: +49-6103-801-4406
Fax: +49-6103-801-347
investor_relations@Biotest.de

PR Contact
Dirk Neumüller
Phone: +49-6103-801-269
pr@Biotest.com

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

PUBLISHING SYSTEM
AMANA consulting GmbH,
Essen, Germany

EDITORIAL OFFICE AND PROJECT MANAGEMENT
cometis AG,
Wiesbaden, Germany

PHOTOGRAPHY
Simone Kiefer, Dreieich, Germany

—

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