Biotest

From Nature for Life

HALF-YEAR REPORT 2021 BIOTEST AG

KEY FIGURES

BIOTEST GROUP		**H1 2021**	H1 2020	Change in %
Revenues	€ million	**257.8**	234.8	9.8
thereof:				
Germany	€ million	**69.3**	57.8	19.9
Rest of World	€ million	**188.5**	177.0	6.5
thereof:				
Therapy	€ million	**224.1**	207.4	8.1
Plasma & Services	€ million	**29.9**	24.9	20.1
Other Segments	€ million	**3.8**	2.5	52.0
EBITDA	€ million	**5.8**	14.9	–61.1
Depreciation and amortisation	€ million	**14.3**	14.2	0.7
Operating profit (EBIT)	€ million	**–8.5**	0.7	>-100
EBIT in % of revenues	*%*	***–3.3***	*0.3*	–
Earnings before taxes	€ million	**–17.8**	–15.6	–14.1
Earnings after taxes	€ million	**–18.2**	–16.7	–9.0
Earnings per share	€	**-0,47**	-0,43	–
Financing				
Cash flow from operating activities	€ million	**–12.8**	–24.0	46.7
		30 June 2021	31 December 2020	
Equity	€ million	**422.4**	441.6	–4.3
Equity ratio	*%*	***36.9***	*39.0*	–
Balance sheet total	€ million	**1,145.8**	1,131.3	1.3
Employees in FTEs	number	**1,963**	1,928	1.8

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DR. MICHAEL RAMROTH
Chief Executive Officer / Chief Financial Officer

DR. GEORG FLOß
Chief Operations Officer

Dear Shareholders,

Many of you know that Biotest has been pursuing the largest expansion project in Company history since 2013: Biotest Next Level. We are very pleased that we were able to announce the successful completion of the final inspection by the Darmstadt Regional Council and the Paul Ehrlich Institute a few weeks ago in July. This means that one of the key milestones of this project has been reached, as Biotest has received the manufacturing license in accordance with Section 13 of the German Medicines Act on the basis of the positive outcome of this inspection. This means that the new production facility has been approved by the authorities for the manufacture of preparations. With the ramp-up of the facility, our annual production volume will increase to approximately three million litres of blood plasma over the coming years, more than doubling today's level. Through this expansion, we want to initiate a significant growth phase for Biotest.

Our focus is now on the final steps of the development projects for those preparations that are to be manufactured at the new production facility in the future. In this connection, production of the Process Performance Qualification (PPQ) batches commenced in the second quarter, which means that the IgG Next Generation development project is entering its final operational phase. Based on the PPQ batches, evidence is provided that the new production facility set up for the manufacture of IgG Next Generation reliably produces a product of consistent quality. In addition, the PPQ batches will demonstrate that the systems produce a product comparable to that previously produced for clinical trials.

The Trimodulin development project also made good progress in the first half of 2021 towards exploring potential uses in combatting COVID-19. Patient recruitment for the ESsCOVID (Escape from severe COVID-19) study in patients with severe COVID-19 disease was successfully completed. All 166 study patients were treated by the end of June and initial results are expected in the coming weeks. If the study results permit, Biotest will seek accelerated approval of Trimodulin. This fast-track approval could be granted in early 2022 and would be the basis for responding quickly to the need for novel treatment options for patients with severe

courses of COVID-19. We thus want to make an active contribution to combatting the COVID-19 pandemic.

Biotest intends to make a further contribution by directly applying the extensive medical expertise available in our Company to provide the best possible protection for the workforce and their families. Biotest has therefore been operating its own vaccination centre at its corporate headquarters in Dreieich. Employees, their relatives, other persons from their close personal environment as well as employees of companies who are regularly on duty at the Dreieich site who have not yet received a vaccination can be vaccinated here by the Company medical team. To date, more than 1,000 vaccination doses have already been administered.

The expansion of our European network of plasma collection centres was another encouraging development in the first half of the year. In 2020 we were completely slowed down by the COVID-19 pandemic and therefore unable to add a single new collection station last year. By contrast, we managed to open three new collection centres in 2021. Biotest's tenth Hungarian collection centre in Szombathely and our fifth Czech collection centre in Budweis were opened in the second quarter. In July, the next and eleventh location in Hungary was added in Sopron. This brings Biotest's collection network to 25 centres. The opening of further new centres is in preparation. The continuous expansion of this network remains of high strategic importance for Biotest in the future and is aimed at adapting our own plasma supply to the new dimension of our manufacturing capacity.

Due to the positive strategic development – in particular in the good progress being made with the Biotest Next Level project, in our development projects, and in the expansion of our plasma collection network - we look back on the first half of 2021 with satisfaction. With the increase in revenue to € 257.8 million and negative EBIT of € -8.5 million due to ongoing investment and research projects, as expected, we also remain focused on our financial targets of a mid-single-digit percentage increase in revenue and EBIT of € -5 to -10 million for the full year 2021.

We would like to thank you, our shareholders, for the trust you have placed in us, and the entire Biotest team for their high level of motivation and great commitment over the past few months. This commitment was a significant key to success not only with regard to the successful acceptance inspection in the Biotest Next Level project, but also in the many other large and small tasks in everyday work at Biotest. We are pleased that we will be able to create 150 additional jobs at the Dreieich site in the course of the ramp-up of the new production capacity and that the Biotest team will continue to grow in the months ahead!

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 2021

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 the material steps of the value chain, such as preclinical and clinical development of the preparations, plasma collection, production, worldwide marketing and sales.

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, toll manufacturing and know-how transfer 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 2021, Biotest employed 1,963 persons expressed as full-time equivalents (FTEs). This represents an increase of 1.8 % compared to 1,928 full-time equivalents at the end of 2020. The increase is mainly due to staffing requirements in the new plasma collection centres.

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 advancing its own research and development pipeline, the Company's registration and marketing authorisation activities are focussed on the ongoing internationalisation and diversification of its portfolio.

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

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

The core element in implementing 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 toll manufacturing on the market.

Biotest has been informed by its major shareholder Tiancheng International Investment Limited that the latter is reviewing strategic options with regard to its stake in Biotest.

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 2021 can be found in the "Research and Development" section of the Economic Report.

In the first half of 2021, the Biotest Group's research and development costs amounted to € 27.0 million (previous year: € 27.8 million) and are mainly attributable to plasma proteins. These expenses amounted to 10.5 % of sales after 11.8 % in the same period of the previous year. The number of employees (converted into FTEs) in research and development was 223 FTEs as of 30 June 2021, slightly up from 31 December 2020 (213 FTEs).

B. ECONOMIC REPORT

I. BUSINESS AND GENERAL FRAMEWORK

According to the Kiel Institute for the World Economy (IfW), global economic activity expanded in the first quarter of 2021 by posting global output growth of 0.8 %, roughly in line with the average level of the years prior to the corona crisis.[1] According to the IfW, economic expansion in the first few months of the current year was still slowed by high COVID-19 infection figures and the measures taken to contain them in many countries. Nevertheless, the effects remained mainly limited to the services sector.[2] Global industrial production and world trade, on the other hand, initially grew strongly, but were recently held back by supply bottlenecks and logistical problems.[3]

Economic researchers expect a significant overall increase in global production of 6.7 % for 2021. Further growth of 4.8 % is projected for 2022.[4] According to the IfW, the waning of the COVID-19 pandemic and a reversal of the measures taken to contain it will contribute to this. A gradual return to a normal state is also expected for the particularly contact-intensive sectors of the economy due to increasing progress in vaccination and the related reduction in the risk of infection.[5] Industries that are still a long way from normal levels of business activity and private consumption in particular should benefit strongly from the progress that is being made with vaccinations, according to the IfW.[6]

The IfW expects the German gross domestic product to grow by 3.9% in 2021 and by 4.8% in 2022.[7]

Following a decline in the gross domestic product in 2020, the IfW also expects a significant recovery in the United States in 2021 and 2022 (2020: -3.5%; 2021: +6.7%; 2022: +4.1%), as well as for the euro region as a whole (2020: -6.6%; 2021: +5.3%; 2022: +4.4%), for Asia (2020: -1.1%; 2021: +8.7%; 2022: +6.5%) and for Latin America (2020: -7.0%; 2021: +6.3%; 2022: +3.6%).[8] An even sharper decline in the GDP was observed in the UK in 2020 (-9.8%), because in addition to the effects of the COVID-19 pandemic, uncertainties in connection with Brexit also acted as a brake on investment. Partly due to an early and decisive vaccination campaign, however, a noticeable economic recovery is expected for the UK in 2021 (+6.8%) and 2022 (+4.6%).[9]

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

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. For example, industry experts expect the global demand for the immunoglobulin (IgG) market to grow by 7 to 8 % annually as a long-term target corridor.[10] As a result of the corona pandemic and related containment measures, plasma donations in the US declined by approximately 20 % in 2020.[11] Due to the importance of US plasma for the global market, a product shortage is expected in 2021, especially for IgG. Supply shortages of IgG products have already been reported in several countries, including Germany.[12] In contrast, the

[1] Kiel Institute for the World Economy (2021), Economic Reports from Kiel, The World Economy in Summer 2021, p. 2.
[2] Ibid. p. 2.
[3] Ibid. p. 2.
[4] Ibid. p. 8.
[5] Ibid. p. 7.
[6] Ibid. p. 8.
[7] Kiel Institute for the World Economy (2021), Economic Reports from Kiel, The German Economy in Summer 2021, p. 3.
[8] Kiel Institute for the World Economy (2021), Economic Reports from Kiel, The World Economy in Summer 2021, p. 8, p. 29.
[9] Ibid. p. 10f.
[10] Biotest Market and Pricing Insights based on MRB (2018, 2019), Plasma Protein Therapeutics Association (PPTA) (2019), Markets and Markets (2019), Allied Market Research (2018).
[11] PPTA (2020).
[12] http://www.gelbe-liste.de, 28 June 21.

plasma volumes collected in the EU countries Germany, Austria, the Czech Republic and Hungary that are of importance to Biotest recovered quickly following a brief slump in the spring of 2020 and are expected to remain at the previous year's level in 2021. [13]

EU prices for intravenous immunoglobulins (IVIG) are still well below the price level in the United States.[14]

Despite the COVID-19 pandemic, the market volume for immunoglobulins in the United States increased in 2020 compared to the previous year with growth rates in the lower double-digit percentage range.[15] In Europe, on the other hand, the market volume during the same period remained stable compared to the previous year.[16] The German market also developed positively in the first quarter of 2021 in terms of sales volumes.[17] Globally, the average price is developing positively.

The long-term growth of the global albumin market is estimated at an annual growth rate of around 6%.[18] Due to COVID-19, many of the surgeries planned were either postponed or cancelled in 2020 and in the first half of 2021. Global albumin demand declined as a result, leading to a short-term oversupply of the market due to the long planning cycles in the plasma industry. The market situation is expected to ease as soon as hospitals resume normal operations and make up for postponed surgeries.

In the treatment of haemophilia A, the recombinant sector is significantly influenced by the introduction of half-life-extended release Factor VIII preparations that intensify competition and thus significantly increase price pressure in the overall market. The launch of new alternatives to Factor VIII therapy, so-called non-replacement therapies, is slowing the growth of the Factor VIII market, particularly in the US, Europe and other developed markets. Low- to mid-single-digit growth is still expected mainly from increasingly established Factor VIII therapies in emerging markets.[19] Haemophilia patients currently do not have access to coagulation factor therapy in many of these countries. While Europe, North and South America account for only about 29% of the world's population, they are responsible for about 82% of the global Factor VIII market volume. The US market plays a special role here.[20] Despite regulatory hurdles, the expected launch of gene therapies for the treatment of haemophilia A will put further pressure on the developed Factor VIII markets and further strengthen the importance of markets outside the USA and Europe.

The global market for plasmatic Factor VIII preparations is expected to develop by -5% to +1% p.a. by 2024.[21]

At its peak the COVID-19 pandemic also had an impact on transplantation activity. While some countries, such as Germany, were able to maintain a stable level in 2020,[22] activities in other countries, such as Spain and the UK, were reduced significantly. This led to a decrease in liver transplant activity of approximately 18%.[23] Due to the renewed world-wide increase in the number of corona infections and the associated exceptional situation for hospitals and intensive care units, a renewed negative impact on transplantation figures is expected. It is expected that with the expansion of testing capacities and the continuation of vaccination programmes, the protective measures can be loosened again in the long term, so that transplantation figures should reach the pre-COVID-19 level again in 2021/2022.[24]

III. BUSINESS PERFORMANCE

A. AT A GLANCE

In the first half of financial year 2021, the Biotest Group recorded revenue of € 257.8 million (same period of the previous year: € 234.8 million). On a half-year basis, sales are € 23.0 million or 9.8 % above the figure for the same period last year.

EBIT at Group level amounted to € -8.5 million in the first six months of financial year 2021 (same period of the previous year: € 0.7 million).

In terms of revenue, Biotest closed a strong first half-year, which was characterised by a worldwide increase in demand for immunoglobulins while the pandemic situation remained difficult. In particular, sales of Intratect®, Biotest's standard immunoglobulin, were significantly higher than in the previous year. Furthermore, sales of other products, such as Haemoctin®, were also higher compared to the first half-year of 2020.

The continuous expansion of the Company's own plasma collection network in Europe is one component of Biotest's strategy. This is intended to ensure a sufficient supply of human

[13] PPTA (2020, internal Biotest analysis).
[14] CMS.gov, IQVIA (Jan 2020).
[15] PPTA (2021).
[16] IQVIA (June 2021).
[17] Insight Health (Apr 2021), IQVIA (Apr 2021).
[18] Biotest Market and Pricing Insights based on MRB (2017), Markets and Markets (2020).
[19] Biotest Market and Pricing Insights based on MRB (2019).
[20] Report on the Annual Global Survey 2019, World Federation of Hemophilia (2020).
[21] Biotest Market and Pricing Insights based on MRB (2019).
[22] Eurotransplant database, accessed 19 November 2020.
[23] Global Observatory on Donation and Transplantation, http://www.transplant-observatory.org/.
[24] Organización Nacional De Transplantes Website accessed on 23 June 2020; NHS, http://www.organdonation.nhs.uk, accessed on 12 June 2020.

blood plasma, the most important raw material for Biotest's preparations. No new collection centres were opened in financial year 2020 due to the corona pandemic. However, Biotest was able to continue with the expansion of its plasma collection capacity in 2021. In the second quarter, the Hungarian health authority granted the operating license for the tenth plasma collection centre in Hungary. The centre is located in Szombathely and is one of the most modern in Europe. Also in the second quarter, Biotest received the operating license for the fifth plasmapheresis centre in Budweis, Czech Republic, from the Czech health authority SUKL. Biotest thus operated 24 plasma collection centres in Europe at the end of the first half of 2021. The opening of additional plasma collection centres is planned for the remainder of 2021.

Furthermore, Biotest is participating financially in the establishment of further plasma centres together with partners. A contract on providing support for the founding of four collection centres was signed in January 2021, for example.

In February 2021, Biotest AG received the certificates for research and development grants. These certificates allow for a research allowance of up to € 1.0 million to be applied for annually from the tax office for the years beginning in 2020.

In the Biotest Next Level expansion project, the next partial acceptance inspection was carried out by the Darmstadt Regional Council in March 2021, as part of the granting of the manufacturing authorisation in accordance with Section 13 of the German Medicinal Products Act. The focus of this inspection was on computer system validation and data management. The inspection was completed without any deficiencies. Production of the Process Performance Qualification (PPQ) batches began in the second quarter, which means that the IgG Next Generation development project is entering its final operational phase. These batches will also be used to produce the precursors for Albiomin, Haemoctin and Trimodulin. Based on these batches, evidence will then be provided that a product of consistent quality is reliably manufactured at the new production facility set up for the production of IgG Next Generation. In addition, the PPQ batches will be used to demonstrate that the production facilities are producing a preparation comparable to that previously produced for clinical trials.

The situation regarding the COVID-19 pandemic

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

Over the past year, Biotest has rapidly and effectively implemented measures to maintain business operations while providing the best possible health protection for our employees. These measures – for example, increased mobile working and the tightening of hygiene and safety precautions, which are already strict in the pharmaceutical sector – continue to apply. In addition, COVID-19 rapid tests were offered to our employees twice a week from March to June 2021. Since June 2021 Biotest is operating its own vaccination centre at its corporate headquarters in Dreieich. Employees, their relatives who have not yet received a vaccination, other persons from the close personal environment of our workforce as well as employees of companies who are regularly on duty at the Dreieich site can be vaccinated by the Company medical team.

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

The safety of the Biotest preparations and the patients treated with them is ensured.

Biotest has successfully completed recruitment for the clinical study with Trimodulin "ESsCOVID" (Escape from severe COVID-19) in patients with severe COVID-19 disease. A total of 166 severely affected adult COVID-19 patients were included in this multinational, confirmatory Phase II study. These were patients with pneumonia or acute respiratory distress syndrome (ARDS) who were hospitalised due to the severity of their illness. An independent Data Safety and Monitoring Board (DSMB) reviewed data from the first 100 patients who have completed their treatment to date. The DSMB found no safety compromise and recommended that the clinical trial continue according to protocol. Biotest therefore expects a favourable benefit-risk profile for Trimodulin. The first results from the study are expected in August 2021.

Detailed information on the impact of the COVID-19 pandemic on the Biotest Group is provided in the 2020 Annual Report in a separate section of chapter A.I Business Model of the Group, subchapter F. External Factors Influencing the Business.

For research activities regarding therapeutic approaches for COVID-19 patients, please refer to the chapters Research and Development in the 2020 Annual Report and in this Half-year Report.

B. RESEARCH AND DEVELOPMENT

Compared to the same period of the previous year, the costs of research and development decreased slightly by 2.6% to

€ 27.0 million in the first six months of financial year 2021 (same period of the previous year: € 27.8 million). A complete list of all research and development projects is included in the 2020 Annual Report (page 19). Biotest was able to make further progress with the following research and development projects in the period from January to June 2021:

RESEARCH & DEVELOPMENT PROGRESS
IN THE FIRST SIX MONTHS OF 2021

Therapeutic area Intensive Care Medicine	
Fibrinogen	Phase III trial accelerated with additional patient group: The first patient with pseudomyxoma peritonei (PMP) has been treated as part of the ongoing phase III trial for the treatment of severe bleeding in the case of acquired fibrinogen deficiency (AdFIrst study no. 995).
Anti-SARS-CoV-2 hyperimmunoglobulin	The study was terminated. After the primary endpoint was not met, the CoVIg-19 Plasma Alliance was disbanded. Biotest initially suspended the programme to develop a COVID-19 hyperimmunoglobulin to await data from parallel studies in which patients were treated with a COVID-19 hyperimmunoglobulin earlier in the course of the disease.
Pentaglobin®	In a study arm of the ACOVACT trial, the treatment of patients with severe COVID-19 with Pentaglobin® has been started. ACOVACT (Austrian CoronaVirus Adaptive Clinical Trial) is a multicentre, randomised, controlled, open-label platform trial initiated by the University Hospital AKH Vienna to study various antiviral and adjunctive therapies for COVID-19 patients.
Trimodulin (IgM Concentrate)	Phase II (ESsCOVID) study on severe COVID-19 disease. Recruitment was completed. 166 patients were included in the study. Study results are expected in August 2021.

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

Biotest sees considerable potential for Trimodulin in patients with severe pneumonia caused by a COVID-19 infection due to the high similarity of the clinical picture to the patients treated in the CIGMA study. The CIGMA study, which has already been completed, was a large-scale phase II study in artificially ventilated patients with severe community-acquired pneumonia (sCAP). This group of diseases 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. A relative mortality reduction of 50-70 % was observed in the CIGMA trial in a subgroup of patients with high inflammatory markers or reduced immune function. Such changes also occur in COVID-19 patients severely affected by the disease. Therefore, a phase II trial (ESsCOVID – Escape from severe COVID-19) was initiated involving COVID-19 patients to accelerate the development of trimodulin in light of the current COVID-19 pandemic. Plans for accelerated development have been discussed with the regulatory authorities in Europe. The recruitment of 166 patients for this study was successfully completed by the beginning of June. First study results are expected in August 2021. In parallel, Biotest is expanding its planned phase III trial in sCAP to include COVID-19 patients.

C. MARKETING AND DISTRIBUTION

The first half of 2021 was characterised by rising global demand for immunoglobulins (IVIGs) accompanied by rising prices. Some markets are already reporting supply problems with immunoglobulins (IgGs), and there are signs in many other countries that there will be a product shortage in the coming months. This is due to the significant decline in plasma donations in 2020, especially in the USA, the supply situation of Biotest's competitors and the continuing increase in demand for immunoglobulins (IgG).

When considering the marketing activities for selected Biotest preparations, Pentaglobin®, for example, is the focus of various digital activities. Biotest is thus supporting the scientific exchange of doctors who use the preparation as a treatment option for COVID-19 patients who also suffer from bacterial infections. Increased secondary bacterial infections have been observed in COVID-19 patients who have a severe course of the disease. The antibodies in Pentaglobin® can bind to a variety of different bacteria as well as their toxins, thus supporting their elimination by the immune system. Furthermore, the IgM component in Pentaglobin® supports the immune system and can thus help to rebalance the often-excessive immune response in COVID-19 patients.

The increased use of Pentaglobin in COVID-19 patients with secondary bacterial infections has generated additional sales, particularly in Germany and Italy. Albiomin showed good sales in the first half of the year in Turkey and Germany. The market was also further expanded in Oman.

Fewer surgeries during the pandemic, the resulting decrease in albumin consumption and continued IgG production continue to lead to increased inventories in the market, resulting in falling prices for manufacturers. Falling prices make Biotest less competitive, particularly in Latin America. An albumin shortage is expected in the United States in the first quarter of 2022.

Biotest's marketing activities focus on the further education of physicians in the treatment of liver cirrhosis. Here, Biotest has conducted digital seminars in Asia and the Middle East.

In Germany, the new transfer system NEXTARO was successfully launched for Haemoctin® and has met with a positive response from customers. Following its launch in Germany, Haemoctin® with a halved solvent volume was now also launched in Switzerland and is being pursued further. Both projects support the customer-focused strategy in the region. A symposium with renowned speakers was held at the annual conference of the Society for Thrombosis and Haemostasis Research (GTH).

Besides its research activities, Biotest is also involved in other projects in the fight against the COVID-19 pandemic. One example is the difficult transplant situation in Italy. The COVID-19 pandemic has severely affected the Italian healthcare system, but also and above all the people who have fallen ill. Sensitive individuals, such as transplant recipients or those waiting for a transplant, need special protection and access to personal protective equipment. Furthermore, the pandemic has also affected the organ donation process. Biotest Italia is donating € 100 thousand to the National Transplant Center (NTC) with the aim of supporting organ and tissue donation during the COVID-19 pandemic. The funds will be used, among other purposes, to introduce a toll-free telephone number to bring patients into closer contact with transplant centres. Other goals include the implementation of telemonitoring (telemedicine) and the delivery of personal protective equipment to patients' homes.

MARKETING & DISTRIBUTION PROGRESS IN THE FIRST SIX MONTHS OF 2021

Therapeutic area Clinical Immunology	
Hepatect®CP	Tenders were won in Algeria and Iraq. The volume of tenders won in Iraq was increased.
Intratect®	Volume increases in key markets such as Central Europe. Increase in list/refund/sale prices in many countries, including Germany, Austria, Hungary and the UK. Special import license and first sales of Intratect® 50 g/l and 100 g/l in France.
Therapeutic area Haematology	
Haemoctin®	Extension of the FVIII contract for substantial volumes in Algeria. Significant increase in sales in Turkey. Tender won in Peru, tender participation in Oman. Increased convenience for patients by introducing a new transfer system in Germany and Switzerland.
Haemonine®	Significant increase in revenue in Germany.
Therapeutical area Intensive Care Medicine	
Pentaglobin®	The increased use of Pentaglobin® on COVID-19 patients with secondary bacterial infection generated additional sales, especially in Germany and Italy.
Albiomin®	Albiomin 5 %: New approval in Iran. (toll manufacturing). Albiomin 5% and 20%: New approval in Bangladesh.

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

A. RESULTS OF OPERATIONS

In the first half of 2021, the Biotest Group generated revenue of € 257.8 million compared to € 234.8 million in the same period of the previous year. The revenue growth of 9.8 % is mainly due to increased revenue in the Therapy segment and in the Plasma & Services segment. The 8.1 % (€ 16.7 million) growth in revenue in the Therapy segment is the result of both significantly higher volumes and, to a lesser extent, price effects for the important product Intratect®. Revenue growth in the Plasma & Services segment of 20.1 % (€ 5.0 million) was due to higher toll manufacturing.

SALES BY SEGMENT

in € million	H1 2021	H1 2020	Change in %
Therapy	224.1	207.4	8.1
Plasma & Services	29.9	24.9	20.1
Other Segments	3.8	2.5	52.0
Biotest Group	**257.8**	**234.8**	**9.8**

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 2021, while revenue in the Intercontinental region declined slightly. The Central Europe region contributed the largest share of revenue with sales of € 94.0 million.

SALES BY REGION

in € million	H1 2021	H1 2020	Change in %
Central Europe	94.0	81.3	15.6
Eastern and Southern Europe	65.8	58.3	12.9
Intercontinental	39.6	41.3	-4.1
Middle East, Africa and France	58.4	53.9	8.3
Biotest Group	**257.8**	**234.8**	**9.8**

In the first half of 2021 the cost of sales of € 201.8 million were 19.6 % higher than in the same period of the previous year (€ 168.7 million). The increase of € 33.1 million resulted in particular from higher prices for plasma, higher purchase prices for supplies and materials, and the growth in revenue. The ramp-up phase costs of the Biotest Next Level project also have an impact.

Marketing and distribution costs amounted to € 23.7 million for the first six months of 2021, marginally (€ 0.1 million or 0.4 %) below the previous year's figure of € 23.8 million. The main reason for the contrary development of the expense level 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 2021 amounted to € 14.8 million and were thus below the previous year's level (same period of the previous year: € 16.5 million).

Research and development costs of € 27.0 million were incurred in the first six months of the current 2021 financial year, which was € 0.8 million less than in the previous year (same

period of the previous year: € 27.8 million). The constant level is due to two offsetting effects: An increase in costs related to the ESsCOVID study on the treatment of severe COVID-19 disease with Trimodulin® and a decrease in costs due to a research grant received.

EBIT amounted to € -8.5 million in the first half of 2021 (same period of the previous year: € 0.7 million). This includes expenses of € 38.0 million for the Biotest Next Level project (same period of the previous year: € 40.3 million). The decline in EBIT compared to the previous year in the Therapy segment is the result of a disproportionate increase in manufacturing costs. The reasons for the higher cost of sales ratio are primarily higher prices for plasma, increased purchase prices for consumables and supplies, and a lower-margin country and product mix compared to the previous year. Additionally, EBIT was positively influenced by income from financial assets measured at amortised cost in the amount of € 1.8 million (same period of the previous year: € 0.0 million).

The EBIT margin for the first six months of the current financial year was -3.3 %, compared to 0.3 % for the same period of the previous year.

In the first half of 2021, the EBIT of the existing product business, without the expenses for Biotest Next Level amounting to € 38.0 million (same period of the previous year: € 40.3 million) and for monoclonal antibodies amounting to € 0.0 million (same period of the previous year: € 0.1 million), was € 29.5 million, compared to € 41.1 million in the previous year. The expenses for Biotest Next Level include essentially the costs for the ramp-up of the production facility as well as the research and development costs of the products of the new facility.

The adjusted EBIT margin for the first six months of the current financial year was 11.4 %, compared to 17.5 % for the same period of the previous year.

ADJUSTED EBIT**

in € million	H1 2021	H1 2020	Change in %
EBIT	–8.5	0.7	>-100
Expenses for Biotest Next Level**	38.0	40.3	-5.7
Expenses for monoclonal antibodies	–	0.1	-100.0
ADJUSTED EBIT	**29.5**	**41.1**	**-28.2**

** Among other things, 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 2021	% of sales	H1 2020**	% of sales
Revenue	257.8	100.0	234.8	100.0
Cost of sales	–201.8	9.2	–168.7	71.9
Marketing and distribution costs	–23.7	9.2	–23.8	12.1
Administrative expenses	–14.8	5.7	–16.5	7.9
Research and development costs	–27.0	10.5	–27.8	14.1
Other operating income and expenses	1.0	0.4	3.0	4.6
Financial income and expenses	–9.2	3.6	–16.3	1.8

* Costs / expenses are marked with a negative sign.

** Financial income and financial expenses include the value adjustments on financial instruments measured at fair value. In accordance with IAS 8, the previous year's amounts were adjusted accordingly.

EBIT BY SEGMENT

in € million	H1 2021	H1 2020	Change in %
Therapy	–13.0	2.2	>-100
Plasma & Services	5.3	0.0	–
Other Segments	–0.8	–1.5	47
Biotest Group	**–8.5**	**0.7**	**>-100**

EBIT in the Plasma & Services segment was positive at € 5.3 million in the first half of 2021 due to a € 5.0 million increase in revenue and special items.

At € -0.8 million, EBIT in the Other Segments segment improved by € 0.7 million compared to the same period of the previous year.

In the first half of 2021, the financial result amounted to € -9.2 million after € -16.3 million in the same period of the previous year. The main reasons for this improvement were the value adjustments on financial instruments measured at fair value (€ 2.4 million) and lower expenses from foreign currency valuation (€ 6.8 million). This was offset by higher interest expenses. The main expenses in the financial result relate to interest expenses from financing, expenses from foreign currency valuation and expenses from value adjustments on financial instruments measured at fair value.

For the Biotest Group, this results in earnings before taxes (EBT) of € -17.8 million after € -15.6 million in the same period of the previous year.

The Biotest Group's total earnings after taxes (EAT) for the first half of 2021 amounted to € -18.2 million (same period of the

previous year: € -16.7 million). This results in earnings per share of € -0.47 after € -0.43 in the first half of 2020.

KEY PERFORMANCE FIGURES OF THE BIOTEST GROUP

in € million	**H1 2021**	H1 2020	Change in %
EBIT	–8.5	0.7	>-100
EBT	–17.8	–15.6	-14.1
EAT	–18.2	–16.7	-9.0

B. FINANCIAL POSITION

The balance sheet total of the Biotest Group rose from € 1,131.3 million on 31 December 2020 to € 1,145.8 million on 30 June 2021.

At € 575.3 million, non-current assets were at the same level as at the end of 2020 (31 December 2020: € 575.0 million). At € 520.1 million, property, plant and equipment continued to account for the largest share (31 December 2020: € 522.2 million).

Current assets increased significantly compared to the end of 2020 and totaled € 570.5 million on 30 June 2021 (31 December 2020: € 556.4 million). This change is based on several effects: Inventories were further expanded to secure sales planned for the coming months and increased by € 13.0 million. Contract assets also increased by € 5.6 million, triggered by an increase in revenue. By contrast, other financial assets declined by € 6.2 million. This was due to the repayment of cash deposits with banks. Cash and cash equivalents amounted to € 72.0 million as of 30 June 2021, the same level as at the end of 2020 (31 December 2020: € 71.3 million).

Equity decreased to € 422.4 million (31 December 2020: € 441.6 million) due to the loss for the period as of 30 June 2021. The equity ratio thus stood at 36.9 % at the end of the first half of 2021.

Total liabilities increased by € 33.7 million to € 723.4 million as of 30 June 2021 (31 December 2020: € 689.7 million). The increase was caused, on the one hand, by a € 27.1 million rise in non-current financial liabilities to € 489.6 million, which was mainly due to the drawing of further tranches of a secured loan from financial institutions. On the other hand, other current liabilities increased by € 8.8 million to € 39.1 million. This was mainly due to an increase in commission liabilities and liabilities from employees' unused vacation entitlements.

C. CASH FLOW

In the first six months of 2021, the Biotest Group recorded negative operating cash flow of € -12.8 million, mainly due to changes in working capital. In the same period of the previous year, operating cash flow was € -24.0 million.

Cash flow from investing activities amounted to € -12.2 million in the period from January to June 2021 (previous year: € -18.8 million), caused among other factors by payments for investments in fixed assets and loans to partners to support the establishment of plasma collection centres abroad.

Cash flow from financing activities was € 25.7 million in the first half of 2021 and thus below the previous year's level of € 45.9 million. The cash flow from financing activities in the current financial year was mainly influenced by drawing down € 25.0 million of a loan tranche (same period of the previous year: € 50.0 million). There was also a repayment of cash deposits for guarantees issued with banks in the amount of € 4.2 million. The cash outflows from financing activities mainly related to the redemption portion of leasing liabilities in accordance with IFRS 16 and to the dividend payout.

D. SUMMARY ASSESSMENT OF THE BUSINESS SITUATION OF THE COMPANY

The uncertainty regarding the further spread of the COVID 19 pandemic continues through to the time of preparation of the half-year financial statements for 2021. Potential economic consequences cannot yet be conclusively assessed at the time of preparation. In the first half of 2021, the spread of the coronavirus had a negative impact on the willingness of the population to donate plasma. The number of surgeries as well as outpatients continues to be reduced and thus revenue from hyperimmune globulins, especially Cytotect®, was weakened in the first half of 2021. By contrast, the hepatitis B hyperimmunoglobulins Hepatect® and Zutectra® are showing signs of recovery, so that revenue continues to be above the previous year for the Hepatitis B immunoglobulin portfolio. The execution of business activities in regions affected by the 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 global demand for immunoglobulins (IgG) will continue to increase by 7 to 8% annually in the coming years.[25] The prices of these preparations increased slightly in 2021 following the tense supply situation worldwide.[26]

The global market for plasmatic Factor VIII preparations is expected to develop by -5% to +1% p.a. by 2024.[27]

B. EXPECTED DEVELOPMENT OF THE BIOTEST GROUP

Expected business and earnings situation of the Biotest Group

For financial year 2021, the Board of Management expects revenue growth in the mid-single-digit percentage range. Earnings in 2021 will be influenced by various factors. Besides the expected expenses of € 75 million to € 85 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, as well as the global impact of the COVID-19 pandemic, could also have an impact. Based on the aforementioned factors, the Board of Management expects EBIT to be between € -5 million and € -10 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 € -45 million to € -50 million for 2021. For EBIT adjusted for the impact on earnings of the Biotest Next Level project, the Board of Management anticipates an amount between € 65 million to € 80 million.

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 to finance the expansion of capacity at the Dreieich site and to ensure the supply of raw materials with plasma. Furthermore, the increase in current assets required for the revenue growth must be financed. Investments by the Biotest Group with a volume of around € 25 million to € 30 million are planned for financial year 2021, of which around a third will be used for investments in the expansion of existing and new plasma centres in Europe. Furthermore, Biotest contributes financially to the set-up of plasma centers with partners. In addition to the organic growth described above and the financing thereof, partnerships could represent a future strategic option.

Financing in 2021 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 the financial year 2021 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 uncertainty currently prevailing with regard to the further spread of the coronavirus or its mutations and possible economic consequences 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 risk report of the 2020 Annual Report. This also applies to the assessment of risks in connection with pandemics/epidemics (risk report of the 2020 Annual Report) and plasma procurement.

The uncertainty regarding the further spread of the coronavirus will continue in the period after the reporting date until the preparation of the half-year report 2021. Possible economic consequences cannot yet be conclusively assessed at the time of the preparation of the half-year report 2021. Should the spread of the coronavirus permanently continue, this could have a negative impact on the willingness of the population to donate plasma or the sickness rate of employees, for example. In addition, business activities in the regions affected by

[25] Biotest Market and Pricing Insights based on MRB (2018, 2019), Plasma Protein Therapeutics Association (PPTA) (2020), Markets and Markets (2020), Allied Market Research (2018).

[26] IQVIA (Nov 2020), www.cms.gov.

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

the pandemic could develop adversely and thus have an adverse effect on the assets position, financial position and earnings position.

Biotest has been informed by its major shareholder Tiancheng International Investment Limited that they are considering strategic options with regard to its shareholding in Biotest. A change of control could occur in this context. This in turn could have an impact on Biotest's current financing. Currently the Board of Management expects the company's financing also to be secured in such a case.

Consequently, there are still no identifiable risks that could jeopardise the Biotest Group's ability to continue as a going concern.

III. OPPORTUNITIES REPORT

The opportunities situation of the Biotest Group has not changed significantly compared to the information presented in the opportunities report of the 2020 Annual Report.

D. SUPPLEMENTARY REPORT

At the beginning of July 2021, the Darmstadt Regional Council completed the final approval of the Biotest Next Level (BNL) production facility. Biotest was thus granted the manufacturing authorisation according to Section 13 of the Medicinal Products Act.

In July 2021, Biotest received the operating licence for the eleventh plasmapheresis centre in Hungary from the Hungarian health authority. The centre is located in Sopron and is one of the most modern in Europe. With this centre, the company is further increasing its capacities for plasma collection.

CONSOLIDATED STATEMENT OF INCOME

of the Biotest Group for the period from 1 January to 30 June 2021

in € million	**Q2 2021**	Q2 2020*	**H1 2021**	H1 2020*
Revenue	137.8	137.1	257.8	234.8
Cost of sales	–104.8	–99.5	–201.8	–168.7
Gross profit	**33.0**	**37.6**	**56.0**	**66.1**
Other operating income**	1.6	0.3	2.4	6.2
Marketing and distribution costs	–12.0	–12.3	–23.7	–23.8
Administrative expenses	–7.0	–8.6	–14.8	–16.5
Research and development costs	–14.4	–15.3	–27.0	–27.8
Other operating expenses**	–0.6	–2.4	–1.4	–3.5
Operating profit	**0.8**	**–0.7**	**–8.5**	**0.7**
Financial income***	2.3	0.9	4.3	3.0
Financial expenses***	–6.4	–6.1	–13.5	–19.3
Financial result	**–4.1**	**–5.2**	**–9.2**	**–16.3**
Earnings before taxes	**–3.4**	**–5.9**	**–17.8**	**–15.6**
Income taxes	–0.7	0.1	–0.4	–1.1
Earnings after taxes	**–4.1**	**–5.8**	**–18.2**	**–16.7**
Attributable to:				
Equity holders of the parent	–4.1	–5.8	–18.2	–16.7
Earnings per share in €	**-0,11**	**-0,16**	**-0,47**	**-0,43**

* Adjusted

** Other operating income and expenses include the change in impairments on financial assets measured at amortized cost. In accordance with IAS 8, the prior-year figures have been adjusted accordingly.

*** Financial income and financial expenses include the valuation adjustments of financial instruments measured at fair value. In accordance with IAS 8, the prior-year figures have been adjusted accordingly.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of the Biotest Group for the period from 1 January to 30 June 2021

in € million	H1 2021	H1 2020
Consolidated result for the period	**–18.2**	**–16.7**
Exchange difference on translation of foreign operations	–0.1	–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**	**–0.1**
Actuarial losses from defined benefit pension plans	–	–
resulting income tax effect	–	–
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods	**–**	**–**
Other comprehensive income, net of tax	**–0.1**	**–0.1**
Total comprehensive income, net of tax	**–18.3**	**–16.8**
Attributable to:		
Equity holders of the parent	**–18.3**	**–16.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of the Biotest Group as of 30 June 2021

in € million	30 June 2021	31 December 2020
ASSETS		
Non-current assets		
Intangible assets	13.5	14.0
Property, plant and equipment	520.1	522.2
Right-of-use assets	26.5	26.1
Investments in joint ventures	2.6	2.6
Other assets	0.1	0.4
Other financial assets	2.5	0.2
Deferred tax assets	10.0	9.5
Total non-current assets	**575.3**	**575.0**
Current assets		
Inventories	303.1	290.1
Contract assets	51.9	46.3
Trade receivables	115.1	115.8
Current income tax assets	1.9	2.1
Other assets	13.4	11.5
Other financial assets	13.1	19.3
Cash and cash equivalents	72.0	71.3
Total current assets	**570.5**	**556.3**
Total assets	**1,145.8**	**1,131.3**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	39.6	39.6
Share premium	219.8	219.8
Retained earnings	181.2	213.6
Share of profit or loss attributable to equity holders of the parent	–18.2	–31.4
Equity attributable to equity holders of the parent	**422.4**	**441.6**
Total equity	**422.4**	**441.6**
Non-current liabilities		
Provisions for pensions and similar obligations	119.4	117.5
Other provisions	2.1	2.8
Financial liabilities	489.6	462.5
Other liabilities	–	0.1
Deferred tax liabilities	1.2	1.2
Total non-current liabilities	**612.3**	**584.1**
Current liabilities		
Other provisions	18.7	24.2
Current income tax liabilities	0.5	1.2
Financial liabilities	9.0	7.9
Trade payables	43.8	42.0
Other liabilities	39.1	30.3
Total current liabilities	**111.1**	**105.6**
Total liabilities	**723.4**	**689.7**
Total equity and liabilitie	**1,145.8**	**1,131.3**

CONSOLIDATED CASH FLOW STATEMENT

of the Biotest Group for the period from 1 January to 30 June 2021

in € million	**H1 2021**	H1 2020
Operating cash flow before changes in working capital	7.2	14.5
Cash flow from changes in working capital	–13.7	–34.6
Interest and taxes paid	–6.3	–3.9
Cash flow from operating activities total	**–12.8**	**–24.0**
Cash flow from investing activities total	**–12.2**	**–18.8**
Cash flow from financing activities total	**25.7**	**45.9**
Cash changes in cash and cash equivalents	**0.7**	**3.1**
Exchange rate-related changes in cash and cash equivalents	–	–0.2
Cash and cash equivalents on 1 January	71.3	60.8
Cash and cash equivalents on 30 June	**72.0**	**63.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of the Biotest Group for the period from 1 January to 30 June 2021

in € million	Subscribed capital	Share-premium	Accumulated differences from currency translation	Retained earnings*	Total equity
As of 1 January 2020	**39.6**	**219.8**	**–3.9**	**221.4**	476.9
Reclassification to income statement	–	–	–0.4	–	–0.4
Gains/losses recognised directly in equity	–	–	1.4	–4.1	–2.7
Result of the period	–	–	–	–31.4	–31.4
Total comprehensive income	**–**	**–**	**1.0**	**–35.5**	**–34.5**
Dividend payments	–	–	–	–0.8	–0.8
As of 31 December 2020	**39.6**	**219.8**	**–2.9**	**185.1**	**441.6**
As of 1 January 2021	**39.6**	**219.8**	**–2.9**	**185.1**	**441.6**
Gains/losses recognised directly in equity	–	–	–0.1	–	–0.1
Result of the period	–	–	–	–18.2	–18.2
Total comprehensive income	**–**	**–**	**–0.1**	**–18.2**	**–18.3**
Dividend payments	–	–	–	–0.9	–0.9
As of 30 June 2021	**39.6**	**219.8**	**–3.0**	**166.0**	**422.4**

* Retained earnings also include items that will not be reclassified to the Consolidated Statement of Income in the future.

SELECTED DISCLOSURES

METHOD OF PREPARATION

The interim consolidated financial statements of Biotest AG and its subsidiaries as of 30 June 2021 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 2021 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 Standards Interpretations Committee (IFRS IC) as well as the interpretations of 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 2021.

The accounting policies applied are the same as those used in the last financial statements.

These interim consolidated financial statements were approved for publication by the Board of Management on 12 August 2021.

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 (approximately 90 % of the voting ordinary 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., Tehran, Iran, is included in the consolidated financial statements at equity as a joint venture.

NET DEBT

in € million	**30 June 2021**	31 December 2020
Shareholder loan	313.9	310.3
Financial liabilities to third parties	155.0	131.4
Lease liabilities	27.9	27.4
Financial liabilities	**496.8**	**469.1**
Cash and cash equivalents	72.0	71.3
	72.0	**71.3**
Net debt	**424.8**	**397.9**

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 of 2021, for example, a further tranche of € 25.0 million of a loan was drawn that was already closed in 2019 for a total volume of € 240.0 million with a maturity date in 2024. The loan was drawn in the amount of € 125 million on 30 June 2021.

SEGMENT REPORTING
of the Biotest Group for the period from 1 January to 30 June 2021

	Revenue			EBIT		
in € million	**H1 2021**	H1 2020	Change in %	**H1 2021**	H1 2020	Change in %
Therapy	224.1	207.4	8.1	–13.0	2.2	>-100
Plasma & Services	29.9	24.9	20.1	5.3	0.0	–
Other Segments	3.8	2.5	52.0	–0.8	–1.5	46.7
Biotest Group	**257.8**	**234.8**	**9.8**	**–8.5**	**0.7**	**>-100**

	Revenue based on customer's geographical location		
in € million	**H1 2021**	H1 2020	Change in %
Central Europe	94.0	81.3	15.6
Eastern and Southern Europe	65.8	58.3	12.9
Intercontinental	39.6	41.3	–4.1
Middle East, Africa and France	58.4	53.9	8.3
Biotest Group	**257.8**	**234.8**	**9.8**

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

in € million	**H1 2021**	H1 2020*
Operating profit (EBIT)	–8.5	0.7
Financial income and expenses	–9.2	–16.3
Earnings before taxes (EBT)	**–17.8**	**–15.6**
Income taxes	–0.4	–1.1
Earnings after taxes (EAT)	**–18.2**	**–16.7**

* Adjusted

in € million							**Segments**	
Categories	Therapy		Plasma & Services		Other Segments		Total	
	H1 2021	H1 2020	**H1 2021**	H1 2020	**H1 2021**	H1 2020	**H1 2021**	H1 2020
Type of products and services								
Sale of Biotest products	224.1	207.4	–	–	–	–	224.1	207.4
Toll manufacturing and know-how transfer	–	–	29.9	24.9	–	–	29.9	24.9
Sale of merchandise	–	–	–	–	3.8	2.5	3.8	2.5
	224.1	**207.4**	**29.9**	**24.9**	**3.8**	**2.5**	**257.8**	**234.8**
Geographical markets								
Central Europe	84.0	70.8	6.2	8.0	3.8	2.5	94.0	81.3
East and South Europe	64.5	57.2	1.3	1.1	–	–	65.8	58.3
Intercontinental	39.6	41.3	–	–	–	–	39.6	41.3
Middle East, Africa and France	36.0	38.1	22.4	15.8	–	–	58.4	53.9
	224.1	**207.4**	**29.9**	**24.9**	**3.8**	**2.5**	**257.8**	**234.8**
Timing of revenue recognition								
Goods transferred at a point in time	224.1	207.4	–	–	3.8	2.5	227.9	209.9
Services transferred over a period of time	–	–	29.9	24.9	–	–	29.9	24.9
	224.1	**207.4**	**29.9**	**24.9**	**3.8**	**2.5**	**257.8**	**234.8**

QUARTER-TO-QUARTER COMPARISON
by business segments

	Revenue				
in € million	**Q2 2021**	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Therapy	120.3	103.8	126.9	96.3	122.7
Plasma & Services	15.9	14.0	12.9	9.0	13.2
Other Segments	1.6	2.2	2.9	1.5	1.2
Biotest Group	**137.8**	**120.0**	**142.7**	**106.8**	**137.1**

	EBIT				
in € million	**Q2 2021**	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Therapy	–1.8	–11.2	2.8	–6.6	–0.5
Plasma & Services	2.8	2.5	4.2	–1.7	0.4
Other Segments	–0.2	–0.6	–0.5	–0.2	–0.6
Biotest Group	**0.8**	**–9.3**	**6.5**	**–8.5**	**–0.7**

OTHER DISCLOSURES

Schedule of assets – net presentation

in € million	Carrying amount as of 31 December 2020	Capital expenditure	Disposals net	Depreciation and amortisation	Currency translation differences	Carrying amount as of 30 June 2021
Intangible assets	14.0	0.2	–	–0.7	–	13.5
Property, plant & equipment	522.2	8.7	–0.3	–11.1	0.6	520.1
Right of use assets	26.1	2.6	–0.5	–2.0	0.3	26.5
Total	**562.3**	**11.5**	**–0.8**	**–13.8**	**0.9**	**560.1**

Employees
by operating functions

Full-time equivalents	**30 June 2021**	31 December 2020	Change in %
Production	1,375	1,323	3.9
Administration	183	193	–5.2
Distribution	182	199	–8.5
Research and development	223	213	4.7
Biotest Group	**1,963**	**1,928**	**1.8**

Financial instruments as of 30 June 2021

in € million	Carrying amount	Fair value
Assets		
Trade receivables	115.1	115.1
Other financial assets	15.6	15.7
Cash and cash equivalents	72.0	72.0
Equity and liabilities		
Trade payables	43.8	43.8
Financial liabilities		
Subordinated shareholder loans	313.9	347.6
Secured loans from financial institutions	121.9	144.4
Unsecured promissory note loans	2.1	2.2
Other financial liabilities	31.1	34.9
Liabilities from leases	27.9	27.9
Derivatives without hedging relationship	1.7	1.7

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 hierarchy in accordance with IFRS 13.72. The level reflects the proximity to the market of the data used to calculate the fair value. The fair value hierarchy levels are described below:

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

Level 2: information other than quoted prices that is directly (e.g. prices) or indirectly (e.g. 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 overall) 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 and risks and the fair value hierarchy levels explained above.

Most trade receivables (both sold and unsold) 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 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 the 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 of more than one year, the fair values correspond to the present values of the payments associated with the assets, taking into account the respective current interest rate parameters, which reflect market- and partner-related changes in conditions and expectations.

For financial (non-derivative) assets measured at fair value, the fair value is determined by reference to the share price of ADMA Biologics Inc. taking a discount into account. 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. The fair value is allocated to hierarchy level 3.

Derivative financial assets and liabilities (foreign exchange transactions and embedded derivatives) are assessed market-to-market based on quoted foreign exchange rates and yield curves obtainable on the market. The fair value is allocated to hierarchy level 2.

The fair value of the pension funds recognized in other financial assets 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 applicable yield curve and the credit spread curve considered by currency. The fair value is allocated 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 a majority stake (approximately 90% of the ordinary voting shares with voting rights of 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 2021 was € 313.9 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: Biotest acquired goods and services in the amount of € 0.2 million from Bio Products Laboratory Ltd. (BPL), based in Elstree, United Kingdom. As of 30 June 2021, Biotest has a liability to BPL in the amount of € 0.1 million. There is a contractual agreement according to which BPL can be commissioned by Biotest to perform individual tests for the product IgG Next Generation at arm's length prices. In addition, BPL supplies Biotest with biological substances and related know-how under a contract. The biologicals are supplied free of charge on condition that they remain the property of BPL.

In the first half of 2021, Biotest Pharma GmbH, Dreieich, Germany, delivered goods amounting to € 5.0 million to Anhui Tonrol Pharmaceutical Co, Ltd., Anhui, People's Republic of China. The resulting sales revenue is reported in the Intercontinental region. As of 30 June 2021, Biotest Pharma GmbH had receivables from Anhui Tonrol Pharmaceutical Co., Ltd. in the amount of € 5.0 million.

In the first half of 2021, Biotest passed on costs for the annual audit in the amount of € 0.1 million to Tiancheng International Investment Ltd. based in Hong Kong, People's Republic of China (Tiancheng International). As of 30 June 2021, there were no receivables from reimbursement from Tiancheng International.

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

Biotest generated contract fractionation sales of € 3.1 million with BioDarou P.J.S. Co. in the first six months. Biotest's receivables and contract assets from BioDarou P.J.S. Co. amount to € 14.1 million as of June 30, 2021. Accumulated allowances for receivables and contract assets amounted to € 0.9 million on 30 June 2021.

In May 2021, a dividend of € 0.1 million was distributed by Biotest Grundstücksverwaltungs GmbH to the former shareholders in retrospect of a purchase agreement. The dividend relates to a period up to and including 2018.

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

EVENTS AFTER THE REPORTING DATE

We refer to the comments in the supplementary report.

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

These interim consolidated financial statements and the Group interim management report 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, 12 August 2021
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

11 November 2021
Nine-month report

30 March 2022
Annual Report 2021

03 May 2022
Three-month report

03 May 2022
Annual Shareholders' Meeting

11 August 2022
Half-year report

14 November 2022
Nine-month report

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