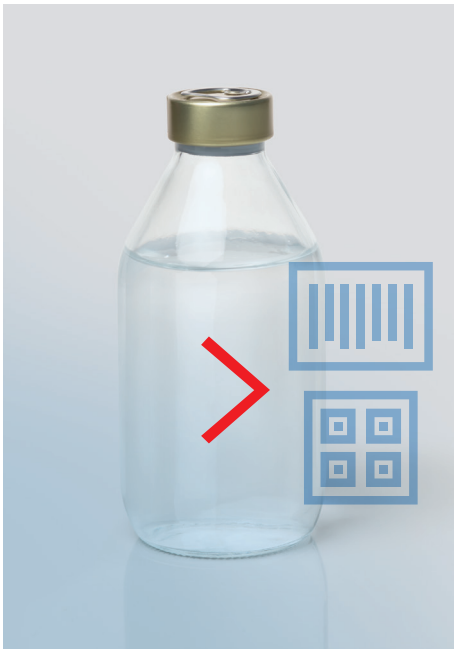
Biotest

From Nature for Life

HALF-YEAR REPORT 2019 BIOTEST AG



KEY FIGURES

BIOTEST GROUP		H1 2019	H1 2018	Change in %
Revenues	€ million	**195.1**	200.7	–2.8
thereof:				
Germany	€ million	**55.3**	53.8	2.8
Rest of World	€ million	**139.8**	146.9	–4.8
thereof:				
Therapy	€ million	**176.1**	172.8	1.9
Plasma & Services	€ million	**15.3**	24.8	–38.3
Other Segments	€ million	**3.7**	3.1	19.4
EBITDA	€ million	**8.9**	12.7	–29.9
Depreciation and amortisation	€ million	**14.4**	12.1	19.0
Operating result (EBIT)	€ million	**–5.5**	0.6	>–100
EBIT in % of revenues	*%*	***–2.8***	*0.3*	
Earnings before taxes from continuing operations	€ million	**2.5**	–10.1	>100
Earnings after taxes from continuing operations	€ million	**2.0**	–8.0	>100
Earnings after taxes from discontinued operations	€ million	**–**	193.7	–100
Earnings after taxes (total)	€ million	**2.0**	185.7	–98.9
Earnings per share	€	**0.04**	4.68	–99.1
Financing				
Cash flow from operating activities of continuing operations	€ million	**–8.2**	–51.7	84.1
Cash flow from operating activities of discontinued operations	€ million	**–**	–0.5	100
		30 June 2019	31 December 2018	
Equity	€ million	**496.2**	495.2	0.2
Equity ratio	*%*	***46.9***	*47.5*	
Balance sheet total	€ million	**1,058.2**	1,042.3	1.5
Employees in FTEs	number	**1,794**	1,663	7.9

CONTENTS

Dr Michael Ramroth

Dr Georg Floß

Dear Shareholders,

After Dr. Ehmer resigned from his position as Chief Executive Officer of Biotest AG as planned on 30 April 2019, the Supervisory Board transferred Dr. Ehmer's previous tasks and responsibilities to us. We would like to take this opportunity to thank Dr. Ehmer for his commitment to Biotest. He has guided Biotest through eventful times with great personal commitment and a steady hand. We would therefore like to personally thank him for five years of excellent and trustful cooperation.

In the second quarter of 2019 Biotest returned to its growth path. At € 117.6 million, sales for the period were up 4% from € 112.8 million in the prior-year quarter. This means that part of the decline in sales recorded in the first quarter of 2019 has been recovered. With respect to the half year, at € 195.1 million, sales were only nearly 3% lower than in the same period last year. The unexpected delay in the transfer of distribution rights for Biotest preparations to a new distributor in Turkey has now been overcome. This contributed to the weak sales development in the first quarter of 2019. We are therefore confident that Biotest is on track to make up the slight sales shortfall from the first half of the year in the coming six months and to achieve the expected sales growth in the mid-single-digit percentage range for the year as a whole.

We also have good news on our Biotest Next Level expansion project. The qualifications of the clean rooms and media systems are in progress so that they can be approved by the Darmstadt Regional Council in November 2019. In parallel, the commissioning of the processing plants was started and their approval by the Darmstadt Regional Council is expected for 2020.

A significant milestone has also been reached with regard to the financing of the Biotest Next Level project. Negotiations with banks and financing institutions to raise new debt capital were successfully concluded at the end of June 2019. The reason for the realignment of our debt financing was that our banks made use of their special right to terminate our loans after we were taken over by Creat based on the change of control under company law. Over the next five years, Biotest will have € 240 million available from the financing round that has now been completed. This will finance the steps required to commissioning the Biotest Next Level facilities over the next few years.

As in previous years, we continued to strengthen our own supply of human blood plasma, the most important raw material for our preparations, in 2019. In the first half of this year, Biotest acquired a new collection centre in Germany and opened a new centre in Hungary. Our Group's own network now includes 21 plasma collection centers in Europe.

With the progress we made on the Biotest Next Level project, the expansion of our network of plasma collection centers and the scheduled progress of our clinical development projects, we have continued to work on the foundation for the future success of the Biotest Group. We would be delighted if you continued to accompany the development of the Biotest Group in the future and we 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 2019

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.

In the comparable period of the previous year, all activities of the divested US companies and expenses and income related to the divestment were presented as discontinued operations.

Unless stated otherwise, the information and explanations in this Half-Year Report relate to continuing operations.

B. HUMAN RESOURCES

As of 30 June 2019, Biotest employed 1,794 persons expressed as full-time equivalents (FTEs). This represents an increase of 7.9% compared to 1,663 full-time equivalents at the end of 2018. The opening of two more plasma collection centers as well as the strengthening of reseach and development and Biotest Next Level teams have led to the increase.

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 by 2021. 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. By strategically focussing on plasma proteins, the development of monoclonal antibodies was continued up to the targeted milestones. Further activities will only be continued once a partner has been found.

A description of the progress made in the research and development projects in the first half of 2019 can be found in the "Research and Development" section of the Economic Report.

In the first half of 2019, the Biotest Group's research and development costs amounted to € 27.6 million (previous year: € 22.8 million). € 26.7 million of this related to plasma proteins and € 0.9 million to monoclonal antibodies. These expenses amounted to 14.1% of sales after 11.4% in the same period of the previous year. The number of employees (converted into FTEs) in research and development was 202 FTEs as of 30 June 2019, slightly up from 31 December 2018 (190 FTEs).

B. ECONOMIC REPORT

I. BUSINESS AND GENERAL FRAMEWORK

In the estimate of the Kiel Institute for the World Economy (IfW), the expansion of the global economy accelerated temporarily at the beginning of 2019. In the advanced economies, for instance, the gross domestic product rose surprisingly strong and global production rose by a total of 0.8% in the first quarter. Nevertheless, the IfW indicator for global economic activity, calculated on the basis of sentiment indicators from 42 countries, continues to point downwards.[1] Compared to the March 2019 estimate, the IfW expects global economic growth in the summer of 2019 to be 0.1 percentage points lower at 3.2% for the current year. For 2020, the IfW expects a slight increase in the growth rate to 3.3%. Especially in the advanced economies, the IfW expects an end to the economic upswing and a decline in GDP growth from 2.3% in 2018 to 1.9% in the current year and 1.6% in 2020.[2] Economic policy uncertainties such as the still unresolved Brexit issue, a further escalation in the trade conflict between the United States and China or its extension to trade relations with the European Union continue to pose downside risks to the world economy.[3]

In Germany, seasonally and calendar-adjusted economic output in the first quarter of 2019 rose by 0.4% compared to the previous quarter. According to the IfW, however, this is largely a result of special factors such as catch-up effects in the automotive industry, which compensated for sales difficulties in the fall of 2018 at the beginning of 2019. On the whole, however, the IfW sees a slowdown in the underlying economic trend in Germany, as evidenced by weaker foreign trade, a decline in industrial production in April and a slump in new industrial orders at the beginning of the year. Compared to the March 2019 forecast, the IfW, based on its price-adjusted summer forecast of June 2019, only expected the German gross domestic product to grow by 0.6% in 2019 (March forecast: 1.0%) and by 1.6% in 2020 (March forecast: 1.8%).[4]

The IfW also expects weaker growth of the gross domestic product in the United States (2018: 2.9%, 2019: 2.4%, 2020: 1.5%), in the euro zone (2018: 1.9%, 2019: 1.2%, 2020: 1.4%), in the United Kingdom (2018: 1.4%, 2019: 1.4%, 2020: 1.2%) and in Asia (2018: 6.5%, 2019: 5.9%, 2020: 5.8%). A clearly positive development is forecast for Latin America in 2020 (2018: 0.8%, 2019: 0.6%, 2020: 2.2%).[5]

Due to the high worldwide medical demand for plasma protein products, the Biotest Group is only marginally dependent on global economic cycles. Nevertheless, effects on the operating business, in particular due to local crises and exchange rate changes, cannot be ruled out.

[1] *Kiel Institute for the World Economy (2019), Kiel Institute Economic Outlook, The Global Economy in the Summer, p. 2*

[2] *Kiel Institute for the World Economy (2019), Kiel Institute Economic Outlook, The Global Economy in the Summer, p. 7f.*

[3] *Kiel Institute for the World Economy (2019), Kiel Institute Economic Outlook, The Global Economy in the Summer, p. 2.*

[4] *Kiel Institute for the World Economy (2019), Kiel Institute Economic Outlook, The German Economy in the Summer, p. 2ff.*

[5] *Kiel Institute for the World Economy (2019), Kiel Institute Economic Outlook, The Global Economy in the Summer, p. 22ff.*

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 8 to 9% annually.[6] 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 2018 rose by around 15% compared to 2017.[7] 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.[8] The market volume for immunoglobulins in the USA increased in 2018 with growth rates in the upper single-digit percentage range.[9] In Europe, on the other hand, the market volume in 2018 developed somewhat more slowly than in the USA.[10] The German market also developed positively last year in terms of sales volume – both for general practitioners and for clinics.[11] The average price in German clinics showed a positive development in the course of 2018.[12]

The long-term growth of the global albumin market is estimated to continue at an annual rate of around 6%.[13]

The demand for plasmatic Factor VIII products is also continuing to increase. Growth is driven primarily by the increasing use of Factor VIII therapies in emerging markets. In many of these countries, haemophilia patients currently do not have access to coagulation factor therapy. The global market for plasmatic Factor VIII drugs is expected to grow by 1 to 2% p.a. through 2020.[14] The recombinant sector will be dominated by the introduction of new 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 will slow the growth of the Factor VIII market in the future, especially in the US and Europe.

[6] *Biotest Market and Pricing Insights based on MRB (2014, 2015, 2016), Plasma Protein Therapeutics Association (PPTA) (2018), Markets and Markets (2018), Credit Suisse (January 2019), Allied Market Research (2018).*

[7] *PPTA (2018).*

[8] *CMS.gov, IQVIA (January 2019).*

[9] *PPTA (2018), Credit Suisse (January 2019).*

[10] *Insight Health (January 2019), IQVIA (January 2019), PPTA (2018).*

[11] *Insight Health (October 2018), IQVIA (October 2018).*

[12] *IQVIA (January 2019).*

[13] *Biotest Market and Pricing Insights based on MRB (2017), Markets and Markets (2018).*

[14] *Biotest Market and Pricing Insights based on MRB (2016).*

III. BUSINESS PERFORMANCE

A. AT A GLANCE

Unless stated otherwise, the following figures relate exclusively to continuing operations.

In the first half of financial year 2019, the Biotest Group recorded revenue of € 195.1 million (same period of the previous year: € 200.7 million). On a half-year basis, sales are only € 5.6 million or 2.8% below the figure for the same period last year. Part of the decline in revenue recorded in the first quarter of 2019 has already been compensated for (Q1 2019: € 10.5 million or 11.9% below the previous year's quarter).

EBIT at Group level amounted to € –5.5 million in the first six months of financial year 2019 (same period of the previous year: € 0.6 million).

Plasma Service Europe GmbH, Dreieich, Germany, a 100% subsidiary of Biotest AG, acquired a plasmapheresis centre in Hanover, Germany in January 2019. In addition, in April 2019, Biotest received the operating permit for the ninth plasmapheresis centre in Hungary from the Hungarian health authority OTH. The centre is located in the capital city of Budapest. Thus, the Group has expanded its own network of plasma collection stations in Europe to 21 centers to secure the long-term supply of plasma.

Furthermore, in January 2019, Biotest received the extension of the approved indications of Intratect® in 22 European countries to include the neurological indications chronic inflammatory demyelinating polyneuropathy (CIDP) and multifocal motor neuropathy (MMN), as well as an extension in the area of secondary immunodeficiencies (SID).

In March 2019, Biotest received approval in 13 European countries for a preparation with half of the solvent volume of the Factor VIII drug Haemoctin® SDH.

At its meeting on 7 March 2019, the Supervisory Board appointed Dr. Michael Ramroth Chairman of the Board of Management of Biotest AG with effect from 1 May 2019.

Biotest also received an additional insurance compensation payment of € 5.5 million in April.

At the Annual General Meeting 2019 on 7 May 2019, Biotest AG's shareholders approved the distribution of a dividend of € 0.04 per preference share. A total amount of around € 0.8 million was distributed.

In the first half of the year, good progress was made on the Biotest Next Level expansion project at the Dreieich site. The qualifications of the clean rooms and media systems are in progress so that they can be approved by the Darmstadt Regional Council in November 2019. In parallel, the commissioning of the processing plants was started and their approval by the Darmstadt Regional Council is expected for 2020.

Biotest signed a 5-year financing agreement for a volume of € 240 million on 24 June 2019. This will finance the further steps towards the commissioning of the Biotest Next Level facilities in the years to come. The closing of the financing agreement took place on 2 July 2019.

B. RESEARCH AND DEVELOPMENT

Compared to the same period of the previous year, the costs of research and development increased by 21.1% to € 27.6 million in the first six months of financial year 2019 (same period of the previous year: € 22.8 million). This was mainly due to higher expenses for the production of clinical trial materials for the IgG Next Generation and Trimodulin projects. A complete list of all research and development projects is included in the 2018 Annual Report (pages 18 to 21). Biotest was able to make further progress with the following research and development projects in the period from January to June 2019:

RESEARCH & DEVELOPMENT PROGRESS IN THE FIRST SIX MONTHS OF 2019

Therapeutic area Haematology	
Fibrinogen	Phase III clinical trials on congenital and acquired fibrinogen deficiency are proceeding according to plan.
Therapeutic area Clinical Immunology	
IgG Next Generation	Phase III study in PID (Primary immune deficiencies), recruitment of adults and children has been completed. The one-year treatment phase runs until the end of Q1 2020. Phase III study in ITP (Immune thrombocytopenia) completed. The data shows the expected good effectiveness and a high safety profile for the product.
Therapeutic area Intensive Care Medicine	
Trimodulin	Coordination with the U.S. Food and Drug Administration (FDA), EMA and Paul-Ehrlich-Institut took place. Phase III study and paediatric development plan in preparation.

C. MARKETING AND DISTRIBUTION

The first half of 2019 was characterised by rising global demand for immunoglobulins and at the same time rising prices.

In Turkey, marketing authorisations were transferred to a new distribution partner.

MARKETING & DISTRIBUTION PROGRESS IN THE FIRST SIX MONTHS OF 2019

Therapeutic area Clinical Immunology	
Intratect®	Preparations for implementation in the markets relevant for Biotest are in progress, as part of the indication extension to include the neurological indications chronic inflammatory demyelinating polyneuropathy (CIDP) and multifocal motoric neuropathy (MMN), as well as extension in the area of secondary immunodeficiencies (SID).
Cytotect CP, Varitect	The general demand for Biotest's hyperimmunoglobulins (Cytotect, Varitect) is increasing in the Middle East, Africa and France region (e.g. Kuwait, Oman and the United Arab Emirates). After changing the dosage of Cytotect in Italy (Cytomegatect), the existing list price was confirmed by the Italian authorities.
Fovepta	Biotest won a contract for a 2-year tender (2019/2020) in Saudi Arabia. New approval of Fovepta in Kazakhstan was achieved.
Therapeutic area Haematology	
Haemoctin®	June 2019: Haemoctin® 500 and 1000 with reduced solvent volumes were successfully launched on the German market and initial sales achieved.
Plasma & Services	
The Biotest Group opened a plasma collection centre in Hanover, Germany in January 2019 and Biotest also received the operating permit for the ninth plasma collection centre in Hungary in April 2019. By 30 June 2019, Biotest is operating 21 plasma collection centres in Europe.	

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

A. RESULT OF OPERATIONS

In the first half of 2019, the Biotest Group generated revenue of € 195.1 million compared to € 200.7 million in the same period of the previous year. The slight 2.8% decline in sales can be mainly attributed to lower sales in the Plasma & Services segment associated with the reduced toll fractionation to expand capacities for our own production. This effect was partially offset by higher sales in the Therapy segment, however.

SALES BY SEGMENT

in € million	H1 2019	H1 2018	Change in %
Therapy	176.1	172.8	1.9
Plasma & Services	15.3	24.8	–38.3
Other Segments	3.7	3.1	19.4
Biotest Group	**195.1**	**200.7**	**–2.8**

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

Biotest achieved growth in sales in two of four regions in the first half of 2019, while revenue in the Middle East, Africa and France as well as Eastern and Southern Europe regions declined slightly. The Central Europe region contributed the largest share of revenue with sales of € 76.1 million.

SALES BY REGION

in € million	H1 2019	H1 2018	Change in %
Central Europe	76.1	74.4	2.3
Eastern and Southern Europe	32.4	35.1	–7.7
Intercontinental	41.8	36.6	14.2
Middle East, Africa and France	44.8	54.6	–17.9
Biotest Group	**195.1**	**200.7**	**–2.8**

In the first half of 2019 the cost of sales of € 140.2 million were 2.5% higher than in the same period of the previous year (€ 136.8 million). The increase of € 3.4 million is mainly a result of the increase in costs caused by the start-up phase of the Biotest Next Level project.

Marketing and distribution costs amounted to € 23.6 million for the first six months of 2019, down € 2.0 million or 7.8% on the previous-year figure of € 25.6 million. The main reasons for the lower level of costs were lower commissions as a result of the decline in sales and contract renewals.

The Biotest Group's administrative expenses for the first half of 2019 amounted to € 15.4 million and were thus below the previous year's level (previous year: € 16.0 million).

Research and development costs of € 27.6 million were incurred in the first six months of the current 2019 financial year, compared to € 22.8 million in the same period of the previous year. The increase of 21.1% or € 4.8 million was mainly due to higher expenses for the production of clinical trial material for the IgG Next Generation and Trimodulin projects.

EBIT amounted to € –5.5 million in the first half of 2019 (same period of the previous year: € 0.6 million). This includes expenses of € 34.5 million for the Biotest Next Level project (same period of the previous year: € 23.7 million) and income of € 9.5 million from insurance compensation. The weaker EBIT compared to the previous year in the Therapy segment is primarily the result of increased cost of sales caused by the increase in costs for the ramp-up phase of the Biotest Next Level project. Furthermore, a 21.1% increase in research and development costs had a negative impact on EBIT. The increase is due to the production of clinical material for the development projects IgG Next Generation and Trimodulin.

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

ADJUSTED EBIT

in € million	H1 2019	H1 2018	Change in %
EBIT	–5.5	0.6	>–100
Expenses for Biotest Next Level*	34.5	23.7	45.6
Expenses for monoclonal antibodies	0.9	2.5	–64.0
Adjusted EBIT	**29.9**	**26.8**	**11.6**

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

The EBIT of the existing product business without the expenses for Biotest Next Level (€ 34.5 million) and for monoclonal antibodies (€ 0.9 million) was € 29.9 million, compared to € 26.8 million in the previous year.

KEY INCOME STATEMENT ITEMS OF THE BIOTEST GROUP*

in € million	H1 2019	% of sales	H1 2018	% of sales
Cost of sales	–140.2	71.9	–136.8	68.2
Marketing and distribution costs	–23.6	12.1	–25.6	12.8
Administrative expenses	–15.4	7.9	–16.0	8.0
Research and development costs	–27.6	14.1	–22.8	11.4
Other operating income and expenses	8.9	4.6	1.0	0.5
Financial income and expenses	–3.6	1.8	–7.4	3.7

* Costs / expenses are marked with a negative sign.

The adjusted EBIT margin for the first six months of the current financial year was 15.3%, compared to 13.4% for the same period of the previous year.

EBIT BY SEGMENT

in € million	**H1 2019**	H1 2018	Change in %
Therapy	–4.9	1.3	>–100
Plasma & Services	0.9	0.8	12.5
Other Segments	–1.5	–1.5	–
Biotest Group	**–5.5**	**0.6**	**>–100**

EBIT in the Plasma & Services segment rose slightly from € 0.8 million in the same period of the previous year to € 0.9 million in the first half of 2019.

At € –1.5 million, EBIT in the Other Segments segment was at the same level as last year (same period of the previous year: € –1.5 million).

EBIT from discontinued operations amounted to € 0.0 million in the reporting period, compared to € 193.9 million in the previous year. For the first half of 2018, it was dominated by the recognition of the gain on the sale of the US companies expected at that time.

In the first half of 2019, the financial result from continuing operations amounted to € 8.0 million after € –10.7 million in the same period of the previous year. The value adjustments on financial instruments measured at fair value were the main reason for the significant improvement.

For the continuing operations of the Biotest Group, this results in earnings before taxes (EBT) of € 2.5 million after € –10.1 million in the same period of previous year.

Earnings after taxes from continuing operations in the first half of 2019 amounted to € 2.0 million (previous year: € –8.0 million).

Earnings after taxes from discontinued operations amounted to € 0.0 million in the first six months of the current year, compared to € 193.7 million in the same period of previous year.

The Biotest Group's total earnings after taxes (EAT) for the first half of 2019 amounted to € 2.0 million (same period of the previous year: € 185.7 million). This results in earnings per share of € 0.04 after € 4.68 in the first half of 2018.

KEY PERFORMANCE FIGURES OF THE BIOTEST GROUP

in € million	**H1 2019**	H1 2018	Change in %
EBIT	–5.5	0.6	>–100
EBT	2.5	–10.1	>100
EAT	2.0	–8.0	>100

B. FINANCIAL POSITION

The balance sheet total of the Biotest Group rose from € 1,042.3 million on 31 December 2018 to € 1,058.2 million on 30 June 2019.

The increase in non-current assets by € 22.4 million to € 569.6 million (31 December 2018: € 547.2 million) is mainly attributable to the first-time application of IFRS 16 Leases and the associated capitalisation of rights of use in the amount of € 18.4 million.

Current assets decreased slightly compared to the end of 2018 and totalled € 488.6 million on 30 June 2019 (31 December 2018: € 495.1 million). This change is based on several effects: Inventories increased by € 38.7 million to secure sales planned for the coming months, while trade receivables decreased by € 10.3 million. Other assets also decreased by € 12.8 million and other financial assets by € 14.4 million. This was primarily caused by a decrease in tax receivables as well as the reduced right to receive the divestiture proceeds from the sale of shares in ADMA Biologics Inc. Cash and cash equivalents decreased by € 12.1 million in the first half of 2019.

Equity increased slightly to € 496.2 million (31 December 2018: € 495.2 million) due to the profit for the period as of 30 June 2019. The equity ratio remained solid at 46.9% at the end of the first half of 2019.

Total liabilities increased by € 14.9 million to € 562.0 million as of 30 June 2019 (31 December 2018: € 547.1 million). The increase is mainly due to the recognition of lease liabilities corresponding to the capitalisation of rights of use in accordance with IFRS 16 Leases.

C. CASH FLOW

In the first six months of 2019, the Biotest Group recorded negative operating cash flow of € –8.2 million due to changes in working capital. In the same period of the previous year, operating cash flow was € –51.7 million. Cash flow from investing activities amounted to € –1.5 million in the period from January to June 2019 (previous year: € –12.7 million) and mainly resulted from the partial sale of shares in ADMA Biologics Inc.. Cash flow from financing activities amounted to € –2.4 million in the first half of 2019, significantly below the previous year's level of € 206.8 million. The financing cash flow of the previous year was mainly caused by the raising of two shareholder loans totalling € 340 million and the repayment of bank loans and promissory note loans totalling € 150.7 million.

D. SUMMARY ASSESSMENT OF THE BUSINESS SITUATION OF THE COMPANY

Partnering efforts are more complex and time-consuming than expected, therefore the possibility of forecasting without partnering cannot be ruled out. EBIT of € –15 to –35 million could then be expected, while EBIT of € –5 to +5 million is forecasted if partnering agreements are successfully concluded.

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 8 to 9% annually in the coming years.[15] The prices of these preparations developed positively in 2018 due to the tense supply situation worldwide.[16]

For plasmatic coagulation factors, the Biotest Group expects the world market volume to increase by around 1 to 2% per year through 2020.[17]

B. EXPECTED DEVELOPMENT OF THE BIOTEST GROUP

Expected business and earnings situation of the Biotest Group

For financial year 2019, the Board of Management expects sales growth in the mid-single-digit percentage range. Earnings in 2019 will be influenced by various factors. Besides the expected expenses of € 80 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, could also have an impact. Furthermore, a partner is being sought for advanced development projects. Based on the aforementioned factors, the Board of Management expects EBIT from continuing operations to be between € –5 million and € +5 million if partnering can be successfully concluded in 2019. As a result, the Board of Management expects a return on capital employed (RoCE) of around –2% to +2% and cash flow from operating activities of around € –50 to € –60 million for 2019. Excluding partnering, EBIT is expected to be between € –15 million and € –35 million, RoCE between –2% and –4% and cash flow from operating activities at € –60 to € –90 million. For EBIT adjusted for the impact on earnings of the Biotest Next Level project, the Board of Management anticipates an increase to € 75 to € 95 million in the event that partnering can be successfully completed in 2019.

Partnering efforts are proving to be more complex and time-consuming than expected, therefore the possibility of a forecast without partnering cannot be ruled out.

Expected financial position and cash flows of the Biotest Group

The main focus of the Biotest Group is a balanced financing structure, both in terms of the ratio of debt to equity and the ratio of short-term to long-term debt financing. The Group has used a large share of the cash and cash equivalents received in recent years for the Biotest Next Level project and will continue to do so 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 sales growth must be financed. For financial year 2019, capital expenditure of approximately € 40 million to € 45 million is planned for the Biotest Group, of which a substantial portion

[15] *Biotest Market and Pricing Insights based on MRB (2014, 2015, 2016), PPTA (2018), Markets and Markets (2018), Allied Market Research (2018), Credit Suisse (January 2019).*

[16] *IQVIA (January 2019).*

[17] *Biotest Market and Pricing Insights based on MRB (2016).*

is attributable to the Biotest Next Level project. However, there will also be further capital expenditure for expanding existing and adding new plasma centres in Europe. In addition to the organic growth described above and the financing thereof, partnerships could represent a future strategic option.

The loan financing was almost completely repaid in 2018. Since then, financing was mainly through shareholder loans. For further financing of the Biotest Next Level project and thus capacity expansion at the Dreieich site, a financing agreement was signed on 24 June 2019 with a term of 5 years and a volume of € 240 million.

II. RISK REPORT

The risk situation of the Biotest Group has not changed significantly since the presentation in the 2018 Annual Report (pages 30 to 39).

III. OPPORTUNITIES REPORT

The opportunities situation of the Biotest Group has not changed significantly compared to the presentation in the 2018 Annual Report (pages 39 and 40).

D. SUPPLEMENTARY REPORT

The closing of the financing agreement signed on 24 June 2019 took place on 2 July 2019.

CONSOLIDATED STATEMENT OF INCOME

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

in € million	Q2 2019	Q2 2018	H1 2019	H1 2018
Revenue	117.6	112.8	195.1	200.7
Cost of sales	–82.2	–79.1	–140.2	–136.8
Gross profit	**35.4**	**33.7**	**54.9**	**63.9**
Other operating income	6.0	2.2	10.5	3.0
Marketing and distribution costs	–12.5	–13.2	–23.6	–25.6
Administrative expenses	–7.9	–7.4	–15.4	–16.0
Research and development costs	–13.6	–11.0	–27.6	–22.8
Other operating expenses	–0.7	–1.0	–1.6	–2.0
Change in impairments on financial assets measured at amortised cost	–2.3	0.3	–2.7	0.1
Operating profit	**4.4**	**3.6**	**–5.5**	**0.6**
Fair value adjustments on financial instruments measured at fair value	1.7	–5.5	11.6	–3.3
Financial income	1.0	6.3	3.1	8.3
Financial expenses	–3.6	–3.8	–6.7	–15.7
Financial result	**–1.0**	**–3.0**	**8.0**	**–10.7**
Earnings before taxes	**3.4**	**0.7**	**2.5**	**–10.1**
Income taxes	–0.2	–0.5	–0.5	2.1
Earnings after taxes from continuing operations	**3.2**	**0.2**	**2.0**	**–8.0**
Earnings after taxes from discontinued operations	–	158.6	–	193.7
Earnings after taxes (total)	**3.2**	**158.8**	**2.0**	**185.7**
Attributable to:				
Equity holders of the parent	3.2	158.8	2.0	185.7
thereof from continuing operations	3.2	0.1	2.0	–8.0
thereof from discontinued operations	–	158.6	–	193.7
Earnings per share in €	**0.07**	**4.01**	**0.04**	**4.68**
thereof from continuing operations	0.07	0.01	0.04	–0.21
thereof from discontinued operations	–	4.00	–	4.88

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

in € million	H1 2019	H2 2018
Consolidated profit for the period	**2.0**	**185.7**
Exchange difference on translation of foreign operations	–	–1.3
Reclassification of foreign currency translation differences recognised in the statement of income	–	–32.6
Other comprehensive income, net of tax reclassified to profit or loss, or potentially reclassified to profit or loss in subsequent periods	**–**	**–33.9**
Actuarial losses from defined benefit pension plans	–	–1.3
resulting income tax effect	–	–0.1
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods	**–**	**–1.4**
Other comprehensive income, net of tax	**–**	**–35.3**
Total comprehensive income, net of tax	**2.0**	**150.4**
Attributable to:		
Equity holders of the parent	**2.0**	**150.4**
Non-controlling interests	**–**	**–**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of the Biotest Group as of 30 June 2019

in € million	30 June 2019	31 December 2018
ASSETS		
Non-current assets		
Intangible assets	16.8	16.4
Property, plant and equipment	513.2	512.7
Right-of-use assets	18.4	–
Investments in joint ventures	1.9	1.9
Other assets	–	0.2
Other financial assets	10.6	7.4
Deferred tax assets	8.7	8.6
Total non-current assets	**569.6**	**547.2**
Current assets		
Inventories	247.0	208.3
Contract assets	34.8	30.5
Trade receivables	108.4	118.7
Current income tax assets	0.4	0.4
Other assets	10.1	22.9
Other financial assets	31.9	46.3
Cash and cash equivalents	49.8	61.9
	482.4	**489.0**
Assets held for sale	6.2	6.1
Total current assets	**488.6**	**495.1**
Total assets	**1,058.2**	**1,042.3**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	39.6	39.6
Share premium	219.8	219.8
Retained earnings	234.8	53.9
Share of profit or loss attributable to equity holders of the parent	2.0	181.7
Equity attributable to equity holders of the parent	**496.2**	**495.0**
Non-controlling interests	–	0.2
Total equity	**496.2**	**495.2**
Non-current liabilities		
Provisions for pensions and similar obligations	89.5	88.9
Other provisions	1.8	1.2
Financial liabilities	52.3	328.7
Other liabilities	0.2	–
Deferred tax liabilities	2.6	2.7
Total non-current liabilities	**146.4**	**421.5**
Current liabilities		
Other provisions	18.1	22.6
Current income tax liabilities	2.8	2.8
Financial liabilities	302.5	0.7
Trade payables	63.3	73.4
Other liabilities	28.9	26.1
Total current liabilities	**415.6**	**125.6**
Total liabilities	**562.0**	**547.1**
Total equity and liabilities	**1,058.2**	**1,042.3**

CONSOLIDATED CASH FLOW STATEMENT

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

in € million	H1 2019	H1 2018
Operating cash flow before changes in working capital	8.6	12.6
Cash flow from changes in working capital	–15.9	–58.8
Interest and taxes paid	–0.9	–5.5
Cash flow from operating activities from continuing operations	**–8.2**	**–51.7**
Cash flow from operating activities from discontinued operations	–	–0.5
Cash flow from operating activities total	**–8.2**	**–52.2**
Cash flow from investing activities from continuing operations	–1.5	–12.7
Cash flow from investing activities from discontinued operations	–	–
Cash flow from investing activities total	**–1.5**	**–12.7**
Cash flow from financing activities from continuing operations	–2.4	206.8
Cash flow from financing activities from discontinued operations	–	–
Cash flow from financing activities total	**–2.4**	**206.8**
Cash changes in cash and cash equivalents	**–12.1**	**141.9**
Exchange rate-related changes in cash and cash equivalents	–	1.5
Cash and cash equivalents on 1 January	61.9	22.3
Cash and cash equivalents on 30 June	**49.8**	**165.7**
thereof from discontinued operations	–	–
thereof from continuing operations	**49.8**	**165.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of the Biotest Group for the period from 1 January 2018 to 30 June 2019

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 2018	**39.6**	**219.8**	**29.9**	**58.3**	**347.6**	**0.2**	**347.8**
Adjustment due to first-time adoption of IFRS 9	–	–	–	1.1	1.1	–	1.1
As of 1 January 2018 (adjusted)	**39.6**	**219.8**	**29.9**	**59.4**	**348.7**	**0.2**	**348.9**
Gains/losses recognised directly in equity	–	–	–1.5	–0.5	–2.0	–	–2.0
Reclassification to income statement	–	–	–32.6	–	–32.6	–	–32.6
Profit for the period	–	–	–	181.7	181.7	–	181.7
Total comprehensive income	**–**	**–**	**–34.1**	**181.2**	**147.1**	**–**	**147.1**
Dividend payments	–	–	–	–0.8	–0.8	–	–0.8
As of 31 December 2018	**39.6**	**219.8**	**–4.2**	**239.8**	**495.0**	**0.2**	**495.2**
As of 1 January 2019	**39.6**	**219.8**	**–4.2**	**239.8**	**495.0**	**0.2**	**495.2**
Profit for the period	–	–	–	2.0	2.0	–0.2	1.8
Total comprehensive income	**–**	**–**	**–**	**2.0**	**2.0**	**–0.2**	**1.8**
Dividend payments	–	–	–	–0.8	–0.8	–	–0.8
As of 30 June 2019	**39.6**	**219.8**	**–4.2**	**241.0**	**496.2**	**–**	**496.2**

SELECTED DISCLOSURES

METHOD OF PREPARATION

The interim consolidated financial statements of Biotest AG and its subsidiaries as of 30 June 2019 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 2019 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 2019.

These interim consolidated financial statements were approved for publication by the Board of Management on 14 August 2019.

CONSOLIDATED GROUP

The consolidated financial statements of Biotest AG still include all material subsidiaries, comprising three domestic and 12 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.

Unless stated otherwise, the information and explanatory notes in this Half-Year Report relate to the continuing operations.

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.

IMPACT OF THE NEW ACCOUNTING STANDARDS

IFRS 16: Leases

As part of the transition to IFRS 16, assets for the rights to use the leased assets of € 16.1 million and leasing liabilities of € 16.1 million were recognised as of 1 January 2019. The transition to IFRS 16 was based on the simplified modified retrospective approach with measurement of the right of use in the amount of the liability. Comparative information for prior-year periods has not been restated. As part of the first-time adoption of IFRS 16, the Group decided not to apply the new provisions to leases of low-value assets and short-term leases (i.e. leases with a maximum term of twelve months at the commencement date) in accordance with the option under IFRS 16.5. In addition, the Group has applied the facilitation rules of IFRS 16.C3(b) and has not reviewed contractual relationships that were not classified as leases under IAS 17 "Leases" in conjunction with IFRIC 4 "Determining Whether an Arrangement Contains a Lease" in accordance with the definition of a lease under IFRS 16. The Biotest Group does not make use of the option to include further intangible assets in accordance with IFRS 16.4.

The lease liabilities were discounted using the incremental borrowing rate as of 1 January 2019. The Biotest Group used base interest rates with appropriate maturities, including premiums for country risks and currency risks, as the basis for determining the incremental borrowing rate. The weighted average interest rate as of 1 January 2019 was approximately 2,7%.

In general, a planning horizon of five years was defined by the Group for the decision concerning the exercise of termination and extension options. Furthermore, it was assumed that the criterion of reasonably certainty with regard to the extension or non-cancellation period could generally be met for a maximum of 10 years due to increasing uncertainty in future forecasts. If a longer lease term is not contractually fixed, the lease term thus is limited to 15 years.

Leasing liabilities are reported as financial liabilities. The reconciliation of the off-balance sheet lease commitments on 31 December to the balance sheet lease liabilities on 1 January 2019 is as follows:

in € million	1 January 2019
Operating lease commitments as of 31 December 2018	21.2
Minimum lease payments included in finance lease liabilities as of 31 December 2018	–4.0
Simplifications of application for short-term leases and leases of low-value assets	–0.2
New contracts with terms beginning on 1 January 2019	–1.6
Rental-related obligations (service components)	–3.9
Consideration of reasonably certain extension options	4.4
Effect of discounting	–0.3
Other effects	0.5
Leasing liabilities due to first-time adoption of IFRS 16 as of 1 January 2019	**16.1**
Leasing liabilities from finance leases as of 1 January 2019	3.3
Total leasing liabilities as of 1 January 2019	**19.4**

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

in € million	H1 2019	H1 2018
Operating profit (EBIT) (continuing and discontinued operations)	**–5.5**	**194.5**
Fair value adjustments on financial instruments measured at fair value (+ income, - expenses)	11.6	–3.3
Financial income and expenses	–3.6	–7.6
Earnings before taxes (EBT) (continuing and discontinued operations)	**2.5**	**183.6**
Income taxes	–0.5	2.1
Earnings after taxes (EAT) (continuing and discontinued operations)	**2.0**	**185.7**

NET DEBT

in € million	30 June 2019	31 December 2018
Shareholder loan	299.4	295.8
Financial liabilities to third parties	36.7	30.3
Leasing liabilities (previous year: Liabilities from finance leases)	18.7	3.3
Financial liabilities	**354.8**	**329.4**
Cash and cash equivalents	49.8	61.9
Current financial investments	3.0	–
	52.8	**61.9**
Net debt	**302.0**	**267.5**

The increase in net debt compared with the previous year is mainly due to the increase in leasing liabilities. In connection with the transition to IFRS 16, lease liabilities of € 16.1 million were recognized for the first time as of 1 January 2019.

SEGMENT REPORTING

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

	Revenue			EBIT		
in € million	**H1 2019**	H1 2018	Change in %	**H1 2019**	H1 2018	Change in %
Therapy	176.1	172.8	1.9	–4.9	1.3	>–100
Plasma & Services	15.3	24.8	–38.3	0.9	0.8	12.5
Other Segments	3.7	3.1	19.4	–1.5	–1.5	–
Continuing operations	**195.1**	**200.7**	**–2.8**	**–5.5**	**0.6**	**>–100**
Discontinued operations	–	6.0	–100	–	193.9	–100
Biotest Group	**195.1**	**206.7**	**–5.6**	**–5.5**	**194.5**	**>–100**

	Revenue based on customer's geographical location		
in € million	**H1 2019**	H1 2018	Change in %
Central Europe	76.1	74.4	2.3
Eastern and Southern Europe	32.4	35.1	–7.7
Intercontinental	41.8	36.6	14.2
Middle East, Africa and France	44.8	54.6	–17.9
Biotest Group	**195.1**	**200.7**	**–2.8**

QUARTER-TO-QUARTER COMPARISON

by business segments

	Revenue				
in € million	**Q2/2019**	Q1/2019	Q4/2018	Q3/2018	Q2/2018
Therapy	108.1	68.0	95.7	80.0	98.5
Plasma & Services	7.7	7.6	13.1	7.4	12.5
Other Segments	1.8	1.9	1.9	1.5	1.7
Continuing operations	**117.6**	**77.5**	**110.7**	**88.9**	**112.7**
Discontinued operations	–	–	–	–	–
Biotest Group	**117.6**	**77.5**	**110.7**	**88.9**	**112.7**

	EBIT				
in € million	**Q2/2019**	Q1/2019	Q4/2018	Q3/2018	Q2/2018
Therapy	5.2	–10.1	1.2	6.9	3.4
Plasma & Services	–0.3	1.2	3.6	–0.6	0.8
Other Segments	–0.5	–1.0	0.7	–1.8	–0.6
Continuing operations	**4.4**	**–9.9**	**5.5**	**4.5**	**3.6**
Discontinued operations	–	–	–1.7	2.6	158.6
Biotest Group	**4.4**	**–9.9**	**3.8**	**7.1**	**162.2**

OTHER DISCLOSURES

Schedule of assets – net presentation

in € million	Carrying amount as of 31 December 2018	First time application of IFRS 16	Capital expenditure	Disposals net	Depreciation and amortisation	Reclassifications	Currency translation differences	Carrying amount as of 30 June 2019
Intangible assets	16.4	–	1.3	–	–0.9	–	–	16.8
Property, plant & equipment	512.7	–	15.9	–0.7	–11.5	–3.1	–0.1	513.2
Right of use assets	–	16.1	2.6	–1.4	–2.0	3.1	–	18.4
Total	**529.1**	**16.1**	**19.8**	**–2.1**	**–14.4**	**–**	**–0.1**	**548.4**

Employees

by operating functions (Continuing operations)

Full-time equivalents	**30 June 2019**	31 December 2018	Change in %
Marketing and distribution	196	186	5.3
Administration	185	182	1.6
Production	1,211	1,105	9.6
Research and development	202	190	6.3
Biotest Group	**1,794**	**1,663**	**7.9**

Financial instruments as of 30 June 2019

in € million	**Carrying amount**	**Fair value**
Assets		
Trade receivables	108.4	108.4
Contract assets	34.8	34.8
Other financial assets	42.5	42.5
Equity and liabilities		
Trade payables	69.2	69.2
Financial liabilities		
Interest-bearing loans	335.9	345.7
Leasing liabilities	18.7	18.7
Derivatives not designated as hedging instruments	0.1	0.1
Other financial liabilities	0.1	0.1
Other liabilities	29.1	29.1

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 satisfy 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.

The fair values of trade receivables and trade payables, other receivables and liabilities are assumed to be equal to their carrying amounts due to their short maturities.

No market prices are directly observable for other financial assets that are measured at fair value. These items are measured on the basis of observable market information at the time of issue and standard yield curves. Fair value is assigned to hierarchy level 2.

Derivative financial assets are marked 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 values of financial liabilities are measured as the present values of the payments associated with the liabilities taking into account the respective applicable yield curve and the credit spread curve observed for each currency.

Counterparty risk was taken into account using an add-on approach in determining fair value. The currency basis spread was also taken into account.

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, Biotest received a subordinated shareholder loan of € 340.0 million from Tiancheng at a standard market interest rate of 2.5% and with a term until 30 April 2020. In the course of 2018, Biotest repaid a total of € 50.0 million plus interest of € 0.2 million. The carrying amount of the deferred interest loans as of 30 June 2019 was € 299.4 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 2019, Biotest acquired goods in the amount of € 0.7 million from Bio Products Laboratory Ltd. (BPL) based in Elstree, United Kingdom. Biotest's liabilities to BPL amounted to € 0.2 million as of 30 June 2019.

In the first half of 2019, Shanghai RAAS Blood Products Co. Ltd. based in Shanghai, People's Republic of China (Shanghai RAAS) supplied goods worth € 0.1 million to Biotest Hungaria Kft., Budapest, Hungary, for the sale of Shanghai RAAS products. As of 30 June 2019, Biotest Hungaria Kft. had no liabilities to Shanghai RAAS.

In the first half of 2019, Biotest passed on costs amounting to € 0.8 million to Tiancheng International Investment Ltd. based in Hong Kong, People's Republic of China (Tiancheng International). As of 30 June 2019, receivables for reimbursement from Tiancheng International amounted to € 0.3 million.

The Biotest Group also has reportable relationships with the joint venture BioDarou PJ.S. Co., Tehran, Iran, and its subsidiary Plasma Gostar Pars P.J.S., Tehran, Iran.

These two companies purchased goods and services from Biotest totalling € 3.7 million in the first six months. Biotest's receivables from BioDarou P.J.S. Co. and Plasma Gostar Pars P.J.S. amount to € 11.9 million as of 30 June 2019.

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

EVENTS AFTER THE REPORTING DATE

The closing of the financing agreement signed on 24 June 2019 took place on 2 July 2019.

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, 14 August 2019
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

14 NOVEMBER 2019
Nine-month report for 2019

30 MARCH 2020
Annual Report 2019

8 MAY 2020
Three-month report for 2020

8 MAY 2020
Annual Shareholders' Meeting

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