SCHOTT PHARMA

2022 Annual Report 2023

Performance indicators at a glance

		2022/2023	2021/2022
Revenues	in EUR m	899	821
Organic revenue growth	in %	8	21
HVS revenue share	in %	48	39
EBITDA	in EUR m	239	220
EBITDA margin	in %	26.6	26.8
EBIT	in EUR m	192	164
Profit for the period	in EUR m	152	126
Earnings per share	in EUR	1.01	0.83
Dividend per share	in EUR	0.15[1]	0.13
Free cash flow	in EUR m	10	40

		30 Sep 2023	30 Sep 2022
Equity ratio	in %	56.2	59.3
Headcount (as of the reporting date)		4,646	4,848

[1] Dividend proposal for the financial year 2022/2023

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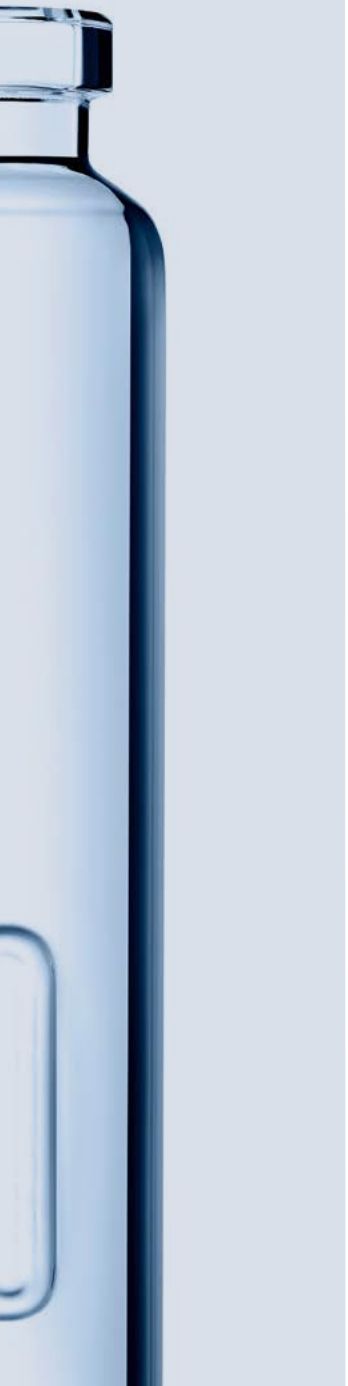
- Cross-reference to a glossary term on pages 201 et seqq.



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Dear shareholders and partners of SCHOTT Pharma,

What a year 2023 has been! We can look back on our most successful financial year yet and a significant milestone: our IPO on the Frankfurt Stock Exchange on 28 September 2023. Going public in such a strong way was an incredible feeling and a day we all remember fondly. A little over two months later, we reached our next milestone with our entry into the SDAX. This accomplishment not only reflects the trust investors place in our business model, but also underscores their recognition of the vast potential inherent in our company. It is with great pleasure that we now present our first annual report as a standalone public company.

As a young company, we can look back on a long history within the SCHOTT Group. Over 100 years ago, company founder Otto Schott began producing pharmaceutical ampoules to safely store vital medicines. One and a half years ago, the carve-out from SCHOTT Pharma from the Group laid the foundation for further high-margin growth. We are delighted that SCHOTT will remain at our side as a majority shareholder, providing strategic stability and helping to safeguard our supply chain of glass tubing, which is the basis for our glass products.

Since our IPO, we have welcomed many new investors and are looking forward to collaborating with them. Our Supervisory Board with external experts was also established this past financial year. Everything is in play for us to continue our journey and grow together.

We are very satisfied with the fiscal year 2022/2023. Not only have we successfully transitioned to a standalone company, we also reached our target of generating further profitable growth: our revenues grew by 9 % year-on-year, with a strong EBITDA margin of 26.6 %.

These results are a testament to our resilient business model and successful strategy. A key driver of this robust performance was our growing revenue share of High-Value Solutions (HVS). In 2023, we reached a new record high of 48 %, which greatly exceeded our ambitions.

Andreas Reisse (CEO)

Dr. Almuth Steinkühler (CFO)

With our portfolio, we are ideally positioned to capitalise on long-term pharma trends:

- Drugs based on GLP-1, a metabolic hormone, are facing a surge in popularity as a treatment option for type 2 diabetes or obesity. The leading drug manufacturers in this field trust SCHOTT Pharma as a reliable partner and we support them with products from our HVS portfolio like prefillable glass syringes and cartridges.

- Following its breakthrough during the corona pandemic, the mRNA technology is being extended to other treatments. These include therapeutic approaches for respiratory tract infections like respiratory syncytial virus (RSV) or influenza vaccinations, for which approval is expected soon. We are ideally positioned in this field with our polymer syringe, as it can protect medication even at temperatures approaching -100 °C.
- Through the joint development of products with manufacturers of injection devices we facilitate (self-)injection of drugs for patients who suffer from an autoimmune disease, for example. The latest projects focus on enabling a safe and more convenient administration of larger quantities of medication.

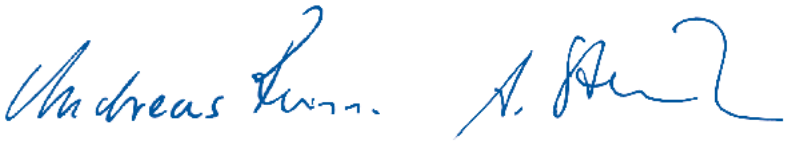
With this in mind, we are continuing to pursue our strategy of growing our HVS share and driving growth with our innovations. Our guiding principle because human health matters inspires us to keep pioneering.

This pioneering spirit also shows when it comes to sustainability. As a founding member of Alliance to Zero, we have long held the view that sustainability is key to our success. Our ESG strategy focuses on three overarching objectives: we aim to achieve climate neutrality by 2030, are working on a resource-efficient circular-economy solution for packaging, and are promoting diverse teams. Our ambitious plans were recently recognised by the Science Based Targets initiative (SBTi), which underlines that we are on the right track. We are also proud to have published our very first Sustainability Report.

We could not do any of this without the unwavering commitment of our 4,600 employees and would like to extend our sincerest thanks to all of them for their dedication and performance. As we stand ready to add new chapters to our company's success story, we could not wish for a better team in our corner. SCHOTT Pharma has huge potential, and together we will leverage it.

In a nutshell: the best is yet to come. We are ideally positioned for the future, would like to thank you for the trust you have placed in us, and look forward to this journey together with you!

Yours sincerely,



Andreas Reisse Dr. Almuth Steinkühler

Report of the Supervisory Board

Peter Goldschmidt
Chairman of the
Supervisory Board

Dear shareholders,

2022/2023 was a very eventful year for SCHOTT Pharma AG & Co. KGaA. It was the first full financial year for the Company and the year it went public. The IPO was a success: in a difficult geopolitical climate that had stock markets on edge, the Company managed to place all its shares at the upper end of the offering range and they have performed well since. This is testament to the Company's potential on the capital markets. The spin-off from the SCHOTT Group and the preparations for our IPO on 28 September 2023 required many employees to go the extra mile. We would like to thank everyone involved for their dedication. We are proud of this success that would not have been possible without the hard work of many.

The efforts put into spin-off and IPO did not prevent the Company from executing its strategy and investing heavily into its future. In Germany, Hungary, Switzerland and the US, new capacities for various product groups were ramped up. The clear focus of these new capacities is on High-Value Solutions (HVS) such as the SCHOTT TOPPAC® polymer syringes as well as glass syringes, cartridges and vials in ready-to-use. The Supervisory Board believes that these investments have put the Company into a position that will allow the Company to benefit from market developments and increase the share of revenues represented by HVS.

Personnel changes within the Supervisory Board

SCHOTT Pharma AG & Co. KGaA was established as an indirect subsidiary of SCHOTT AG in March 2022. With effect as of 1 August 2022, the Business Unit Pharmaceutical Systems was spun off from SCHOTT AG into the newly established Company.

The Supervisory Board of SCHOTT Pharma AG & Co. KGaA was comprised of SCHOTT AG managers in the first six months of the financial year 2022/2023, who supported and oversaw the spin-off process. They also reviewed and approved the Company's very first annual financial statements for the abridged financial year from 22 March to 30 September 2022 in December 2022.

The current members of the Supervisory Board were appointed with effect from 4 April 2023. At its constituting meeting, the Board elected Peter Goldschmidt and Dr. Wolfgang Wienand as Chairman and Deputy Chairman, respectively.

The local court in Mainz appointed Christine Wening and Mario Just as employee representatives to the Supervisory Board on 19 April 2023.

The Company helped to onboard the newly-appointed members of the Supervisory Board. Prior to the constituting meeting, the Management Board introduced the members of the Supervisory Board in detail to the Company's products and services, the market environment and the Company's business model. The Company also offered seminars with external consultants on the general rights and duties of a Supervisory Board and on the regulatory environment in the capital markets the Company has been active in since its IPO. Some of these seminars were held for the entire Supervisory Board, while others were held for individual members.

Collaboration with the Supervisory Board of the General Partner

SCHOTT Pharma AG & Co. KGaA and its General Partner, SCHOTT Pharma Management AG, each have a Supervisory Board. Two shareholder representatives are members of both: Peter Goldschmidt and Dr. Wolfgang Wienand, the Chairman and Deputy Chairman of the Supervisory Board of SCHOTT Pharma AG & Co. KGaA, are also members of the Supervisory Board of SCHOTT Pharma Management AG. This link between both bodies serves to ensure that both Supervisory Boards have the same information available, issues are communicated from one Board to the other and the Supervisory Board of SCHOTT Pharma AG & Co. KGaA is involved in decisions of SCHOTT Pharma Management AG.

Activities of the Supervisory Board

The Supervisory Board of SCHOTT Pharma AG & Co. KGaA has fulfilled its duties imposed on it by law, the memorandum and articles of association, and has advised and monitored the general partner represented by the latter's Management Board. The Supervisory Board of SCHOTT Pharma AG & Co. KGaA satisfied itself of a lawful and due and proper corporate governance, and the strength and profitability of the organisation. It discussed all major business transactions and assisted the general partner's Management Board in all decisions relevant to the Company.

Regular, timely and comprehensive Management Board reports kept the Supervisory Board informed of all major developments. These reports contained all relevant information, in particularly, on the strategy, IPO, planning, business performance, the state of the Company and the SCHOTT Pharma Group as a whole.

The Supervisory Board of SCHOTT Pharma AG & Co. KGaA convened for four ordinary and three extraordinary meetings during the financial year 2022/2023, with three of these meetings held online. All members of the Supervisory Board were present at all meetings.

Focal points of discussions during the financial year 2022/2023

Discussions during the year under review centred around the preparations for the IPO on 28 September 2023, new constructions or expansions of manufacturing locations in Hungary and Serbia plus the Group's profitability in a market environment characterised by strong cost increases and intensifying competition. The budget for financial year 2023/2024 was discussed and approved in July.

In the same month, the remuneration system for the Management Board was approved. The Supervisory Board of the general partner had already granted its approval.

In an effort to strengthen corporate governance structures, an Audit Committee was established, also in July. The same meeting saw the approval of new rules of procedure for the Supervisory Board and the Audit Committee. In December, the Supervisory Board consulted and agreed on profiles for the composition of the Supervisory Board regarding the skills, diversity and independence of its members and approaches to assessing the effectiveness of the Supervisory Board's activities in the future.

Related party transactions

There were no related party transactions requiring the approval of the Supervisory Board under section 111(b) AktG during the period under review.

The Company maintains various business relationships with its controlling shareholder, SCHOTT AG, and the latter's subsidiaries. These relationships mainly concern the supply of primary products and the mutual provision of services. As these services were rendered in the ordinary course of business and at arm's length in all cases, they did not require approval.

German Corporate Governance Code

The Supervisory Board consulted on compliance with the recommendations of the German Corporate Governance Code and issued a Declaration of Compliance pursuant to section 161 AktG at its meeting held on 6 December 2023. This Declaration is available at https://www.schott-pharma.com/investor-relations/corporate-governance/compliance-statement/.

Audit Committee

With a view to the upcoming IPO, the Supervisory Board of SCHOTT Pharma AG & Co. KGaA implemented an Audit Committee in July 2023. The Audit Committee is chaired by Eva Kienle.

This Audit Committee held two meetings during the financial year 2022/2023, one of which was held online. All members of the Committee were present at both meetings.

Consultations focused on how to support the set-up of control and risk management functions in the newly created SCHOTT Pharma Group and the set-up of adequate reporting and compliance structures in a listed company. The Audit Committee assisted the Management Board with its expertise and experience.

The external auditors were present for the meeting held on 14 September 2023, when the focal points of the audit for the financial year 2022/2023 were discussed and established.

In the meeting on 4 December 2023, the Audit Committee discussed the annual financial statements, consolidated financial statements and the financial reporting for the financial year 2022/2023 for SCHOTT Pharma AG & Co. KGaA, including the combined management report. The proposal for the appropriation of profits was also consulted on during this meeting.

Audit of the Financial Statements and Consolidated Financial Statements for 2022/2023

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn, Germany, audited the annual financial statements of the Company prepared by the general partner, SCHOTT Pharma Management AG, and the combined management report of SCHOTT Pharma AG & Co. KGaA and the SCHOTT Pharma Group for the financial year 2022/2023, and issued an unqualified auditor's opinion.

The Supervisory Board received the annual financial statements, consolidated financial statements, combined management report (including the auditor's report) and the proposal for the appropriation of net retained profit in due time. These documents were reviewed and discussed in detail in the meeting on 25 January 2024, based on the results and the report of the prior Audit Committee meeting.

The external auditors took part in the meeting, reporting scope, focal points and key results of the audit and answering questions from the Supervisory Board. According to this report, there were no major weaknesses related to the accounting process in the internal control and risk management system. There were no grounds for suspecting that the auditors' independence might be impaired.

Following the final result of the Audit Committee's audit and having completed its own review, the Supervisory Board followed the auditors' assessment and declared that it had no objections. The Supervisory Board approved the annual financial statements, consolidated financial statements and

combined management report and recommends that the Annual General Meeting on 14 March 2024 confirm the annual financial statements. Following a review of its own, the Supervisory Board followed the general partner's proposal for the appropriation of net retained profit to the Annual General Meeting.

Audit of subordinate status report

SCHOTT Pharma & Co. KGaA is a subsidiary of Schott Glaswerke Beteiligungs- und Export GmbH, Mainz, whose sole shareholder is SCHOTT AG. The Management Board of the general partner (SCHOTT Pharma Management AG) prepared a report on the relationship between the two affiliated companies in the financial year 2022/2023 as required by section 312 AktG, confirming that SCHOTT Pharma AG & Co. KGaA had received adequate consideration for every legal transaction with affiliated companies and that no action was taken or omitted during the year under review on the initiative or in the interest of SCHOTT Glaswerke Beteiligungs- und Export GmbH or affiliated companies. The auditor audited this report and issued the following opinion:

"Following our audit and judgement, performed in keeping with our professional duties, we hereby confirm that

1. the statements as to fact made in the report are accurate,
2. the performance by the company under the legal transactions set out in the report was not excessive or that the disadvantages have been compensated."

The external auditors reported on key audit results and answered questions in the meeting held on 25 January 2024. Following a review of its own, the Supervisory Board reached the decision that it agrees with the presentation and conclusions in the report and audit report. Having completed its own review, the Supervisory Board did not raise any objections to the responsibility statement on the relationship with affiliated companies, which can be found at the end of the report.

Thank you

The Company not only reached significant strategic milestones in the year in the spin-off and IPO, it also proved to be very successful in its operating business, increasing the profit for the period by 21 % year-on-year to EUR 152m. Against this backdrop, the Supervisory Board would like to thank the Management Board and everybody in the SCHOTT Pharma Group for their excellent work and dedication in the year under review.

Mainz, Germany, 25 January 2024

Peter Goldschmidt

Chairman of the Supervisory Board

Combined Management Report

For the financial year from 1 October 2022 to 30 September 2023

Combined Management Report

For the financial year from 1 October 2022 to 30 September 2023

Fundamental Information about the Group

Preliminary remarks

This Management Report combines the management reports for SCHOTT Pharma Group (hereinafter "SCHOTT Pharma" or "we") and SCHOTT Pharma AG & Co. KGaA, Mainz, Germany (hereinafter "SCHOTT Pharma KGaA"). Statements made in this report refer to SCHOTT Pharma unless stated otherwise. Additional information on SCHOTT Pharma KGaA can be found in the Financial Statements of SCHOTT Pharma AG & Co. KGaA chapter.

This report also contains a non-financial statement as per sections 315(b) and 315(c) HGB in conjunction with 289(c) to 289(e) HGB, prepared by SCHOTT Pharma KGaA for SCHOTT Pharma. Sections of the non-financial statement that are not part of the statutory group management report audit were audited with limited assurance.

Values may not add up to yield the totals displayed because they are rounded in line with standard business principles.

SCHOTT Pharma wants to communicate in a way that makes everyone feel included. That is why we support the use of non-discriminatory language that is easy to read, choosing gender-neutral terms and phrases wherever possible. Where masculine forms are used, they expressly include all genders.

Company profile

We are SCHOTT Pharma, a global leader in containment solutions and delivery systems for injectable drugs. With scientific innovations in glass and polymers, we have been moving our industry forward for more than 100 years.

We have been a partner to the highly demanding global pharma, biotech and life-science industry for many years, including the biggest pharma names. Our customers tend to be very loyal, as can be seen from the large number of repeat customers. One reason for our strong relationship with our customers is that our products are an integral part of the drug approval process.

We design solutions grounded in science to ensure that medicines are safe and easy to use for people around the world – because human health matters.

There are two segments to our business operations: Drug Containment Solutions (DCS) and Drug Delivery Systems (DDS).

Our headquarter is located in Mainz, Germany, with 16 manufacturing locations across four continents (equity investments included). As of 30 September 2023, we employed more than 4,600 people.

Group structure

Legal and organisational structure

Prior to the legal reorganisation, Pharmaceutical Systems was a division at SCHOTT AG in Mainz, Germany ("SCHOTT AG"). For the purposes of the reorganisation, SCHOTT Pharma KGaA was established in March 2022 and with effect as of 1 August 2022, Pharmaceutical Systems was spun off from SCHOTT AG to become SCHOTT Pharma KGaA. All Pharmaceutical Systems entities were contributed to SCHOTT Pharma KGaA or sold to a SCHOTT Pharma entity. The legal reorganisation was concluded with effect as of 30 June 2023. SCHOTT Pharma KGaA now holds, either directly or indirectly, all assets and liabilities of what used to be the Pharmaceutical Systems division.

The subscribed capital of SCHOTT Pharma KGaA is comprised of ordinary bearer shares with no-par value. Each share has one voting right at Annual General Meetings and is entitled to receive payments from resolved dividend distributions.

SCHOTT Pharma KGaA has one fully-consolidated entity in Germany, 14 outside Germany and three equity investments accounted for using the equity method as of the reporting date. Details can be found in the list of shareholdings in the Notes.

The majority of limited liability shares in SCHOTT Pharma KGaA is held by SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz, Germany, with its sole shareholder being SCHOTT AG. In turn, the Carl Zeiss Foundation, Heidenheim an der Brenz and Jena, is the sole shareholder of SCHOTT AG.

SCHOTT AG is a multinational group with more than 140 years of experience in the production of specialty glass and glass-ceramics. We have entered into a long-term supply agreement with SCHOTT AG and its subsidiaries that will allow us to source the most important component for our containment solutions and delivery systems: SCHOTT Group's high-quality glass tubes. SCHOTT AG and other SCHOTT Group entities also provide key services for us, such as in accounting, taxes and treasury. Service agreements have been concluded to this end.

Management and supervision

SCHOTT Pharma KGaA's legal form is what is known as an "AG & Co. KGaA", a partnership under German law limited by shares. SCHOTT Pharma KGaA's general partner is SCHOTT Pharma Management AG, Mainz, Germany ("SCHOTT Pharma Management AG").

The two-tier corporate structure of an AG & Co. KGaA company means that management and supervision are strictly separated.

SCHOTT Pharma Management AG, represented by its Management Board, is responsible for managing the business at SCHOTT Pharma KGaA and representing SCHOTT Pharma KGaA vis-à-vis third parties. The Management Board consisted of Andreas Reisse (Chief Executive Officer) and Dr. Almuth Steinkühler (Member of the Management Board, Chief Financial Officer) as of the reporting date.

SCHOTT Pharma KGaA's Supervisory Board has six members. Four of these are elected by the Annual General Meeting and two are court-appointed employee representatives. The Supervisory Board is involved in all major corporate decisions. Its job is to advise and monitor the Management Board. The Supervisory Board also audits SCHOTT Pharma KGaA's separate and consolidated financial statements and performs other statutory duties and tasks defined in the Memorandum and Articles of Association. It is involved in planning, strategy and all questions of fundamental importance to the Group.

Two out of the four members of SCHOTT Pharma KGaA's Supervisory Board elected by the Annual General Meeting are also members of the four-person Supervisory Board of SCHOTT Pharma Management AG. The Supervisory Board appoints, monitors and advises the Management Board of SCHOTT Pharma Management AG.

Segments

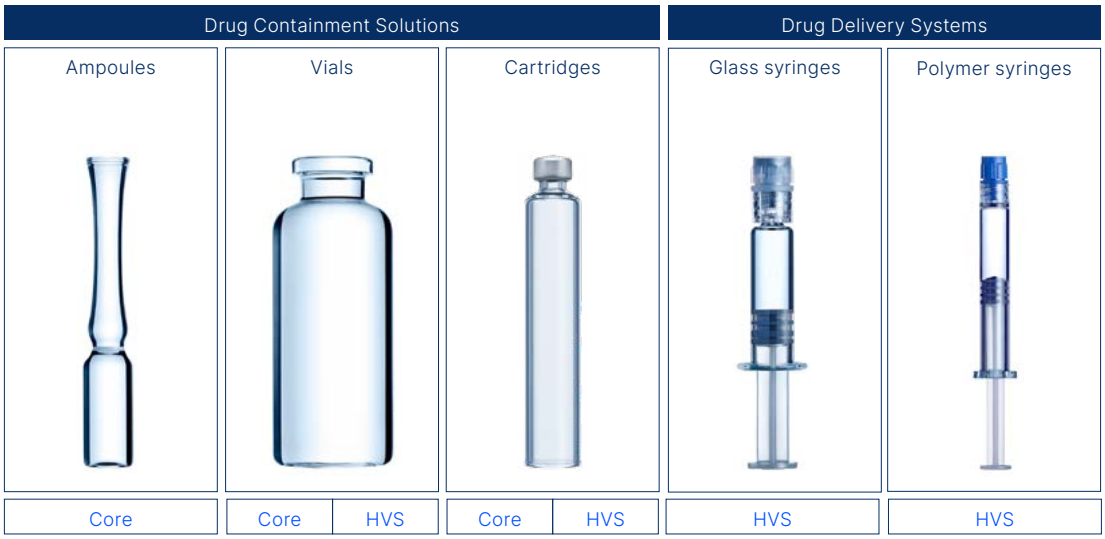
SCHOTT Pharma is a global leader in developing and manufacturing advanced drug containment-solutions and drug delivery systems for injectable drugs for the pharma, biotech and life-science industry. Our prefillable glass or polymer syringes and our glass vials, cartridges and ampoules are critical components in the manufacturing process and distribution of drugs. Even state-of-the-art injectable drugs will not reach patients if they are not stored safely. Today, an average of about 25,000 injections per minute are administered with our products all over the world.

SCHOTT Pharma has two segments: Drug Containment Solutions (DCS) and Drug Delivery Systems (DDS). This clear focus on injectable drugs and their safe containment and delivery allows us to maximise synergies. Thanks to our broad product portfolio, we are able to offer our customers the right solution for the safe and secure containment and administration of their medicines.

Our product portfolio comprises Core and High-Value Solutions (HVS). Our strategic focus is on HVS. This is where we want to grow: products and services in which our distinct, proprietary know-how really makes a difference and allows us to generate higher margins. Customers and patients benefit from enhanced product functionalities, for example in the storage of sensitive, complex and usually expensive biologics. (Biologics are drugs that have been isolated from living organisms using biotechnology methods.)

HVS accounted for around 48 % of our revenues in the financial year 2022/2023, up from 39 % in the previous year. The share of our revenues represented by HVS has steadily increased over the past years. Our strategy provides for a rise in the proportion of HVS products over the coming years to more than 60 % in the medium term. This improved revenue mix should have a positive effect on margins.

Our HVS portfolio comprises sterilised prefillable syringes made of glass or high-tech polymers, ready-to-use vials and cartridges (which have been washed and sterilised), and vials and cartridges with features such as special inner coatings or break-resistant glass. The unique characteristics of our HVS products allow us to better fulfil the demanding drug containment requirements of our customers.



Drug Containment Solutions (DCS)

The DCS product portfolio, consisting of vials, cartridges and ampoules, offers our customers plenty of standard (core) and high-value solutions (HVS) of glass for safe drug containment.

Ampoules are one of the oldest forms of drug containment and, measured by units, are still the most commonly used. Most glass-sealed ampoules are used for established (usually generic) drugs in hospitals or medical practices. They are a low cost option that enables access to essential drugs and treatments such as pain relievers, tranquilisers and emergency medicines.

Vials are suitable for storing all types of drugs, from simple generics to complex biologics. One vial can contain one or more doses. With their high chemical resistance, vials allow injectable drugs to be stored safely, minimising interactions between liquid drug formulations and the container. Special features such as improved inner surfaces (e.g. EVERIC® pure), tighter geometries and the option of internal and external coatings (e.g. SCHOTT TopLyo®, SCHOTT Type I plus®) meet additional requirements for special areas of application. We use aluminium crimp seals or rubber stoppers to seal our vials.

Injections contained in vials and ampoules must be administered by healthcare professionals.

Cartridges are glass cylinders that are inserted into injection devices (e.g. autoinjectors, pens, wearable injection devices) to dispense simple or complex drugs in accurate doses. They are a simple and safe form of drug delivery. There are many use cases, the main applications being cartridges used to facilitate self-administration for diabetes patients or containing dental anaesthetics.

In addition to the aforementioned products, we also provide our customers with services ranging from functional testing in product development and documentation for regulatory purposes. With services covering the entire product life cycle, we set ourselves apart from our competitors and build customer loyalty.

Core products make up the largest part of the DCS product portfolio.

The economic performance of the DCS segment is illustrated in detail in the Results of Operations section of the Business Review of the Group.

Drug Delivery Systems (DDS)

Our range of DDS products – syringes made of glass or polymers – is unique in the market. The portfolio comprises sterilised, prefillable syringes (PFS) made of glass or high-tech polymers that are ready-to-use (RTU). These RTU containers arrive at our customers' ready for filling. No other preparations are needed.

Prefillable syringes are a highly stable, long-term drug containment solution for complex and sensitive drugs such as vaccines – including mRNA vaccines – and biologics. They allow for an exact dosage of drugs and involve significantly fewer manual tasks during administration, which in turn improves effectiveness and substantially reduces the risk of errors such as incorrect dosage or injuries. Prefillable syringes may be used in a safe and convenient way by both healthcare professionals and – in certain settings – patients at home. This delivery system also contributes to reducing drug waste.

Our syringes are made of two different but equally reliable materials.

SCHOTT FIOLAX® borosilicate glass type I is used for all our glass products, including our prefillable syringes. Our syringes offer strong barrier properties, meaning that their coatings or surfaces properties preserve and protect the drug formulations. They offer reliable functionality, an established regulatory path and are highly compatible with a range of fill-and-finish systems.

Prefillable polymer syringes are made of high-tech cyclic olefin copolymer, a relatively new material that is gradually establishing itself as an alternative to glass. Our polymer syringes can be used where glass syringes are not an option, for example with deep-cold medications. More and more drugs require freezing to increase shelf life and stability, including mRNA-based, cell and gene therapies, and drugs stored at cryogenic temperatures. Our SCHOTT TOPPAC® freeze polymer

syringes provide a stable solution, even at deep-cold temperatures as low as -100 °C. These prefillable polymer syringes are suitable for a wide range of applications.

All our DDS products are sterilised and part of our HVS portfolio.

As with DCS, the DDS range also includes services. We analyse the challenges for our customers' drugs and their delivery systems, and recommend the best solution based on scientific data. Our portfolio puts us in the unique position of being able to offer solutions across material boundaries. We also assist our customers in registering their drugs in combination with their containment solution. And we help to scale manufacturing.

The economic performance of the DDS segment is illustrated in detail in the Results of Operations section of the Business Review of the Group.

Market and competition

Most of our customers are market players in the pharma, biotech and life-science industry. They operate in largely non-cyclical growth industries. According to GlobalData, a data analytics and consultancy firm, the pharmaceutical industry registered an average annual growth rate of 7 % between 2017 and 2022. Total revenues were EUR 1,310bn in 2022.

The key growth drivers are:

- Changing demographics – with an ageing population as the dominant trend, medical needs have increased and will continue to do so
- Growth in vaccine demand, thanks in part to global vaccination programmes initiated by the WHO
- Growth in the prevalence of chronic diseases and the number of patients with comorbidities, i.e. two or more diseases simultaneously
- Increase in health awareness and growth in drug spending
- Broader access to healthcare – driven by the development of the biosimilar and generic markets, drug prices have fallen, making drugs accessible to more and more people, particularly in emerging markets
- Faster development and launch of new treatments, especially in industrialised nations
- Increased availability of personalised treatments – advancements in medicine and pharmaceutical technologies help to find new, tailor-made treatments
- Growth in at-home treatments

Drugs come in different pharmaceutical forms. We focus on injectable drugs, in particular biologics, supplying our products to large customers in the pharmaceutical and biotechnological industries, contract development and manufacturing organisations (CDMOs), and small start-ups. Injections can be intravenous, intramuscular or subcutaneous. The injectable drugs segment is one of the fastest-growing segments in the entire pharma market. According to GlobalData, it has grown by more than 10 % p. a. over the past five years, clearly outpacing the overall market. The share in the entire pharma market represented by injectable drugs increased from 27 % in 2017 to 35 % in 2022.

The main reason for this growth has been a strong demand for biologics. These enable many severe diseases to be treated, including diseases which it had been difficult or impossible to treat before. It is for this reason that biologics form part of many state-of-the-art therapies, including oncology, vaccines, immunology, cell or gene therapies and the treatment of diabetes and obesity (GLP-1 agonists). Biologics are developed and isolated from living organisms. As large and complex molecules, they are extremely sensitive and can easily be destroyed by stomach acid, for example. This leaves injections as the most effective form of administration to patients.

The same holds true for the strong increase in demand for biosimilar drugs. A biosimilar is the successor to a previously patented biologic, equal to the original product in terms of quality, safety and effectiveness.

Over the past five years, global revenues generated with biologics posted an average growth of 15 % p. a., totalling almost EUR 400bn in 2022. Despite already strong growth rates, potential remains high – more than 6,000 drugs are currently being tested in clinical trials, of which more than 80 % are biologics. As the market leader for containment solutions and delivery systems of injectable drugs, we should benefit from the promising growth opportunities presented by biologics and biosimilars. More than 75 % of newly approved biologics today are delivered through SCHOTT Pharma solutions.

Strong demand for biologics and modern therapies gives us reason to believe that the pharma industry will rely more and more on high-quality containment solutions and delivery systems in future, driving demand for our HVS.

In addition to rising demand for safe solutions for sensitive drugs, we have identified other drivers that will boost demand for our HVS:

- Better compliance with increasingly strict regulatory requirements
- Reduced time to market resulting in streamlined production chains, with smaller and more flexible production lines
- Ready-to-use products reducing capital expenditure for pharma companies, as we take over part of the value chain
- State-of-the-art delivery systems offering enhanced user-friendliness to healthcare professionals in hospitals and medical practices, and to self-administering patients

As injectable drugs are administered directly into a patient's body, their containment must be designed in a way that protects the content against contamination, while allowing for precise administration. Because of this, the market we operate in is strictly regulated, with high quality standards. Our containment solutions and delivery systems form part of the drug approval process, and can be therefore considered a cornerstone of the value chain that brings medication to patients safely. High entry barriers, combined with the great importance of trust and reliability for customer relationships, make it difficult for new competitors to establish a foothold in our market and for customers to switch suppliers. As a consequence, we are active in a globally consolidated market with five to six major suppliers.

The competitive landscape differs from segment to segment and from product category to product category. As the only company to offer a full range of products, including both glass and polymer syringes for drug delivery, we enjoy a unique competitive edge.

Our main competitor in the DCS segment is the Stevanato Group.

Our main competitors in the DDS segment are Becton Dickinson and Stevanato for prefillable glass syringes. For prefillable polymer syringes, we lead the field by a great distance, followed by our main competitor Terumo.

Group strategy

The fundamentals

We are on an important mission: enabling the safe and simple delivery of injectable drugs. No medication can ever reach a patient without the right containment solution or delivery system. In pursuit of this mission, we deliver mission-critical, tailor-made components that have the potential to improve people's lives every day.

We believe that scientific research and corporate responsibility are key to technological progress. We also believe that our actions should be defined by four values: respect, value creation, responsibility and innovation. Our actions and decisions are guided by five principles: customer focus, competitiveness, courage, agility and connectivity. These tenets are universal within the SCHOTT family, impacting every strategic decision we make.

- As we pursue a clear strategy with our two segments in the non-cyclical growth market for injectable drugs, we avoid being overly dependent on any individual customers or geographical regions.
- With ground-breaking scientific innovations in glass and polymer materials, we have been driving our industry forward for more than 100 years and have helped to make the world a better place. We want to cement our position as the market leader by focusing on science and technology, and we want to build on this position with innovations and new solutions. Our safe solutions allow customers to supply patients with new, increasingly complex drugs.
- Our aim is to generate long-term growth and strengthen our attractive financial profile. This can only be done by integrating ESG into our growth targets. Sustainability is of strategic importance.

Our strategy is to harness the power of innovation to generate growth and create long-term value. Partnerships or mergers and acquisitions can also help to leverage additional growth potential.

Our strategy

We aim to be the partner of choice for highly demanding customers, providing solutions that allow patients to receive medication that is safe and whose administration comes at a significantly reduced risk. In pursuit of this goal, we rely on our innovative strength combined with a higher proportion of HVS products in our revenue mix which should reach a revenue share of over 60 % in the medium term.

These are our strategic pillars:

- Seize structural opportunities in the market
- Expand capacities to increase HVS revenue share
- Ensure operational excellence by adopting digital and automation technology
- Focus on innovation
- Develop and support teams
- Strengthen sustainability

Structural market opportunities

We are extremely well positioned to seize the growth opportunities in the injectable drugs market. Critical to the functionality of the products themselves, our containment solutions and delivery systems enable greater market penetration, in particular for biologics. The injectable drugs market is one of the fastest-growing segments in the global pharma market. According to GlobalData, the share of injectable drugs in the global pharma revenues is set to rise from 35 % in 2022 to 40 % in 2026. This corresponds to an average annual growth rate of 8 %.

Our strategy is to create opportunities for further business growth, mainly by providing innovative containment solutions and drug delivery systems. This is where our HVS range plays a major role.

Our focus lies on the following trends:

- With more and more modern treatments becoming available, the demand for complex and sensitive biologics is growing. And since biologics add value, they are regularly sold at a higher price.
- Demand for easy-to-use delivery systems such as prefillable syringes is strong. We are even witnessing a structural shift away from vials as healthcare systems are under pressure, and welcome the safer and more cost-effective alternative of administration offered by prefillable syringes.
- Self-administration using injection devices – for example self-administration of GLP-1 agonists – has proven increasingly popular, and demand for easy-to-use delivery systems has risen accordingly. Typically, a cartridge or prefillable syringe is used to deliver the medication. On-body devices are another option. They are worn directly on the body and deliver continuous

doses. These alternatives mean that patients do not have to stay in a hospital, which in turn also eases the burden on the healthcare system.

- The industry is moving towards high-end manufacturing chains by outsourcing certain processes and setting up production lines to be more flexible. For example for smaller patient population of modern therapies.

Capacity expansion

To seize promising structural opportunities as they open up in the market, we are expanding our manufacturing capacities with a particular focus on the HVS portfolio. To this end, we made substantial cash capital expenditure from 2019/2020 to 2022/2023, investing more than EUR 510m in our manufacturing platform. 80 % of these investments involved expanding existing capacities and building new manufacturing locations. Some customers are supporting our growth investments with specific order commitments, reserving future capacities for their own benefit. As these commitments increase order visibility, they have helped us reduce our investment risk. We will continue to invest heavily going forward.

Operational excellence

As well as expanding our capacities, we want to improve our operational excellence through better internal processes and state-of-the-art manufacturing plants and equipment.

- We have taken measures to improve our supply chain and to deliver much higher quality for our customers. An optimised IT architecture, continuous professional development measures for all our employees and further development of our organisation will help us achieve this.
- We are also optimising our business processes on an ongoing basis with a view to enhancing our customer service.
- Embracing digital technology will help us make our products smarter and safer, for example by integrating chips or sensors.

Focus on innovation

As innovators, we know the importance of pinpointing trends and customer needs in their early stages and reacting quickly by taking strategic action and adjusting business activities. That is why research and development is crucial to us, both for our own cutting-edge product range and the joint projects we are working on with customers and partners.

For more information on this, please see our Research & Development section.

Strong teams

We believe that attracting and retaining highly qualified and committed employees is crucial to success. In the context of increasingly challenging demographics, this requires well-structured personnel planning in all countries with major SCHOTT Pharma locations. We also need to take action to strengthen our employer branding and continue to position our Company as a great place to work. We want to strengthen employee loyalty through continuing professional development measures for our staff, an interdisciplinary and intercultural working environment, and a corporate culture of openness and dialogue. Our values – respect, value creation, responsibility and innovation – are at the core of SCHOTT Pharma, binding us together across different cultural backgrounds. Embedding these values in our daily work is another focus of our human resources activities as we move towards our strategic goals.

We firmly believe that equal opportunities and diversity unlock innovation and creativity. Against this background, we are looking to further increase gender and cultural diversity because we believe that diverse teams are more productive. More than 40 % of our employees were women and around 24 % of leadership positions were held by women as of 30 September 2023. There are no fewer than 65 nationalities in our workforce.

For more information on this, please read our Non-Financial Statement.

Sustainability

We believe that assuming corporate responsibility is a cornerstone of our business success. That is why we are guided not only by economic objectives but also by our commitment to society and the environment. Sustainability is deeply rooted in our organisation, and our innovations are designed to make a substantial contribution to solving social and climate challenges. We want to help our customers improve efficiency and sustainability on a global scale, safeguarding resources and protecting our climate.

For more information on this, please read our Non-Financial Statement.

Group management key financial and non-financial performance indicators

SCHOTT Pharma is managed in line with its long-term corporate strategy and its short- to medium-term goals. The Management Board is responsible for overall planning and strategic business development and for steering the Company towards the goals that have been defined.

We apply performance indicators to help us manage SCHOTT Pharma and determine the variable remuneration for our Management Board and executive staff.

Every year, we make projections for the next three financial years that are based on our long-term corporate strategy. These projections are then updated in cycles throughout the year.

To support operational management, the results of SCHOTT Pharma and its segments are evaluated on a monthly basis when the segment heads inform the Management Board about business performance and development, customer relationships and exceptional business transactions. These statements draw on standardised reporting and special analyses, the latter being based on quantitative and qualitative factors alike. If required, further operational or strategic action will be taken to help us reach our goals.

We rely primarily on financial performance indicators for managing SCHOTT Pharma and steering it in the right direction. While the main growth measure is year-on-year revenue growth, the main profitability measure is EBITDA margin which shows EBITDA as a percentage of our revenues. EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as the result from operating activities (EBIT) before depreciation, amortisation, impairment losses, and reversals of impairment losses on intangible assets and property, plant and equipment.

Additional financial and non-financial metrics that are reported to our Management Board on a regular basis can be found below. Please note that these are not considered key financial performance indicators.

Financial metrics:

- Order intake
- HVS revenue development
- Revenue share of new, innovative products
- Gross margin
- Adjusted EBITDA
- EBIT
- Net income
- Working capital
- Operating free cash flow
- Net debt
- ROCE (EBIT as a percentage of capital employed)
- SCHOTT Value Added (difference between EBIT and the cost of capital)

- Capital employed
- Number of employees

Non-financial metrics:

- Greenhouse gas emissions
- Employee commitment index
- Percentage of women in leadership positions

Research and development

Innovating, developing new products and making existing products better is an integral part of our strategy. This is because it helps us gain more of a competitive edge and strengthen our position as a leading provider of containment solutions and delivery systems for injectable drugs and in particular biologics.

Today's drugs call for high-end containment solutions and delivery systems. Biologics for treating diabetes, cancer or autoimmune diseases, for instance, are highly sensitive to the environment they are stored in. The same holds true for mRNA vaccines which need to be stored at very low temperatures. Such drugs require high-end containment solutions and delivery systems that protect their sensitive formulations against interactions or influences that might impair their effectiveness.

Science-based and customer-focused

Our research and development (R&D) is geared toward generating the greatest benefit possible with our products. We want to ensure that our customers' products remain stable, effective and clean before they are administered.

The solutions we have developed include coatings that enable sensitive drugs to be contained safely and stably. In light of the changing trends we have been seeing in routes of administration for injectable drugs, as discussed in the Market and Competition section, our R&D focus also includes containment solutions and delivery systems for portable medical devices that enable injectable drugs to be administered to patients at home.

While we are developing state-of-the-art containment solutions and delivery systems for drugs, we are also researching and developing new ideas for other product packaging that could add value for our customers by enabling simpler, safer and more efficient filling. We also place great importance on designing both new and existing products in a way that can be deemed sustainable across the entire product life cycle. This means that we factor in sustainability aspects at an early stage in a product's development, for example by calculating the carbon footprint of the materials used and the total packaging needed.

To understand the changing needs our customers are facing, we are actively participating in a number of technical committees and are in constant dialogue with relevant stakeholders. The President of Alliance to Zero, a non-profit association for pharma and biotech supply chain companies that aims to facilitate the transition of the pharma sector to compliance with net-zero emissions, is a SCHOTT Pharma manager.

Well-structured and value-oriented product development

Our R&D activities follow the Stage-Gate model, which structures the development process into different stages. It is a risk-aware approach that reduces time to market. Pipelines and projects are managed by dedicated committees that lead them through each stage, supported by indicators. This approach ensures that we create value for both our customers and ourselves. Before a project can move on to the next stage, it must pass through a gate, i.e. it must reach a milestone. This is where critical success factors are evaluated, discussed and updated: the current status of the cost/benefit analysis versus its target range, the revenue and margin potential, and the status of various risk categories such as technology, quality or intellectual property. We also review how

we can leverage synergies and if use cases can be expanded to include different product groups.

Our strategic road maps help us to decide on and subsequently implement R&D activities. We are also working on a comprehensive portfolio of products that are tailor-made for specific customers. In direct collaboration with our customers, we cover the entire process – from defining requirements to the successful launch.

Innovative culture

We are actively fostering and strengthening our innovative culture. As we build strategically relevant and forward-looking competencies, our R&D staff has the opportunity to grow professionally, build and maintain external partnerships, and use their skill set to make a difference for the benefit of our innovations and, in turn, for our Company. One example is the sterile cartridges business, where we had dedicated ourselves to building specific competencies over many years. As well as ultimately launching a new product platform, we intensified our collaboration with Ypsomed. Exchange platforms and digital tools enable knowledge to be shared effectively. And our "Best Teams" approach allows us to bring together the resources that are best suited to ensure a project's success.

R&D in numbers

Our R&D centres are located in Switzerland, Germany and China, and our analysis laboratories can be found in Germany and the United States. Around 120 highly qualified and specialised employees were working on developing new products, processes and technologies, and continuous improvement as of 30 September 2023. Our R&D approach includes collaborations with external partners, which allows us to access additional expertise. We have forged partnerships to improve our ability to leverage further growth potential in the injectable drugs market, and support our specialised business model with less capital expenditure and limited R&D risks than competitors with a greater diversification.

We held more than 1,000 patents at the end of the financial year – a testament to our innovativeness. We are a leader in original ideas and these patents help us protect our key technologies. They also play a central role in our ambitions to significantly improve our product mix in favour of HVS and to pursue sustainable and profitable growth in the years to come.

The financial year 2022/2023 saw the successful launch of SCHOTT TOPPAC® freeze, our original prefillable polymer syringes. It is a ground-breaking product that allows medicine to be transported and stored at temperatures of nearly -100 °C, helping our customers to launch new and promising treatments such as mRNA-based applications, cell and gene therapies.

We spent EUR 26.8m on research and development in the financial year 2022/2023, up from EUR 23.5m in the previous year and equivalent to 3.0 % of our revenues (previous year: 2.9 %). Most of this expenditure was invested in HVS.

Business review of the Group

Macroeconomic and industry environment

Most of our customers are market participants in the pharma, biotech and life-science industries, i.e. industries that are largely uncoupled from overall economic developments due to non-cyclical demand and specific growth drivers (cf. Fundamental Information about the Group: Market and Competition). As a result, macroeconomic developments only have a limited impact on our business.

2022 saw Covid-19-related restrictions largely lifted in many countries, allowing economic output in SCHOTT Pharma's key economic regions (such as Europe and the US) to continue recovering in 2023 – albeit to a less dynamic extent than in the previous year. Following a strong start, the global economy lost momentum in summer 2023. Overall, the recovery from the effects of the pandemic and the tense geopolitical situation in Ukraine remained slow and mixed. As regards price increases, many economies recorded a significant drop in the previously very high consumer price inflation due to declining energy prices: the US inflation rate decreased from more than 9 % in 2022 to 3.2 % (as of July 2023) and consumer price inflation in the euro area fell from more than 10 % to 5.3 %. Nevertheless, central banks in many countries have continued to tighten their monetary policy and raised their key interest rates once more due to the persistently high inflation.[1]

As a result, economists are expecting lower global growth in 2023. The International Monetary Fund (IMF) reduced its 2023 growth outlook to 3.0 %[2], following an increase of 3.5 % in 2022, meaning that the expectation remains below the historical average (2000–2019) of 3.8 %. The economic research institutes mandated by the German government forecast an even weaker global growth of 2.5 % for the current year in their Joint Economic Forecast Autumn 2023.[3]

Performance in our key economic regions is varying greatly and regional differences are increasing. We generate nearly 50 % of our revenues in Europe, a region expected to grow by a below-average rate of only 0.7 % in 2023 (IMF forecast for the euro area), after recording positive growth of 3.4 % in 2022. The German economy is expected to stagnate this time around (2023 economic output: -0.4 %; 2022: +1.9 %). The same applies to other major European economies where growth momentum has diminished significantly, albeit from a higher base. At 2.1 %, the IMF expects economic growth in the US to be on a par with the previous year's level. Economic output in China, our largest Asian sales market, is projected to grow by 5.0 % in 2023 (IMF estimate). That would be two percentage points more than in 2022.

According to forecasts by data analysis and consultancy firm GlobalData, our target market for injectable drugs will continue along its growth path by 2023. The market had shown considerable growth in the last two years (2022: +17 %; 2021: +26 %), driven by the Covid-19 pandemic and other factors, and is expected to increase by 1 % in 2023, which would mean an average annual market growth of 14 % for the period from 2020 to 2023.

2023 was dominated by two market developments. First, most product categories for injectable drug containment solutions continued to perform strongly, driven by the unabated high demand for biologics. That underlines the long-term positive assessment not only of biologics but also of our HVS. In 2022, for the first time ever, the US Food and Drug Administration (FDA) approved more biologics than small molecules.

Second, global demand for vials receded in 2023 because market participants reduced their inventories. Numerous countries had built a safety stock in vials during the Covid-19 pandemic to secure their supply chains and avoid potential bottlenecks. While the increasing geopolitical uncertainties brought about by the war in Ukraine might have boosted the stocking-up effect, the phase is quite advanced in our view and should peter out in 2024.

SCHOTT Pharma's key currencies are the euro and the US dollar, along with other currencies such as the Chinese renminbi, Brazilian real, Indonesian rupiah, Swiss franc and Hungarian forint.

[1] Data based on "World Economic Outlook – Navigating Global Divergences", International Monetary Fund, October 2023.
[2] "World Economic Outlook – Navigating Global Divergences", International Monetary Fund, October 2023. Please note that growth figures in this and in the following section are price-adjusted; the 2022 figure has been calculated using the most recent information and is not in line with the forecast values for 2022 stated in earlier SCHOTT Group publications.
[3] "Purchasing power returns – political uncertainty high", Joint Economic Forecast Autumn 2023, September 2023.

Mid-market rate as of the reporting date

1 euro =	30 Sep 2023	30 Sep 2022	Change in %
Brazilian real	5.30	5.28	+0%
Chinese renminbi	7.67	6.94	+11%
Indonesian rupiah	16,414.16	14,978.87	+10%
Swiss franc	0.97	0.96	+1%
Hungarian forint	389.10	421.38	-8%
US dollar	1.06	0.97	+9%

Results of operations

SCHOTT Pharma generated record revenues of EUR 898.6m in 2022/2023, equalling reported year-on-year revenue growth of 9.4% and currency-adjusted revenue growth of 8.1%. Exchange rate effects are mainly a result of the change in the US dollar-euro exchange rate.

High demand for HVS products supported strong growth especially in our DDS segment:

(in EUR m)	2022/2023	2021/2022	Change
DCS	558.0	598.9	-40.9
DDS	343.6	222.8	+120.8
Reconciliation/consolidation	-3.0	-0.6	-2.4
SCHOTT Pharma	**898.6**	**821.1**	**+77.5**

Revenues in our DCS segment amounted to EUR 558.0m, falling short of the previous year's figure. The main driver is the normalised demand situation amongst our vial-purchasing customers who had built up high safety stocks in recent years due to the pandemic. However, we were able to increase revenues in the other two product categories, ampoules and cartridges.

Our DDS segment recorded a very positive year-on-year revenue performance, increasing revenues by EUR 120.8m, or 54.2%, as a result of continued high customer demand and our strategic focus on HVS products. A swift and successful expansion of production capacities allowed us to reach this record high.

Boosted by demand for our glass and polymer syringes, EMEA was the main regional revenue growth driver, whereas Asia and the South Pacific region were significantly impacted by the Chinese market: regulatory government intervention and destocking of safety stocks built up during the pandemic took their toll here. Our business was also burdened by negative exchange rate effects resulting from the strong depreciation of the Chinese renminbi against the euro. For an overview of revenue distribution by regions, please refer to the following table:

(in EUR m)	2022/2023	2021/2022	Change
EMEA	475.8	396.1	+79.7
Asia and South Pacific	155.6	166.4	-10.8
North America	184.6	170.1	+14.5
South America	82.6	88.5	-5.9
SCHOTT Pharma	**898.6**	**821.1**	**+77.5**

SCHOTT Pharma's EBITDA improved by EUR 19.3m to EUR 239.0m in the year under review, resulting in an EBITDA margin of 26.6% (previous year: 26.8%).

The developments described above have led to the following EBITDA distribution by segment:

(in EUR m)	2022/2023	2021/2022	Change
DCS	109.5	154.2	-44.7
DDS	128.8	72.9	+55.9
Reconciliation/consolidation	0.7	-7.4	+8.1
SCHOTT Pharma	**239.0**	**219.7**	**+19.3**

Our DCS segment generated EBITDA of EUR 109.5m and an EBITDA margin of 19.6 %, falling below the previous year's level. This was mainly due to our vial customers temporarily reducing their safety stocks, which in turn led to lower capacity utilisation for this product category.

Our DDS segment performed strongly and was able to significantly increase its EBITDA by EUR 55.9m to EUR 128.8m (high EBITDA margin of 37.5 %) – thanks to continuously high demand for HVS products and associated revenue growth, operational economies of scale and efficient cost management.

SCHOTT Pharma makes internal EBITDA adjustments to normalise non-recurring effects and also reports an adjusted EBITDA figure. Non-recurring effects are defined as follows:

- Expenses for mergers, acquisitions, disposals and other portfolio measures, in particular (a) depreciation and amortisation, along with other purchase price allocation adjustment effects, (b) transaction, integration, staff retention and spin-off costs, and (c) disposal gains and losses
- Staff restructuring expenses
- Other non-recurring effects (e.g. goodwill impairment)

SCHOTT Pharma made adjustments due to staff restructuring expenses of EUR 2.0m in the 2022/2023 financial year, incurred in September 2023. The measures associated with these restructuring expenses were necessary to allow selected processes and procedures to be optimised.

The detailed breakdown for SCHOTT Pharma is as follows:

(in EUR m)	2022/2023	2021/2022	Change
Revenues	**898.6**	**821.1**	**+77.5**
Cost of sales	-582.1	-524.7	-57.4
Gross profit	**316.5**	**296.4**	**+20.1**
Selling expenses	-79.2	-76.8	-2.3
General administrative expenses	-42.9	-33.4	-9.5
Research and development costs	-26.8	-23.5	-3.3
Other operating income and expenses	13.1	-11.3	+24.4
Share of profit from investments accounted for using the equity method	11.7	13.0	-1.3
Result from operating activities (EBIT)	**192.4**	**164.4**	**+28.0**
Financial result	-6.6	-6.1	-0.5
Income tax expense	-33.9	-32.4	-1.4
Profit for the period	**151.9**	**125.9**	**+26.1**
of which: attributable to limited liability shareholders of SCHOTT Pharma KGaA	151.8	125.4	+26,5
Earnings per share in EUR	**1.01**	**0.83**	**+0.18**

Temporary effects resulting from inventory normalisation at customers' in the DCS segment and the associated underutilisation, as well as ramp-up costs related to capacity expansions in the

DDS segment led to cost of sales rising by 10.9 % – i.e. slightly more than revenues – and a gross profit margin of 35.2 %.

The ratio of selling and general administrative expenses to revenues picked up from 13.4 % in the previous year to 13.6 % in the financial year under review. This was because administrative expenses went up mainly as a result of increased personnel expenses, which in turn were due to the staff increase associated with our growth plans, the carve-out and the IPO.

The ratio of research and development costs to revenues saw a moderate 0.1 percentage point increase compared to the previous year, reaching 3.0 %.

Other operating income and expenses rose by EUR 24.4m due to non-recurring and exchange rate effects. A deteriorated environment had required impairments on Russian assets in the amount of EUR 11.6m in the previous year; these impairments were partially reversed in the financial year under review, leading to write-ups of EUR 5.7m. Exchange rate gains were EUR 2.7m in the reporting year, compared to exchange rate losses of EUR 7.0m in the previous year.

The main reason for the EUR 0.5m decrease in the financial result is the increase in recognised interest rate amount associated with lease liabilities.

Income tax expenses climbed by EUR 1.4m year-on-year to EUR 33.9m, leading to a lower tax rate of 18.2 % compared to 20.5 % in the previous financial year. This decrease is largely due to a taxable partial impairment at a subsidiary and to the reversal of tax provisions recognised in earlier years.

Overall, profit for the period increased to EUR 151.9m and earnings per share to EUR 1.01 (previous year: EUR 0.83).

Financial position

Financial management principles

SCHOTT Pharma KGaA is the central organisational unit responsible for SCHOTT Pharma's financial management. The main goal of financial management is to secure liquidity and raise financial resources for the Group at the most favourable interest and exchange rates possible.

SCHOTT Pharma is part of SCHOTT Group's cash pool. The cash pool balances represent our key liquidity position and are reported as financial receivables or payables vis-à-vis SCHOTT Group within the Consolidated Statement of Financial Position. Where regional circumstances prevent individual SCHOTT Pharma entities from being included in the cash pool, such entities have low external bank balances reported under cash and cash equivalents.

SCHOTT Pharma ensures its liquidity supply through rolling liquidity planning and by maintaining liquidity reserves. Our operating business is our primary source of liquidity. SCHOTT Group granted several revolving credit lines in a total amount of EUR 315m (previous year: EUR 319m) to SCHOTT Pharma entities as of 30 September 2023, with a term ending on 31 December 2026, of which a total of EUR 138m (previous year: EUR 116m) was drawn as of the reporting date.

The SCHOTT Pharma entities invest excess liquidity at standard market conditions via SCHOTT AG's Treasury. To ensure that existing funds can be accessed swiftly if required, short-term availability is generally deemed more important than profit maximisation.

As a global enterprise, we use various hedging instruments to minimise negative impacts resulting from default, currency and interest rate risk on financial position and financial performance. We are able to mitigate currency risks to a great extent because most of our production is local, while our purchasing activities are global. Net currency positions determined on a regular basis using currency-specific liquidity forecasts serve as the basis for hedging the remaining transaction risks. The foreign exchange forwards that are used to minimise transaction risk have a remaining term of no more than twelve months.

Equity ratio and net debt

Our equity ratio, which corresponds to the ratio of equity to total assets in the Consolidated Statement of Financial Position, is monitored on an ongoing basis and was 56.2 % (previous year: 59.3 %) as of 30 September 2023. This decrease results from the combined effect of a EUR 35.3m increase in total assets and a EUR 16.8m decrease in equity. The latter is mainly due to the acquisition of shares in SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, for a purchase price of EUR 124.5m. The shares were recorded as a historical asset of SCHOTT Pharma when preparing the Combined Financial Statements for the IPO. As the predecessor accounting method for transactions under common control was applied, the purchase price was now recognised as a reduction of equity and not as an addition of investments accounted for using the equity method. Dividend distributions to our limited liability shareholders amounting to EUR 18.9m, currency translation effects amounting to EUR 16.9m and actuarial losses from pension provisions amounting to EUR 3.4m also reduced equity. This was offset by profit for the 2022/2023 financial year of EUR 151.9m.

Net debt is an internal key financial performance indicator at SCHOTT Pharma:

(in EUR m)	30 Sep 2023	30 Sep 2022
Cash and cash equivalents	-24.4	-28.8
Other marketable securities	-1.5	-1.5
Financial receivables – SCHOTT Group	-35.5	-161.8
Financial payables – SCHOTT Group	137.5	120.6
Lease liabilities	72.3	74.8
Net debt	**148.4**	**3.3**

Net debt increased compared to the previous year, mainly because of changes to the items “Financial receivables – SCHOTT Group” and “Financial payables – SCHOTT Group” that comprise the cash pool payables and receivables vis-à-vis SCHOTT Group. The main drivers included the acquisition of shares in SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, for a purchase price of EUR 124.5m and dividend distributions to our limited liability shareholders in the amount of EUR 18.9m.

Statement of Cash Flows

(in EUR m)	2022/2023	2021/2022	Change
Cash flows from operating activities	181.7	182.1	-0.4
Cash flows from investing activities	-171.4	-142.1	-29.3
Cash flows from financing activities	-11.4	-42.4	+31.0
Change in cash and cash equivalents	-1.2	-2.4	+1.2
Cash and cash equivalents at beginning of the period	28.8	27.9	+0.9
Change in cash and cash equivalents due to foreign exchange rates	-3.3	3.3	-6.6
Cash and cash equivalents at end of period	24.4	28.8	-4.4

At EUR 181.7m, cash flows from operating activities were at the previous year’s level. Increased profit for the 2022/2023 financial year of EUR 151.9m (previous year: EUR 125.8m) and decreased non-cash depreciation, amortisation and impairment losses of non-current assets of EUR 46.6m (previous year: EUR 55.4m) made a positive contribution. The decrease in depreciation, amortisation and impairment losses resulted from the EUR 11.6m impairments on Russian assets required in the previous year which were partially reversed (income from reversals of impairment losses and write-ups: EUR 5.7m) in the financial year under review. These effects were largely offset by the growth-related changes to working capital items (EUR -22.3m; previous year: EUR -11.7m). The factors driving the working capital increase were a combination of increased revenue volumes, safety stocks built up to address ongoing supply chain disruptions and the transition of the product

portfolio towards HVS products (which follow a longer production process and consist of a higher number of parts).

Cash flows from investing activities rose by EUR 29.3m to EUR 171.4m as a result of increased investments in the purchase of property, plant and equipment and intangible assets (EUR +22.8m), and of decreased proceeds from disposals of property, plant and equipment (EUR -7.6m) compared to the previous year.

The DDS segment accounted for 69 % of capital expenditure in the financial year under review. As in the previous year, investments focused on capacity expansion projects, in particular the construction and expansion of production facilities in Germany, Hungary and Switzerland. All major investments were carried out as planned in the financial year under review without any significant delays.

Cash flows from financing activities were reduced materially compared to the previous year (EUR 11.4m versus EUR 42.4m). Cash outflows of EUR 126.8m (previous year: cash inflows of EUR 97.7m) resulted mainly from other transactions with SCHOTT Group, including transactions within the scope of the legal reorganisation. The balance in the financial year under review is mainly related to the acquisition of shares in SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, for a purchase price of EUR 124.5m. The shares were recorded as a historical asset of SCHOTT Pharma when preparing the Combined Financial Statements. As the predecessor accounting method for transactions under common control was applied, the purchase price payment was recognised as a reduction of equity. Dividend distributions to our limited liability shareholders also led to cash outflows of EUR 18.9m (previous year: EUR 11.5m). Further cash outflows included the allocation to plan assets of EUR 4.6m (previous year: EUR 4.5m) and repayment of lease liabilities of EUR 3.5m (previous year: EUR 1.5m).

The cash outflows described were partly offset by cash inflows of EUR 143.6m arising due to changes to the balance sheet items “Financial payables – SCHOTT Group” and “Financial receivables – SCHOTT Group” (previous year: cash outflows of EUR 123.5m) that comprise the cash pool payables and receivables vis-à-vis SCHOTT Group. Since SCHOTT Pharma entities are entitled to draw down liquidity to finance their operating business as per the cash pool agreements, cash pool transactions can be characterised as financing transactions and are therefore generally classified as financing activities. Payables and receivables from the cash pool are also classified as cash pool transactions, i.e. they are presented as financing activities in the statement of cash flows, ensuring consistency of presentation.

All in all, net change in cash and cash equivalents was EUR -1.1m. Taking into consideration changes resulting from exchange rate fluctuations, which reduced cash and cash equivalents by a total of EUR 3.3m, cash and cash equivalents stood at EUR 24.4m.

We aim to continue pursuing our extensive capacity expansion programme. Order commitments from investments in property, plant and equipment and intangible assets amounted to EUR 134m as of the reporting date (previous year: EUR 88m), and we expect cash capital expenditure of between EUR 200m and EUR 230m for the 2023/2024 financial year. The largest investment projects currently being implemented relate to capacity expansions in the DDS segment.

Net assets

(in EUR m)	30 Sep 2023	30 Sep 2022	Change
Non-current assets	763.5	642.0	+121.5
Current assets	468.3	554.5	-86.2
Total assets	**1,231.8**	**1,196.5**	**+35.3**
Equity	692.2	709.0	-16.8
Non-current liabilities	188.5	164.4	+24.1
Current liabilities	351.1	323.0	+28.1
Total equity and liabilities	**1,231.8**	**1,196.5**	**+35.3**

Non-current assets

Non-current assets rose by EUR 121.5m to EUR 763.5m compared to the previous year. This increase is mainly due to the EUR 118.7m growth in intangible assets and property, plant and equipment. Capital expenditure amounting to EUR 177.0m is offset by depreciation and amortisation (including impairment losses and reversals of impairment losses) of EUR 46.6m and the disposal of non-current assets of EUR 4.4m. In addition, currency effects have resulted in a decrease of EUR 11.9m, whereas inflationary adjustments at our Argentinian subsidiary have led to an increase of EUR 4.6m. Our Group entities in Hungary, Germany and Switzerland account for the bulk of investments, and most investments are related to the expansion of production capacities in the DDS segment.

Other non-current assets are largely at the previous year's level.

Current assets

Current assets have been reduced by EUR 86.2m compared to the previous year, mainly driven by the item "Financial receivables – SCHOTT Group" which posted a year-on-year decrease of EUR 126.3m. For more information on the decrease, please refer to the elaborations on net debt and the Statement of Cash Flows in the Financial Position chapter. Trade receivables from third parties and SCHOTT Group, along with contract assets, offset this development with an increase of EUR 24.6m that is mainly due to reporting date effects and revenue growth. SCHOTT Pharma's inventories also rose by EUR 10.0m as a result of increased business volumes and deliberate inventory stock-up to safeguard its ability to deliver.

Equity

SCHOTT Pharma's equity amounted to EUR 692.2m as of the reporting date (previous year: EUR 709.0m) and the equity ratio decreased from 59.3 % to 56.2 % as of the reporting date. For an explanation of the decrease, please refer to the elaborations on the equity ratio in the Financial Position chapter.

Non-current liabilities

Non-current liabilities increased by EUR 24.0m to EUR 188.5m. Other non-financial liabilities, which comprise only advance payments received on orders (EUR 66.1m; 30 September 2022: EUR 39.9m), were the main driving factor for the increase in non-current liabilities. The rise in advance payments in turn is due to two long-term series supply contracts concluded in the reporting year, for which advance payments were received. Service cost for the financial year and the fall in the average discount rate from 2.96 % to 2.67 % pushed up pension provisions to EUR 18.8m as of the reporting date (EUR +4.2m), offset by the EUR 8.4m decrease in provisions for income taxes following a reclassification to current income tax liabilities in the financial year.

Current liabilities

Current liabilities also went up compared to the previous year, by EUR 28.1m to EUR 351.1m. They comprise financial payables vis-à-vis SCHOTT Group and trade payables due to third parties and SCHOTT Group as well as accrued liabilities. The item "Financial payables – SCHOTT Group", which posted a year-on-year increase of EUR 16.9m, was the main driver for the growth of current liabilities. Please refer to the elaborations on net debt and the Statement of Cash Flows in the Financial Position chapter for more details. In addition, accrued liabilities rose by EUR 6.6m due to an increase in personnel-related liabilities following the staff increase. Other non-financial liabilities were also higher than in the previous year (EUR +6.7m) because current advance payments received on orders increased. Due to the reclassification of provisions for income taxes from non-current income tax liabilities to current income tax liabilities, the latter increased by EUR 7.7m, while trade payables due to third parties and SCHOTT Group were reduced by EUR 9.0m as of the reporting date.

Overall performance assessment by the Management Board

The 2022/2023 financial year marked another crucial milestone in SCHOTT Pharma's path towards successfully implementing its growth strategy. We achieved revenue and profit growth despite the complex and challenging geopolitical and macroeconomic environment, with organic increases accounting for most of our growth. Unabated high demand for our HVS product solutions was the main driver for strong growth momentum that exceeded the market average, enabling us to post record revenues of EUR 898.6m and revenue growth of 9.4 % compared to the previous year. The latter led to a record EBITDA figure of EUR 239.0m (EUR +19.3m) and an EBITDA margin on a par with the previous year's level.

The financial year under review has proven that great dedication and commitment go a long way in addressing external challenges, managing strong growth and carrying out a successful IPO. In line with our ambitious growth targets, we used cash capital expenditure of EUR 175.5m to continue expanding our production capacities in the financial year. What is more: capital expenditure for our production network – including investments that have already been effected and those scheduled for the next financial year – provides a solid foundation for future organic growth.

Target/actual comparison with prior-year forecast

This is the first time that SCHOTT Pharma has prepared consolidated financial statements, meaning that there is no prior-year forecast to serve as a comparison. However, the securities prospectus published as part of the initial public offering contained a forecast for our primary key financial performance indicator Revenues. We will use this forecast as a comparative figure to allow our limited liability shareholders, customers and all other partners to assess our performance.

Key financial performance indicator (in EUR m)	Baseline value 2021/2022	Forecast 2022/2023	Target achievement 2022/2023	YOY change
Revenues	821	880–900	899	+9.4 %

The securities prospectus also included a forecast for cash capital expenditure ranging between EUR 155m and EUR 175m for the 2022/2023 financial year. Amid the rapid capacity expansions, we reached the upper end of the range, reporting cash capital expenditure of EUR 175.5m, i.e. an increase of 15.0 % compared to the previous year.

Financial statements of SCHOTT Pharma AG & Co. KGaA (HGB)

General

Whilst the Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRSs), the annual financial statements of SCHOTT Pharma KGaA are prepared in accordance with the provisions of the HGB and the supplementary provisions of the AktG.

SCHOTT Pharma KGaA is the parent company of SCHOTT Pharma Group; its registered office is in Mainz, Germany. Besides its own operations, the net assets, financial position and financial performance of SCHOTT Pharma KGaA are significantly influenced by its status as a holding company. In Germany, SCHOTT Pharma KGaA maintains a manufacturing location in Müllheim, which specialises in manufacturing pharmaceutical vials and polymer syringes. The net retained profit **(Bilanzgewinn)** reported in the annual financial statements of SCHOTT Pharma KGaA in accordance with German commercial law is decisive for dividend distributions to our limited liability shareholders.

The macroeconomic and industry-specific framework conditions correspond to those of the Group, as described in the Business Review of the Group.

Results of operations

(in EUR m)	2022/2023	2021/2022	Change
Revenues	180.0	145.9	+34.1
Decrease/increase in finished goods and work in progress	-2.2	4.5	-6.6
Other own work capitalised	0.2	0.6	-0.4
Total operating performance	**178.0**	**151.0**	**+27.1**
Other operating income	14.7	2.3	+12.4
Cost of materials	-50.3	-31.1	-19.2
Personnel expenses	-58.1	-46.3	-11.8
Amortisation, depreciation and impairment of intangible fixed assets and property, plant and equipment	-9.0	-7.4	-1.6
Other operating expenses	-55.5	-35.5	-20.1
Income from investments	146.9	4.1	+142.9
Other interest and similar income	0.5	0.0	+0.5
Impairments of financial assets	-111.5	0.0	-111.5
Interest and similar expenses	0.0	-2.6	+2.6
Income taxes	-12.3	-8.9	-3.4
Result after taxes	**43.6**	**25.6**	**+18.0**
Other taxes	0.0	-0.2	+0.2
Profit for the period	**43.6**	**25.4**	**+18.2**
Profit carried forward	6.5	0.0	+6.5
Net retained profit	**50.1**	**25.4**	**+24.7**

SCHOTT Pharma KGaA increased year-on-year sales to EUR 180.0m; EUR 116.0m thereof was generated by selling pharmaceutical packaging (previous year: EUR 109.3m), EUR 39.0m by rendering services, charging brand licence fees and passing on overhead costs to affiliated companies (previous year: EUR 22.0m), and EUR 25.0m by performing contract manufacturing for SCHOTT Pharma Schweiz AG, St. Gallen, Switzerland (previous year: EUR 14.6m). Non-sterile vials accounted for almost all of the pharmaceutical packaging sold, while our contract manufacturing services were commissioned almost exclusively for sterile polymer syringes.

Other operating income included primarily exchange rate gains of EUR 9.4m (previous year: EUR 0.1m) and gains from cost pass-throughs totalling EUR 4.4m to SCHOTT AG (previous year: EUR 0.0m). Costs passed on were incurred by SCHOTT Pharma KGaA in connection with the IPO and were reimbursed by SCHOTT AG, based on a cost assumption agreement entered into in the current financial year.

Cost of materials as well as personnel expenses increased in line with higher sales, reflecting growth in business volume. The increase in personnel expenses is also due to higher staffing levels in connection with our capacity expansion as well as greater demands placed upon the workforce due to the IPO executed in the past financial year.

Other operating expenses mainly comprise distribution, general administrative and maintenance costs of EUR 29.1m (previous year: EUR 16.1m), expenses for services of EUR 14.3m (previous year: EUR 6.1m), exchange rate losses of EUR 5.9m (previous year: EUR 0.1m) as well as lease expenses of EUR 4.9m (previous year: EUR 2.5m). In the previous year, other operating expenses also included EUR 9.4m in expenses from compensation claims against SCHOTT AG, incurred in connection with the carve-out.

Thanks to dividend income received from subsidiaries in Switzerland, Brazil, Indonesia and Colombia as well as from the joint venture in Italy, income from investments increased by EUR 142.8m to EUR 146.9m. This strong year-on-year increase offset impairments of financial assets in the amount of EUR 111.5m, which were fully attributable to shares in SCHOTT Pharma USA, Inc., Lebanon, USA, and were due in particular to higher capital costs in a rising interest rate environment.

Tax expenses amounted to EUR 12.3m, compared to EUR 8.9m in the previous year. The increase was mainly attributable to non-deductible withholding tax and the minimum taxation of dividend income received.

SCHOTT Pharma KGaA thus generated profit for the period of EUR 43.5m in the financial year 2022/2023 (previous year: EUR 25.4m). EUR 18.9m of the previous year's net retained profit was distributed as dividends and EUR 6.5m carried forward. This resulted in net retained profit of EUR 50.1m for the financial year 2022/2023.

In the management report as of 30 September 2022, sales were forecast to rise between 18 % and 22 %, with profit for the period expected to increase more strongly thanks to growing income from investments. The Company ceased to maintain its profit forecast at the time of publishing the financial statements and management report for the previous year in the German Company Register. This was due to significant uncertainty prevailing at the time of publication, given the very rapid rise in interest rates and the resulting impact on the valuation of investments, which in turn had a direct impact on the forecast development of profit for the period. SCHOTT Pharma KGaA did not communicate any updated forecasts outside its annual financial reporting.

Sales increased by EUR 34.1m over the previous year, while profit for the period was up by EUR 18.1m. The strong boost in profit for the period was due in particular to significantly higher income from investments which made it possible to offset impairments of financial assets.

Financial position

(in EUR m)	2022/2023	2021/2022	Change
Cash flows from operating activities	17.0	45.5	-28.5
Cash flows from investing activities	-16.6	-26.6	+10.0
Cash flows from financing activities	-0.4	-18.9	+18.5
Change in cash and cash equivalents	0.0	0.0	0.0
Cash and cash equivalents at end of period	0.0	0.0	0.0

Cash flows from operating activities in the financial year 2022/2023 amounted to EUR 17.0m and were lower than in the previous year. Cash flows from operating activities are determined based on the profit for the period, which was up EUR 18.1m compared to the previous year. This needs to be adjusted for non-cash depreciation on property, plant and equipment as well as income from investments reported under cash flows from investment activities, resulting in a year-on-year decrease of EUR 29.8m. Further factors contributing to this decrease are the EUR 13.6m increase in working capital as well as income tax payments of EUR 9.8m, which were higher than in the previous year. This was offset by a EUR 3.7m increase in provisions and income tax expenses, which were EUR 3.4m higher.

Cash outflows from investing activities amount to EUR 16.6m. Cash outflows of EUR 105.0m are attributable to investments in financial assets (previous year: EUR 0.0m). This amount comprises a loan of EUR 103.5m granted to our subsidiary SCHOTT Pharma Schweiz AG, St. Gallen, Switzerland, and a EUR 1.5m capital increase at our subsidiary SCHOTT Pharma France SAS, Colombes, France. A further EUR 44.5m was paid for investments in property, plant and equipment (previous year: EUR 30.6m). These outflows were offset by cash flows from dividends received in the amount of EUR 123.3m (previous year: EUR 4.1m) and proceeds from disposals of property, plant and equipment in the amount of EUR 9.7m (previous year: EUR 0.0m). The latter almost entirely resulted from disposals in the previous year, which were only settled in the current financial year and thus had an impact on cash flows. The current financial year saw disposals of property, plant and equipment in the amount of EUR 3.7m, for which payment is expected in the financial year 2023/2024.

Our manufacturing location in Müllheim accounts for almost all the investments in property, plant and equipment and intangible assets in the financial year, with the investment focus being on growth projects and capacity expansion in the area of polymer syringes. All major investments were carried out as planned in the financial year under review without any significant delays.

Cash flows from financing activities for SCHOTT Pharma KGaA amounted to EUR -0.4m compared to an outflow of EUR 18.9m in the previous year. This was due to dividend payments of EUR 18.9m (previous year: EUR 0.0m), offset mainly by a EUR 18.0m reduction in the cash pool receivable from SCHOTT AG (previous year: EUR 18.9m increase). Since SCHOTT Pharma KGaA is entitled to draw down liquidity to finance its operating business as per the cash pool agreement, cash pool transactions can be characterised as financing transactions and are therefore generally classified as financing activities. Receivables from the cash pool are also classified as cash pool transactions, i.e. they are presented as financing activities in the statement of cash flows, ensuring consistency of presentation.

All in all, net change in cash and cash equivalents was EUR 0.0m (previous year: EUR 0.0m). As of the reporting date, cash and cash equivalents also amounted to EUR 0.0m. The Company is financed completely through the cash pool of SCHOTT AG.

In particular, SCHOTT Pharma KGaA has access to credit lines from SCHOTT AG to finance its business activities. SCHOTT AG has granted SCHOTT Pharma KGaA a revolving credit facility with a volume of EUR 100m as of 30 September 2023 (previous year: EUR 100m), which is available to the Company until 31 December 2026. This credit line was not drawn down as at the reporting date.

Net assets

(in EUR m)	30 Sep 2023	30 Sep 2022	Change
A. Fixed assets	**698.2**	**672.8**	**+25.3**
I. Intangible assets	0.4	0.7	-0.3
II. Property, plant and equipment	110.1	78.0	+32.1
III. Financial assets	587.7	594.1	-6.4
B. Current assets	**89.8**	**71.7**	**+18.2**
I. Inventories	15.9	16.0	-0.0
II. Receivables and other assets	73.9	55.7	+18.2
C. Prepaid expenses	**0.6**	**0.4**	**+0.2**
Total assets	**788.5**	**744.9**	**+43.7**
A. Equity	**692.6**	**667.9**	**+24.7**
I. Subscribed capital	150.6	25.5	+125.1
II. Capital reserve	491.9	131.3	+360.6
III. Contribution made to effect the resolved capital increase	0.0	485.7	-485.7
IV. Net retained profit	50.1	25.4	+24.7
B. Provisions	**55.7**	**41.3**	**+14.4**
C. Liabilities	**40.2**	**35.6**	**+4.6**
Total equity and liabilities	**788.5**	**744.9**	**+43.7**

SCHOTT Pharma KGaA's total assets increased to EUR 788.5m. Fixed assets account for 89 % (previous year: 90 %) of total assets and the equity ratio amounts to 88 % (previous year: 90 %).

Property, plant and equipment rose to EUR 110.1m. Capital expenditure totalling EUR 44.5m was offset by a depreciation of EUR 8.7m and disposals of EUR 3.8m.

The EUR 111.5m decrease in financial assets was due to the impairment related to the shares in SCHOTT Pharma USA, Inc., Lebanon, USA, to the lower fair value. This in turn was offset by a loan of EUR 103.5m granted to our subsidiary SCHOTT Pharma Schweiz AG, St. Gallen, Switzerland, reported within fixed assets due to its three-year term. In addition, a EUR 1.5m capital increase was executed at our subsidiary SCHOTT Pharma France SAS, Colombes, France, in the year under review.

Within current assets, receivables from affiliated companies increased by EUR 18.4m to EUR 57.5m as of the reporting date, of which EUR 34.8m (previous year: EUR 20.2m) was related to trade receivables, EUR 21.8m (previous year: EUR 0.0m) to outstanding dividend receivables and EUR 0.9m (previous year: EUR 18.9m) to the cash pool receivable from SCHOTT AG.

Equity rose by EUR 24.7m in the financial year. This was attributable to profit for the period of EUR 43.5m, offset by dividend distributions of EUR 18.9m.

Provisions rose by EUR 14.3m to EUR 55.7m – mainly due to a year-on-year increase in personnel-related provisions (EUR +4.6m) as a result of higher staffing levels, provisions for taxes (EUR +2.5m) and provisions for pensions and similar commitments (EUR +2.0m).

The increase in liabilities (EUR +4.6m) was almost completely attributable to trade payables due to third parties and affiliated companies, which went up by EUR 4.8m as a result of the increased business volume compared to the previous year.

Proposal for appropriation of profits

Net retained profit **(Bilanzgewinn)** for the financial year 2022/2023 totalled EUR 50.1m. The Management Board proposes to distribute a dividend of EUR 0.15 per no-par value share (total dividend payment of EUR 22.6m) and to carry forward the remaining net retained profit of EUR 27.5m to new account.

Employees

SCHOTT Pharma KGaA employed 685 staff members in the year under review (previous year: 605 staff members).

Overall performance assessment by the Management Board

Since SCHOTT Pharma KGaA's overall business performance depends on SCHOTT Pharma's performance, we generally refer to our statements in the Overall Performance Assessment by the Management Board section in the Combined Management Report above. SCHOTT Pharma KGaA's standalone performance was satisfactory all in all, except for the required impairments on financial assets. With profit for the period generated, the Company will once again be able to distribute a dividend to its limited liability shareholders for the financial year 2022/2023.

Risks and opportunities

SCHOTT Pharma KGaA and SCHOTT Pharma are subject to the same risks and opportunities. SCHOTT Pharma KGaA is a holding company and as such participates in the risks of the investments and subsidiaries in proportion to the size of its shareholding. Please refer to the Report on Opportunities and Risks for an overview of the risks and opportunities to which SCHOTT Pharma is subject.

Forecast

The Management Report as of 30 September 2022 highlighted revenues and profit for the period as the main key financial performance indicators for SCHOTT Pharma KGaA. Following the IPO in the financial year 2022/2023, the focus has shifted to SCHOTT Pharma KGaA's profit for the period as an important factor for the dividend proposal, making SCHOTT Pharma KGaA's profit for the period the only key financial performance indicator for the financial year 2022/2023 and beyond.

The development of SCHOTT Pharma KGaA's profit for the period depends largely on the performance of the subsidiaries – and thus on SCHOTT Pharma. We expect SCHOTT Pharma KGaA's profit for the period in the financial year 2023/2024 to fall significantly below the previous year's level due to lower dividend income, whilst expenses resulting from impairments on financial assets will not be incurred.

Please refer to the Forecast Report for a detailed overview of SCHOTT Pharma's expected future performance.

Forecast report

Macroeconomic outlook

The International Monetary Fund (IMF)[1] forecasts that the pace of global economic growth will continue to slow in 2024. Global gross domestic product is expected to grow by 2.9 %, marking another slowdown compared to 2023 (3.0 %) and 2022 (3.5 %). The IMF once again slightly lowered its expectations for 2024 in its latest forecast from October 2023 compared to the previous forecast published in July 2023. However, growth patterns in our key economic regions are diverging. According to the IMF, the growth outlook for the US (1.5 %) is looking brighter compared to July 2023, while forecasts for the euro area (1.2 %) and China (4.2 %) have been revised downwards again.

Subdued growth – at a rate of 3.8 % and falling below the long-term average for the period from 2000 to 2019 – is primarily being seen in advanced economies, including the US and the euro area. Aside from country-specific reasons, the IMF ascribes this to a decline in industrial production that will not be offset by growth in the services sector.

Despite their reduced October 2023 growth forecast, IMF economists see a slightly improved risk profile for global economic growth in 2024 and beyond, indicating that inflation is declining faster than recently expected amid falling energy prices and improved labour markets. According to experts, this in turn reduces the need to curb inflation by further tightening monetary policy, which should have a positive impact on growth prospects. On the other hand, economists continue to see the following negative risks for global growth: the continuing slowdown in China, growing volatility in commodity prices in response to climate-related and geopolitical shocks, and the intensifying economic fragmentation across the world, which impedes multilateral cooperation and trade.

In addition, economists have emphasised that the overall risk of a hard landing for the global economy has decreased in recent months, with the estimated probability of global growth falling below 2.0 % in 2024 – something that has only occurred five times since 1970 – being significantly lower in October 2023 (at around 15 %) than it was six months ago. And the probability of a decrease in global real GDP per capita, a trend often seen in global recessions, is estimated to be below 10 % for 2024.

Growth prospects for the global pharma market, on the other hand, are far more bullish. GlobalData experts forecast a significant leap in growth of 7 % for 2024 and remain optimistic about to the near future, expecting average annual growth of 5 % for the period from 2022 to 2026.

Our target market for injectable drugs should again outpace the pharma market as a whole. We have described the structural growth drivers that should specifically boost demand for injectable drugs in the Market and Competition section of the Fundamental Information about the Group chapter. GlobalData experts forecast growth of 9 % for 2024 and an annual growth rate of more than 8 % for the period from 2022 to 2026, meaning that injectable drugs should outperform the overall pharma market by a factor of 1.4.

The robust growth prospects for the injectable drug market are underpinned by the strong biologics pipeline: the clinical pipeline included more than 6,000 drugs at the beginning of 2023, 80 % of which were sensitive biologics that need a high-quality solution for safe containment of the drug and safe delivery to the patient.

As a pure-play provider with the broadest range of containment solutions and delivery systems for injectable drugs on the market, we should benefit from this strong growth momentum. We see particular opportunities in the rise of more complex biologics (e.g. mRNA-based therapies), which should lead to an outsized boost for us.

Overall assessment of the forecast and expected development

As in previous years, we expect to outperform the market in the financial year 2023/2024 by harnessing our strong market positioning, particularly in HVS, and anticipate significant organic revenue growth of between 9 % and 11 % for the financial year 2023/2024, despite the expected

[1] "World Economic Outlook – Navigating Global Divergences", International Monetary Fund, October 2023.

temporary drop in demand for vials on the back of the safety stocks amassed by our customers in recent years. This growth should mainly be driven by an expansion of production capacities and the immense market growth for injectable drugs marketed by our DDS segment.

We also expect EBITDA to increase as a result of revenue growth, and forecast an EBITDA margin at roughly the same strong level of the financial year 2022/2023, with our DDS segment being the key driver. Our assumption includes higher ramp-up costs related to capacity expansions in the low double-digit million range for both segments combined. The broad expansion of our HVS capacities will allow us to continue to meet the growing demand for SCHOTT Pharma products and solutions going forward.

Our forecast is based on various assumptions. It excludes portfolio measures but assumes that exchange rates will remain constant, that the geopolitical and global economic situation, global supply chains, inflation and energy supply will not deteriorate and that there will be no further relevant pandemic-related restrictions.

In an environment marked by geopolitical challenges, we will home in on our strategic action fields. Our goal is to significantly increase HVS's revenue contribution, improve our already strong market positioning and lay the foundation for sustainable profitable growth in the years to come.

SCHOTT Pharma's actual development may deviate positively or negatively from our forecasts, either due to the risks and opportunities described in our Report on Opportunities and Risks or because our expectations and assumptions fail to materialise.

Report on risks and opportunities

Group-wide management of risks and opportunities

SCHOTT Pharma's Management Board bears overall responsibility for an effective risk management system and defines a set of provisions to ensure that any developments with the potential to jeopardise the Company's continued existence are detected at an early stage and that suitable measures are taken when required. The risk management system comprises all organisational measures, regulations and processes for identifying, assessing and managing risks and opportunities. Key elements include planning and governance processes, the internal control system and the early warning system. Responsibility for the coordination and development of such systems and for combined risk reporting lies with Finance. Operational and strategic risks are identified, managed and reported to the Management Board at a segment and Group function management level.

SCHOTT Pharma KGaA's Supervisory Board monitors the risk management system's effectiveness based on the preparatory work by the Supervisory Board's Audit Committee. As part of their statutory audit mandate for the annual and consolidated financial statements, the auditors assess whether the early warning system can adequately recognise risks to the Company's continued existence at an early stage. Finally, Internal Audit reviews the functionality of the risk management system at regular intervals. Key results of these audits are discussed during Management Board, Supervisory Board and Audit Committee meetings. Any adjustments to the risk management system are implemented by Corporate Risk Management.

The Management Board assesses the risk management system's adequacy and effectiveness. At the time of preparing this report, the Management Board was not aware of any evidence indicating that the risk management system, in its entirety, was inadequate or ineffective as of 30 September 2023. That said, there are inherent limitations to the effectiveness of any risk management system. No system comes with a guarantee that all actually materialising risks will be identified or that all process violations can be excluded under any and all circumstances.

SCHOTT Pharma is closely integrated into SCHOTT Group and obtains services from SCHOTT AG and other Group entities to strengthen its own resources, for example in financial, IT or legal matters. SCHOTT Pharma is also integrated into selected SCHOTT Group management systems, including the risk management system. The exact scope of the support services is governed by service contracts.

Planning and governance processes

SCHOTT Pharma's Controlling is responsible for all planning and forecasting processes and analyses segmental results on an ongoing basis. Controlling also coordinates the systematic identification, assessment and documentation of risks and opportunities, which are then considered in the planning and forecasting processes, and it analyses the development of key performance indicators at various Group entities, segments and SCHOTT Pharma as a whole. Regular reports to the Management Board, coupled with appropriate recommendations for action, ensure that risks and opportunities are adequately taken into account in the Company's value-oriented management approach.

Accounting-related internal control system

SCHOTT Pharma KGaA's and SCHOTT Pharma Group's accounting-related internal control system (ICS) comprises all principles, procedures and measures aimed at the organisational implementation of Management Board decisions. The accounting processes focus on ensuring profitability, correct accounting and compliance with applicable law.

Elements of our accounting-related ICS include both process-integrated and process-independent monitoring and safety measures. Process-integrated safety measures contain defined organisational and control measures. The Supervisory Board, specifically SCHOTT Pharma KGaA's Audit Committee, and Internal Audit are involved in SCHOTT Pharma's ICS via process-independent auditing activities.

Organisational measures

Our accounting processes are strictly subject to the principle of the segregation of duties and second-party approval, which is why the tasks and duties to be performed by the divisions and corporate entities involved are clearly separated from each other. This segregation of duties between administration, execution, invoicing and authorisation reduces the margin for fraudulent actions and allows for the early detection of potential errors and the prevention of potential misconduct.

Corporate Accounting (SCHOTT Group) has prepared a global accounting policy that has been adopted by SCHOTT Pharma with certain additions. Changes to legislation and accounting standards are continuously reviewed for relevance to the annual and consolidated financial statements. The accounting policy is adjusted as necessary. Written local and global work instructions complete the picture. The policies specify, amongst other things, the centralised definition of rules and parameters to ensure uniform accounting throughout the Group.

Employees involved in accounting processes fulfil qualitative requirements and receive regular training. Where accounting issues are complex, Corporate Accounting assists the local units, ensuring uniform and appropriate reporting in the consolidated financial statements. Actuarial calculations, company valuations, purchase price allocations or other complex matters may be prepared by external service providers in collaboration with qualified SCHOTT Pharma employees.

Regarding reporting as such, a uniform Group-wide reporting system is in place that reflects all consolidation processes. Internal controls and SCHOTT Pharma KGaA's auditor together ensure that financial reporting for the Group is accurately prepared based on the Group entities' financial statements.

Accounting-related IT applications are subject to access restrictions, and only authorised individuals have controlled access to data and systems. Access authorisations are assigned based on an employee's particular duties and are regularly reviewed. The assignment of authorisations is subject to second-party checks.

Control measures

Our accounting processes include extensive control activities to ensure reliable and correct accounting, compliance with legal requirements and internal policies, and proper conduct of

business. An example of these control activities is the KPI-based analysis of facts and developments. In addition, the individual reporting units disclose a year-on-year comparison of anomalies and developments on a monthly basis. Another specific control to ensure reliable and correct Group accounting is the analysis and, if necessary, correction of the financial statements of Group entities. Our consolidation system includes multiple automated control mechanisms, which helps to identify erroneous information and correct it at Group level. Impairment tests of the goodwill recognised in the statement of financial position are performed at Group level to ensure the application of standardised and uniform measurement criteria.

SCHOTT AG's Internal Audit monitors the effectiveness and functionality of SCHOTT Pharma's systems and processes under service agreements concluded between the two companies, both by performing regular systematic audits and taking technical measures. Internal Audit also prepares a risk-focused audit plan once a year, closely consulting with SCHOTT Pharma throughout the process, and performs spot checks as to whether the Group's control and risk management system complies with statutory provisions and internal policies. A particular focus lies on reviewing the functionality and effectiveness of defined controls. The audit results are reported directly to the audited units, allowing the latter to efficiently rectify identified shortcomings and contributing to the IC's continuous development. The Management Board and Supervisory Board receive regular reports on the audit activities.

Early warning system

SCHOTT Pharma's Management Board has introduced an early warning system to identify developments that could jeopardise the Company's existence in accordance with section 91(2) AktG. The system's effectiveness is reviewed by SCHOTT Pharma KGaA's auditor in accordance with section 317(4) HGB.

The early warning system is integrated into SCHOTT Pharma's planning and governance processes and documented in a Group-wide risk management manual. This manual sets out definitions of the framework, the organisational structure, processes and reporting of the risk management system as well as how its effectiveness is monitored and controlled. In addition, risk management requirements are contained in many other sources, e.g. the Group entities' articles of association, rules of procedure or other policies.

Risks are defined as any developments or events that could have a negative impact on SCHOTT Pharma's future earnings development, to the extent that they have not already been fully anticipated in the Company's planning. Opportunities are defined as developments and events that could have a positive impact on SCHOTT Pharma's future earnings development, to the extent that they have not already been fully anticipated in the Company's planning.

Risk assessment covers all SCHOTT Pharma entities. The defined reporting process governs continuous risk status review and reporting. Where concrete risks have been identified, their classification, probability of occurrence and the measures planned for mitigation are documented. They are reported to Corporate Risk Management when defined size criteria are reached. The assessment is always determined by the remaining net risk, i.e. the risk net of any risk-mitigating measures. Corporate Risk Management aggregates the risk reports and provides the Management Board and Supervisory Board with regular reports on the risk situation. This reporting includes a risk-bearing capacity assessment, where the planned equity is compared with aggregated total risk to ensure that sufficient equity is available to cover the risk. An urgent reporting procedure has been implemented for newly emerging major risks to the Company's financial position and financial performance to deliver all necessary information immediately to SCHOTT Pharma KGaA's Management Board.

For the purposes of the early warning system, SCHOTT Pharma distinguishes between operational and strategic risks. Operational risks are defined as possible deviations from the plan or forecast for the current financial year. Both risks and opportunities are analysed and their impact on revenues and EBIT is assessed and regularly reported to the Management Board. Strategic risks jeopardise the achievement of strategic goals. We consider possible events that could occur in the medium term within a rolling time horizon of at least three years. The strategic risk analysis only focuses

on downside risks. Strategic opportunities result in part from the reversal of strategic risks, since certain risks and the measures taken to mitigate them also open up opportunities. In addition, strategic opportunities are based on the assessments of the Management Board and the strategy department.

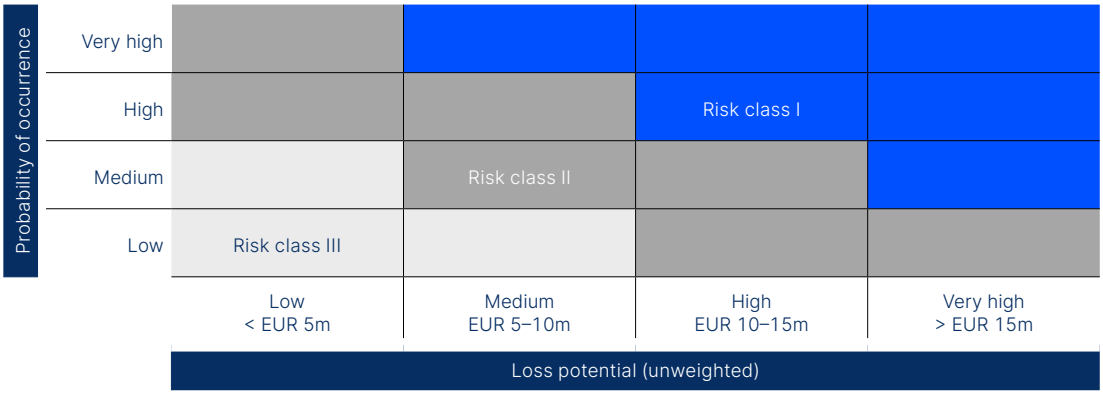
A risk matrix was defined to classify strategic risks; it categorises the probability of occurrence and the potential impact on net income as set out below. We use the following criteria for the probability of occurrence:

Criterion	Description
Low	The risk is deemed very unlikely to materialise.
Medium	The risk is deemed unlikely to materialise.
High	The risk is deemed likely to materialise.
Very high	The risk is deemed very likely to materialise.

We classify the economic impact based on the calculated net loss potential:

Criterion	Net loss potential (in EUR m)
Low	<5
Medium	5–10
High	10–15
Very high	>15

The combination of both criteria results in the following matrix, which is used to assign the individual risks to three risk classes:



The risks and opportunities mentioned below focus on risk classes I and II. For an easy overview of risks, SCHOTT Pharma has defined risk categories, which are outlined below.

Market and competition

As a globally operating Group, SCHOTT Pharma generally depends on the economic conditions and development of its target markets. But given our business focus on the pharma, biotech and life-science industry, economic trends only have a minor impact on us. Our planning for the coming financial years has been prepared based on expected market developments in relevant industries, taking into account the known facts. Yet, since a variety of factors influence future economic development, significant changes in certain market parameters or other circumstances may lead to positive or negative deviations from our planning.

Our diversified product portfolio, our global presence and the strong positioning of our brands and products in our target markets give us optionality to take advantage of opportunities and mitigate risks. The shift in our product portfolio from Core to HVS, in particular, opens up the opportunity to offer our customers a growing range of high-quality containment solutions and delivery systems, which should have a positive effect on business development.

We have been observing a continued rise in demand for containment solutions and delivery systems for injectable drugs, which is why we invest in the expansion of our manufacturing capacities to participate in future market growth. But our competitors are expanding their manufacturing capacities too. High manufacturing capacities in the market increase the risk of price pressure on our products, especially for our DCS Core line. Looking at our high-quality product range, we feel well prepared to achieve a high level of price stability. We are also planning to improve cost structures in relevant areas. Due to its high loss potential, we nevertheless deem this to be a class I risk.

We are also ramping up global manufacturing capacities for our HVS products in the DCS segment. The growing commercialisation of such products drives down selling prices, while also curbing manufacturing costs. A global manufacturing capacity build-up nevertheless entails price pressure risk. We counter this risk, which we deem to be risk class II, through close customer relationships and constant work on improving the quality of our containment solutions.

Our HVS manufacturing capacities are expanding in both the DCS and DDS segments in close consultation with our customers. We have received long-term orders in relation to our customers' existing products and pipeline developments that will use up the majority of the capacities being built up. These orders reduce the risks associated with the capacity expansion and secure our future growth. Nevertheless, delays in the capacity build-up, for example due to supply chain disruptions, could mean that production will start later than originally planned. At the same time, our customers' new developments may face delays, e.g. in market launch or in transitioning from clinical trials to commercialisation. Such a scenario would in turn delay the start of our production. Against this background, we are in a constant dialogue with both the suppliers relevant for our production build-up and with our customers to identify delays early on and adopt appropriate countermeasures as necessary. We deem the associated risks in the DCS and DDS segments to be class II.

Our DDS segment's delivery systems offer our customers numerous advantages, especially when it comes to stable deep-cold storage for drugs such as mRNA-based therapies. Demand for these systems is high and the prospects for future growth are good. However, there is a risk that competitors will develop comparable products, which would have a negative effect on price development. We counter this risk, which we deem to be class II, by investing in research and development, which in turn enhances the quality of our delivery systems on an ongoing basis.

Our drug containment solutions and delivery systems are present on all key markets. Participating in market developments entails both risks and opportunities. We are observing a slowdown in some regional markets in Asia. If we were not able to maintain or even expand our existing market share, this could affect capacity utilisation at some manufacturing plants. We deem this risk to be class II.

Procurement

Our purchasing organisation continuously monitors relevant procurement markets and suppliers to identify procurement risks and opportunities at an early stage and respond appropriately. We lay a particular focus on the procurement of high-quality means of production such as raw materials, glass tubes or plant components.

Our procurement is closely integrated into SCHOTT Group's procurement, which helps to bundle procurement activities, leverage synergies and strengthen our negotiating position. In addition, long-term supply agreements provide us with SCHOTT's high-quality glass tubes, a key component of our glass containment solutions and delivery systems. Purchasing this important component from SCHOTT secures our supply of high-quality glass tubes and creates planning security. Long-term purchasing agreements are also concluded with other suppliers.

Aside from the risk of the means of production not being available, late deliveries due to the limited availability of transport containers are a relevant risk, which we deem to be class II. To mitigate this risk, we focus on finding local suppliers and try to reduce single sourcing for our manufacturing locations. We regularly check stock coverage for critical means of production and maintain safety stocks. We also do continuous research on the material composition of our products so that we can switch to alternative materials if necessary.

Manufacturing

We use state-of-the-art production facilities, some of which have been specifically developed for the complex manufacture of our products. This ensures high quality throughout the production of our containment solutions and delivery systems.

Functioning manufacturing facilities, reliable energy and materials supply and available means of production are crucial for us. Any production outages must be avoided. This is why we have concluded long-term supply contracts with our suppliers. There is still a risk that supply bottlenecks may disrupt manufacturing at some locations. This risk was deemed class II as of the time of reporting. We rely on regular maintenance work and redundant energy supply to prevent unplanned production outages, in addition to careful capacity planning and continuously monitoring our manufacturing processes. Our global manufacturing network allows us to relocate parts of our production if there is a risk of outages, and helps us to limit our dependence on certain locations. Please also read our statements in the Procurement section above.

As described in Fundamental Information About the Group: Market and Competition, there is a risk of delays connected with the expansion of our manufacturing capacities, which may delay the manufacture and delivery of ordered products. We consider this is to be a class II risk, also in terms of manufacture.

We see both risks and opportunities with regard to achieving our productivity targets.

Quality

Our customers use our containment solutions and delivery systems in the critical fill-and-finish processes and for research and development. In this context, we see particular risks associated with non-compliance with defined processes and established quality criteria that could weigh on the functionality of the delivered products – and of the drugs contained in them. Any kind of contamination or product defect that threatens the integrity and sterility of SCHOTT Pharma's products is particularly critical. In a worst case scenario, they may result in product recalls or claims for damages against SCHOTT Pharma.

SCHOTT Pharma's risk management aims to detect these risks early and mitigate them as far as possible through procedural, organisational and technical measures. The Company relies on the latest manufacturing technologies, production facilities equipped with state-of-the-art inspection and control systems, additional quality checks and an extensive and mandatory CPD programme for its employees to ensure that all products meet the highest quality standards and comply with regulatory rules and requirements. Internal controls are in place to regularly review our manufacturing techniques and processes, which are constantly improved to comply with current regulatory requirements. Static incoming goods inspections – which are part of our supplier management – ensure that raw materials, consumables and supplies meet our high quality requirements.

Quality checks are performed both continuously during manufacture and as part of testing on final products to ensure that critical product properties meet requirements. A strict product approval process is in place to make sure that products are only shipped if they meet agreed specifications.

Successful customer audits provide us with external confirmation that our quality systems are effective, and our certifications in accordance with ISO 9001, ISO 15378 and even ISO 13485 (where applicable) are further evidence. Nevertheless, substantial product liability insurance is in place.

Our traceability system, set up in accordance with recognised GMP regulations, guarantees that delivered batches can be identified and recalled immediately should the need arise. This serves to mitigate any consequences if a defect or non-compliant component is identified in one of our products. We also have a complaint management system in place for the prompt processing and systematic documentation of customer reports relating to our products. Our complaint management process ensures that reported cases are analysed efficiently and that necessary measures are taken.

A trend towards higher quality standards can be observed in our target industries, driven mostly by stricter legal requirements for patient and product safety. New laws and regulations harbour the risk of being difficult or costly to implement. At the same time, they also open up opportunities for us as they raise the barriers to entry for potential market participants, and they incentivise technological innovation.

Technological innovation

SCHOTT Pharma operates in markets characterised by constant technological innovation. The latest scientific and research findings can significantly accelerate product and development cycles. Products can also be partially or completely replaced by new technologies. In this environment, our success and reputation depend as much on ongoing and innovative research and development as on our ability to recognise new technological trends and implement them quickly. This is why we continuously invest in research and development.

Potential risks arise not only in product development itself, but also in launching new products later than our competitors. We counter these risks by continuously monitoring the market to identify trends, following structured and efficient project management and involving our customers early in the development process. SCHOTT Pharma is also actively involved in development partnerships and collaborates with external research institutes.

Our consistent focus on research and development has allowed us to establish a comprehensive and innovative range of drug containment solutions and delivery systems on the market and to become a global expertise leader in polymer syringes. Patents and other industrial property rights help us to protect this knowledge. Our technological expertise provides us with the opportunity to further improve our market positioning and sales potential.

Finance

Our international operations expose SCHOTT Pharma to financial risks arising from fluctuating exchange and interest rates, which may impact earnings performance positively or negatively. To manage these risks, SCHOTT Pharma entities are integrated into SCHOTT Group's central treasury and cash management system. The Group is significantly larger in terms of revenue and also operates internationally. Being integrated allows us to bundle activities and leverage synergies. Centralised currency management protects our business operations from transaction risks resulting from exchange rate fluctuations. In general, transaction risks are mitigated through SCHOTT Pharma's global presence with local manufacturing and global purchasing activities, since revenues generated in foreign currencies are offset by costs incurred in foreign currencies within the Group. To gauge the residual risk to be hedged, we regularly calculate our net currency positions using currency-specific liquidity forecasts. We then enter into foreign exchange forwards as hedging instruments.

SCHOTT Pharma is included in SCHOTT Group's global cash pool. The cash pool balances equal our key liquidity position, and only if regional circumstances prevent individual entities from being included in the cash pool, external bank balances are established. This cash pool-based financing grants us access to liquidity – always respecting existing credit facilities – at short notice and at all times.

To minimise the risk of non-payment by our customers, we have linked up our SAP-based customer credit management systems in our key units worldwide. Sales and Finance have access to current

information on our customers' credit limits, credit exposures and order and payment behaviour at all times. We also use credit insurance to mitigate customer credit and country risks.

Human resources

SCHOTT Pharma competes with other companies for qualified managers and employees. Demographic change, new requirements arising in the digital age and different training and qualification standards around the globe present challenges to recruitment. In this context, we see a risk of staff shortages preventing us from implementing our growth plans. We counter this risk with specific training and development programmes, opportunities to work abroad, performance-related remuneration systems, a family-friendly HR policy, extensive well-being programmes and flexible working time models.

IT

Almost all of SCHOTT Pharma's business processes rely on IT to some extent. This inevitably entails risks for the stability of our business processes and the availability, confidentiality and integrity of information and data – risks that cannot be fully eliminated no matter what security infrastructure is in place.

Cyberattacks have become more frequent and increasingly professionalised in recent years. At the same time, business processes are becoming ever more digital. Potential outages or significant impairment of mission-critical IT systems and applications due to cyberattacks are a significant risk, which we regard as risk class II. We continuously invest in secure IT systems and applications to mitigate this risk, and continue to enhance existing technical safeguards.

As in other areas, we are integrated into SCHOTT Group's IT systems and applications. To ensure confidentiality, integrity and availability of information, SCHOTT Group and SCHOTT Pharma have set up policies, introduced adequate contingency plans for critical processes and the IT systems assisting them, and implemented appropriate control mechanisms, guided by the normative requirements of ISO/IEC 27001, which can be supplemented where necessary by recommendations from the "IT-Grundschutz" compendium provided by German Federal Office for Information Security (BSI). With these safeguards in place, we should be able to manage all security-relevant IT issues. In addition, SCHOTT Group took out global cyber insurance in the past fiscal year covering almost all SCHOTT Pharma entities. For those entities not covered by the insurance, risks are continuously reviewed and additional local insurance policies taken out as required.

Employees are an important factor when it comes to protecting IT-supported business processes. That is why they receive ongoing training in managing risks that arise in an increasingly digital and interconnected environment, to raise their awareness of how important IT security is when dealing with current technologies.

Tax, legal and regulatory matters

As a global player, SCHOTT Pharma is subject to a variety of laws, regulations and guidelines in countries in which we operate. This exposes us to multiple regulatory risks, including risks associated with product liability, competition and anti-trust law, industrial property rights, foreign trade law, tax law and environmental law.

In this context, SCHOTT Pharma not only looks at its own compliance but also at compliance with laws, regulations and guidelines in the supply chain. SCHOTT Pharma counters risks arising from non-compliance with laws, regulations and guidelines with a compliance management system, Group policies and targeted training for our staff (face-to-face and online training). Any amendments are regularly analysed and may trigger adjustments to internal processes and policies as required. This approach, however, does not completely eliminate the risk of violations due to personal misconduct. We categorise this as a class II risk.

Protecting the environment and promoting the health and safety of our employees are key corporate

goals. SCHOTT Pharma's EHS policy, which describes the Company's integrated environment, health and safety management system, is aimed at achieving these goals and mitigating related risks. Nevertheless, violations of the regulations or code of conduct cannot be completely ruled out. We currently deem this to be a class II risk. For further information, please refer to the Non-Financial Statement.

Unauthorised use or appropriation of our intellectual property rights (including infringement of our patents or other technical property rights) could jeopardise our technological edge and competitive position, as could the infringement of our trademarks. We have successfully responded to this risk with internal security rules and an actively pursued intellectual property rights strategy. We also monitor third-party intellectual property rights on an ongoing basis to avoid infringing on any third-party patents. Such measures, however, cannot rule out violations of third-party property rights in Germany and abroad, which is why we deem this to be a class II risk.

As a partner to the global pharma, biotech and life-science industry, we are also subject to regulatory changes in these sectors. A major risk associated with the approval of new drugs or medical devices is the ever-increasing stream of requirements and conditions imposed by the US Food and Drug Administration (FDA), the European Medicines Agency (EMA) and other national and international authorities. We also have to comply with regulations imposed by other relevant authorities (the US Environmental Protection Agency or the US Department of Agriculture) to manage local or global regulatory risks.

These requirements and conditions not only concern drugs but also our containment solutions and delivery systems. If we or our customers fail to fully comply with applicable regulations, approval processes may be delayed or even stopped. Our containment solutions and delivery systems are also subject to extensive approval, registration and reporting obligations in many countries. Non-compliance with the sometimes complex requirements and conditions may lead to sales or import bans and fines. We continuously monitor relevant markets and assess whether changes need to be made to our processes.

As a global player, we and our subsidiaries are subject to a wide range of national tax laws and regulations as well. Changes in tax legislation, jurisdiction and the interpretation by tax authorities or courts in the countries we operate in may lead to additional tax liability. The Group's tax department constantly monitors and analyses the tax environment to manage any associated risks.

External risks

Direct or indirect fallout from the general risks in life and the resulting damage to economically relevant or even critical infrastructure can only be predicted and controlled to a limited extent. Such risks include armed conflicts, natural disasters, pandemics or force majeure events. Where possible, we take measures to ensure that we can react appropriately and quickly to crises and that we are insured against potential losses.

Damage to SCHOTT Pharma's buildings, manufacturing facilities and warehouses or those of its suppliers and to goods in transit may result in property damage or disruption to operations. There is a risk that our insurance cover may not fully cover all potential losses. We deem this to be a class II risk.

Epidemics or pandemics may directly or indirectly influence our manufacturing and other business processes. Depending on where an infectious disease has spread, delivery routes to us or our customers may be affected regionally or globally. Local plant shutdowns may also occur as a result of official measures or staff shortages, for example. Our drug containment solutions and delivery systems, however, are critical products for a country's healthcare system, which the Covid-19 pandemic clearly demonstrated. At the time, we were able to maintain production without any sustained interruption. In addition to our insurance coverage, we have established Group-wide rules for managing emergencies and crises.

SCHOTT Pharma is also exposed to risks from changes in political conditions, including amendments to or termination of current trade agreements, increasing protectionism or uncertainties regarding

the future political direction at home and abroad. The current geopolitical crises in Europe and the Middle East are having no significant immediate effects on SCHOTT Pharma, and the concerned countries only represent a small share of our revenues. The default risks in connection with trade receivables are therefore limited, not least due to our intensive receivables management efforts. However, as global supply chains are closely interlinked, indirect effects arise from inflation-related hikes in logistics and energy costs and increased procurement costs for means of production.

Overall assessment of risks and opportunities

The current geopolitical tensions and their direct and indirect consequences pose major challenges for the global economy. SCHOTT Pharma's Management Board nevertheless sees a solid basis for the Group's further development that – with a systematic strategy, planning and governance process – provides the necessary resources to achieve targets and leverage additional potential.

Taking all the measures taken or planned into account, there were no identifiable risks at the time of reporting that would individually or collectively jeopardise the Company's existence, and aggregated total risk was met with sufficient equity.

The probability of occurrence and the net loss potential for all classes I and II risks were assessed in the table below. Because this is the first year that SCHOTT Pharma has prepared consolidated financial statements, we are unable to make year-on-year comparisons.

Risk	Probability of occurrence	Net loss potential	Risk class
Market and competition			
Price pressure at DCS (Core)	Medium	Very high	Risk class I
Price pressure at DCS (HVS)	High	Low	Risk class II
Capacity expansion at DCS	High	Low	Risk class II
Capacity expansion at DDS	Medium	Medium	Risk class II
Technological innovation at DDS	Low	High	Risk class II
Regional markets	Low	High	Risk class II
Procurement			
Supply chain	High	Low	Risk class II
Manufacturing			
Manufacturing processes	Low	Very high	Risk class II
Capacity expansion	Very high	Low	Risk class II
IT			
Cyberattacks	Very high	Low	Risk class II
Tax, legal and regulatory matters			
Compliance	Low	Very high	Risk class II
Environment	Medium	Medium	Risk class II
Intellectual property	Low	Very high	Risk class II
External risks			
Damage to property	Low	Very high	Risk class II

Non-financial statement

For the financial year from 1 October 2022 to 30 September 2023

The information contained in the Non-Financial Statement below, prepared by SCHOTT Pharma AG & Co. KGaA on behalf of SCHOTT Pharma Group ("SCHOTT Pharma") for the financial year 2022/2023, was not covered by the audit of the Combined Management Report for the Group, but was subjected to a separate limited assurance audit performed by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft on the basis of the International Standard on Assurance Engagements 3000 (Revised). Information relating to previous and base years was not the subject of the independent auditor's audit; please refer to the audit opinion included in the Annual Report.

The CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz, CSR-RUG) requires SCHOTT Pharma and SCHOTT Pharma AG & Co. KGaA to disclose material non-financial aspects of their business activities in addition to its financial reporting, in particular information on environmental, employee and social matters and information on anti-corruption activities and respecting human rights. We have disclosed this information in this Combined Non-Financial Statement pursuant to sections 315(b) and 315(c) in conjunction with sections 289(b) to 289(e) HGB. Where appropriate in a statutory context, our disclosures have been guided by the Global Reporting Initiative (GRI) Standards (section 289(d) HGB).

This being the first year SCHOTT Pharma has published a Non-Financial Statement, any comparisons involving indicators that go beyond the period under review have been limited to situations where doing so was considered appropriate for illustrating longer-term developments. To integrate financial and non-financial information more seamlessly, we have decided to include the Non-Financial Statement in the Management Report.

In addition, SCHOTT Pharma publishes a separate sustainability report in accordance with the GRI standards, which includes detailed information on sustainability in our company.

In accordance with Article 8 of the EU Taxonomy Regulation, we have also disclosed the share of taxonomy-eligible and taxonomy-aligned revenues, capital expenditure (CapEx) and operating expenses (OpEx) that can be attributed to business activities already covered by the taxonomy, broken down into the following environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of ecosystems and biodiversity

A description of SCHOTT Pharma's business model, corporate structure and competitive position can be found in the Fundamental Information about the Group chapter.

Our strategic and organisational approach to sustainability

SCHOTT Group's approach to sustainability is holistic. The 17 Sustainable Development Goals (SDGs) of the United Nations have been pivotal in shaping our Group-wide sustainability strategy, in particular the following four:

- SDG 3: Good health and well-being
- SDG 5: Gender equality
- SDG 12: Responsible consumption and production
- SDG 13: Climate action

These development goals are the focus of SCHOTT Pharma's sustainability strategy. In certain sustainability areas, SCHOTT Pharma has enlisted the support of SCHOTT Group, borrowing from its processes and structures or participating in Group activities through service agreements.

All things sustainable come together in our Sustainability Board, a central management body comprising our CEO, CFO, Head of Human Resources, Head of Legal & Compliance, Head of Sustainability and division representatives. To enable coordination and consistency with SCHOTT Group, the SCHOTT Pharma Management Board also works with the Supervisory Boards of SCHOTT Pharma Management AG and SCHOTT Pharma AG & Co. KGaA.

The Sustainability Board takes a holistic view of our sustainability strategy and advocates for integrating sustainability into our operations. The Board decides on strategic road maps, approves goals and allocates budgets. Board meetings to evaluate progress as well as risks and opportunities relevant to our strategy are held at least every three months.

Practical implementation of sustainability action lies in the hands of a dedicated global sustainability team and an overarching project team. The sustainability team reports directly to the CFO. Overall team responsibility lies with the Head of Sustainability. The team prepares the strategy, actions it (together with the departments) and is directly involved in ESG controlling and reporting. The Head of Sustainability of SCHOTT Pharma regularly confers with their counterparts at SCHOTT Group.

Our sustainability strategy is rooted in SCHOTT Group's long-standing tradition of social responsibility, which also includes our employees, external stakeholders and the environment. We believe that we need to engage our stakeholders, working together to define and prioritise which topics are material to SCHOTT Pharma. This two-way communication approach yields the focal points for our sustainability strategy and SDGs.

Climate change is a growing threat to how we live and do business and as such a major strategic focal point for us. It is in this context that we have decided to concentrate on developing solutions that will reduce emissions that are harmful to the climate in our manufacturing processes.

We have also joined forces with suppliers and customers to develop recyclable packaging solutions that contribute to climate action throughout the value chain and to using resources responsibly.

Promoting diversity and inclusion is another focal point of our strategy. Employee development and well-being are part of our DNA and deeply anchored in our corporate culture. The statutes we passed in 1896, established special rights for employees and make sure we treat our workers well. We firmly believe that diversity and equal opportunities are an asset that gives us a competitive edge and allows us to make fair and forward-looking decisions.

Risk and opportunity management

Holistic risk and opportunity management is an integral part of corporate planning and management. For us, this means identifying current and potential ESG-related risks and opportunities and looking for any developments, events or circumstances associated with environmental, social or governance factors that, were they to materialise, could positively or negatively affect our financial situation, reputation and future viability, or people, the environment and the economy. Each division is responsible for identifying risks specific to its own business. Any risk identified as material for the overarching process is incorporated into the overarching risk management process. In addition, risks are included and addressed within the reporting process in accordance with GRI requirements.

Taking into account the risk mitigation measures we have adopted, our risk analysis of material non-financial topics did not identify any material risks within the meaning of sections 315(c) and 289(c) HGB deemed very likely to potentially cause serious adverse impacts on non-financial aspects in relation to our own business operations, business relationships or products as of the reporting date. Please refer to the Report on Opportunities and Risks in the Management Report for more detail on our risk and opportunity management and related structures and processes.

Material topics

To identify the sustainability topics relevant for SCHOTT Pharma and its stakeholders, we conducted a comprehensive materiality analysis in 2022. Enlisting the support of internal and external stakeholders, we screened topics using a double materiality methodology: we took an inside-out perspective to explore the impacts that our business model and activities had on non-financial aspects, while the outside-in perspective granted insights into how these non-financial aspects impacted our overall situation, business performance and results.

This materiality analysis involved a four-stage process. The first step was an in-depth analysis of our business model and operational environment. We compiled an initial list of potentially material topics based on international reporting standards (GRI and European Sustainability Reporting Standards [ESRS] in preparation for future reporting obligations) and benchmarks from similar companies by means of a competitive assessment. These topics were then discussed and fine-tuned in a comprehensive workshop before being examined for double materiality by experts from different areas of the Company. The initial list of 39 topics originally considered was condensed to 13 material topics with the greatest relevance for SCHOTT Pharma.

The next step included 22 interviews with customers, employees, suppliers, investors and independent sustainability experts. These interviews allowed us to integrate other perspectives and appreciate different assessments of the topics we had identified, validate these topics with regard to both materiality dimensions and better understand what stakeholders expect from SCHOTT Pharma. The results were then summarised in a preliminary materiality matrix in advance of a further workshop where the Management Board and Sustainability Board discussed the stakeholder interviews, material topics and their priority.

Finally, the materiality analysis was transferred into a comprehensive report documenting the whole process, including the double materiality status of each material topic and their priority.

The material topics we identified align with the aspects defined in the CSR-RUG as follows:

Topic identified as material by SCHOTT Pharma	Corresponding non-financial aspect in the CSR-RUG	Chapter in the Non-Financial Statement or reference in the Management Report
Greenhouse gas emissions and energy consumption	**Environmental matters**	**Climate action and energy management**
Waste along the value chain	**Environmental matters**	**Resource and waste management**
Water management		
Diversity, inclusion and equal opportunities	**Employee matters**	**Diversity and inclusion**
Workforce attraction, development and retention	**Employee matters**	**Recruitment and HR development**
Occupational health and safety	**Employee matters**	**Safe and fair working conditions**
Resilient supply	**Social matters**	**Product quality and patient safety**
Product quality		
Fair business practices	**Combating corruption and bribery; respecting human rights**	**Values and compliance management in our own business**
Sustainable Procurement		**Compliance in the supply chain**
Corporate governance	**Not part of the aspects of this Non-Financial Statement according to CSR-RUG. For additional information on sustainability at SCHOTT Pharma, please refer to our separate Sustainability Report.**	
Sustainable return on capital		
Cyber security		

The following chapters describe the topics relevant to SCHOTT Pharma in the context of the CSR-RUG and explain the risks associated with them. They also set out targets and actions, and include information on how these topics are managed within our organisation.

Environmental matters

We know that our biosphere is the foundation of both life and the economy. That is why we are continuously working on reducing our ecological footprint. Effective climate and environmental management is a key element in our business model's sustainability. We do not see environmental and economic targets as being mutually exclusive – they go hand in hand. This knowledge has driven us to adopt effective and efficient measures to protect the climate and environment, conserve resources, reduce energy consumption and curb waste. Doing so simultaneously enables us to lower costs and strengthen our future viability because, as a manufacturing company, we depend on natural resources.

Climate action and energy management

Risk assessment and materiality

We consider climate change to be one of the greatest challenges of the 21st century. It is associated with manifold risks that influence our business model and strategy. Key risks identified include rising energy and raw material prices, volatile materials availability and more fragile supply chains as climate phenomena have an increasing impact. Consequently, we expect the introduction of new regulatory and fiscal measures or the tightening of those already in place.

As a producer of pharmaceutical containment solutions, energy is crucial in our value creation. Glass tubes are transformed into containers using fossil fuels. Electrical energy is used in further processing, such as process automation or operating clean rooms. The production process for prefillable syringes made of plastic through injection moulding is also energy dependent. Scope 3 emissions are incurred in the production and transportation of glass tubes, packaging materials and components that we purchase.

In addition to key topics such as energy and emissions, the variety of relevant climate-induced risks is also consistently growing. For instance, extreme weather events represent a risk that we are facing more frequently on a global scale. We therefore use a risk analysis tool from our reinsurer to obtain information on the risk potential of extreme weather events. To date, the tool has not identified any relevant risks.

Strategies and measures

Against this backdrop, climate change mitigation is a central field of action in our sustainability strategy. Together with SCHOTT Group, SCHOTT Pharma has set itself the goal to achieve climate-neutrality in Scope 1 and Scope 2 emissions by 2030. This underpins our support of the Paris Climate Agreement and associated endeavours to limit global warming in relation to pre-industrial levels. In addition, we aim to completely recognise Scope 3 emissions in our supply chain.

To become climate-neutral, we follow the overarching principle "avoid – reduce – compensate". To this end, we have identified four key fields of action that form our core strategy:

- Green electricity
- Energy efficiency
- Technology change
- Compensation of remaining emissions

Since 2021, all SCHOTT Pharma locations have been powered by 100 % renewable electricity, made possible by our portfolio of Energy Attribute Certificates (EACs) and Power Purchase Agreements (PPAs), with regional coverage corresponding to the consumption of respective locations. Procurement focuses on suppliers that work according to high international standards, are verified by a third party and are ECOenergy or Green-e certified.

As we strive for continuous improvement, a key indicator of our progress is the reduction of production-based greenhouse gas emissions (Scope 1 and Scope 2) and emissions from peripheral

activities (Scope 3). To make sure we achieve our targets, we have installed gas and electricity meters that allow us to measure actual consumption of individual machines and process modules in connection with the product portfolio. Another measure involves globally optimising the design and alignment of burners for hot forming.

We also work together with local municipalities to enhance energy efficiency. For example, at our German site in Müllheim we launched a project that uses waste heat from our production processes in the local heating network. Now that approval has been granted, the focus is on gaining customers for the heating network.

In the context of enhancing efficiency, we evaluate the use of alternative energies for hot forming, assessing their impact on the quality of our products. We no longer use gas-powered furnaces as we continue to expand our production capacities. Within our upstream value chain, a large share of our overall ecological footprint comes from the production of glass tubes (specifically the glass melting) supplied to us by SCHOTT Group. Within SCHOTT Group's climate neutrality programme, projects are underway to produce pharmaceutical glass using electrification or hydrogen, which could lower emissions in just a few years.

Where technical or economic reasons make it unfeasible for us to entirely avoid Scope 1 and Scope 2 emissions by 2030, we fall back on carbon offsetting solutions. We are already working with various providers and using the Gold Standard and Verra's Verified Carbon Standard (VCS) to ensure the impact of these projects. We focus on afforestation and reforestation in countries where we produce.

Beyond SCHOTT's internal supply relationships, we are committed to working even more closely with our suppliers to jointly reduce Scope 3 emissions and ensure that resources are used efficiently. We aim to engage our suppliers in sourcing renewable energy and develop ideas together for the products we procure. In this context, we mainly focus on secondary packaging materials for our products and supplier components.

This is where circularity plays an important role, which is why we are driving the development of these concepts forward with partners, key suppliers and customers under the specific framework conditions of pharmaceutical regulations. Together we want to help reduce packaging waste, conserve valuable resources and reduce associated Scope 3 greenhouse gas emissions.

Management and organisation

The goal of climate neutrality by 2030 unites the whole SCHOTT Group. Measures specific to SCHOTT Pharma are defined and strategically managed by the Sustainability Board, while implementation and coordination is carried out by a project team chaired by the Head of Sustainability. Milestones and direct integration into SCHOTT's Group-wide programme ensure a coherent approach with the parent company and help to leverage synergies when developing new technologies and alternative energy sources.

The processes and tools established within our EHS (Environment, Health & Safety) organisation allow us to accurately measure our energy consumption using management systems certified according to ISO 14001. The measurement of our electricity procurement for in-house production activities, along with the associated emissions, is carried out based on the Greenhouse Gas Protocol (GHG) for each location. We use this data to systematically identify potential for improvement within our primary emissions sources. In addition to the measures themselves, we continuously improve data quality and use feedback to identify potential for improvement at a local level. These two ongoing processes are safeguarded by our Group-wide ISO 14001 certification and allow us to take appropriate measures at Group level in accordance with our EHS policy.

Energy consumption and energy intensity

(in MWh)	2022/2023
Total energy consumption	**301,518**
Direct energy consumption	**154,448**
Natural gas	72,870
Liquid fossil fuels	81,578
Indirect energy consumption	**147,069**
Electricity	147,069
Energy intensity (in MWh/EUR m sales)	**335.5**

We consumed a total of 301,518 MWh during 2023. Total energy consumption was therefore down 8 % compared to 2022. In terms of revenues, energy intensity amounted to 335.5 MWh per EUR m in the period under review.

We have already made considerable progress toward our climate targets: compared to the base year 2019, we were able to reduce our Scope 1 and Scope 2 emissions by 60.5 %. We made substantial progress by switching completely to green electricity in 2021, achieving climate neutrality in Scope 2 emissions (given that only electricity is purchased).

Reference values outside the reporting period of this Non-Financial Statement (previous financial years) were not covered by the audit of the independent auditor.

Total greenhouse gas emissions (Scope 1 and Scope 2 of the GHG Protocol)

(in t)	2022/2023
Total Scope 1 and Scope 2 CO_2-eq emissions[1]	**73,813**
thereof	
direct CO_2-eq emissions (Scope 1)	30,226
indirect CO_2-eq emissions (Scope 2, location-based)	43,587
indirect CO_2-eq emissions (Scope 2, market-based)	0.0
biogenic CO_2 emissions	**0.0**
GHG emissions intensity	**82.0**

[1] For the purposes of calculating direct and indirect CO_2-eq emissions, the following gases were taken into account: CO_2, HFCs, PFCs, CH_4, N_2O, NF_3, SF_6.

Our total direct (Scope 1) CO_2-eq emissions amounted to 30,226 tonnes. Using the location-based calculation method, indirect (Scope 2) emissions stood at approximately 43,587 tonnes. All in all, we were able to reduce CO_2-eq emissions by 7,299 tonnes compared to the previous year, which brought us closer to our overarching goal of climate neutrality by 2030. The intensity of Scope 1 and Scope 2 greenhouse gas emissions amounted to 82 tonnes of CO_2-eq emissions per EUR m in revenues in the period under review.

Reference values outside the reporting period of this Non-Financial Statement (previous financial years) were not covered by the audit of the independent auditor.

For 2023, we have quantified our Scope 3 emissions based on spending and data averages for the first time. We strive to improve emissions transparency in our upstream and downstream value chain. The calculation is based on emissions factors provided by EXIOBASE, DBEIS and ecoinvent.

Relevant indirect greenhouse gas emissions (Scope 3 of the GHG Protocol)[1]

(in kt CO_2-eq)	2022/2023
Relevant indirect gross emissions (Scope 3)[1]	**532**

[1] The calculation of the figures was spend-based and mass-based. In future, we plan to switch to a market-based calculation method where possible.

Resource and waste management

Risk assessment and materiality

Due to the materials used in our business model and products, waste and water management are less critical to our business activities than energy management. However, given their significance in global value chains and our role within them, they remain material.

In the general context of waste management, our business activities have a low to medium impact. Thanks in particular to high recycling rates for the materials we use in production, we minimise the negative impact on the environment. Our production waste consists primarily of shards that arise in the production of glass containers; however, almost all of these shards can be transferred for recycling. Other waste mainly consists of packaging materials.

Packaging materials play an important role in getting products to our customers. They provide for hygienically clean, sterilised (as required) and mechanically secured delivery, which is of great importance for drug safety. At the same time, they end up as packaging waste with customers and are then transferred to recycling, incineration or landfill disposal, depending on each customer's waste management approach. The drug containers themselves are potentially infectious because of drug residues or contact with bodily fluids. Therefore, they must be treated as hazardous waste by patients, doctors or hospitals and are landfilled after decontamination.

In addition to glass, other raw materials such as plastics are used directly or indirectly in our products and packaging. They also impact our business model. As such, we carefully monitor the price volatility and availability of these materials in collaboration with our partners in the value chain. A shortage would negatively weigh on our business. Adopting an inside-out perspective, our business model and industry practice of focusing on single use put a strain on natural resources. Alternative raw materials, processes and circular economy concepts have to date not had wide uptake in the pharmaceutical industry. Regulatory requirements and restrictive practices to avoid contamination severely limit the adoption of alternatives and represent a considerable obstacle for new approaches.

In conclusion, we have deemed the risks associated with waste in our business model or business performance to be low to medium, mainly stemming from bans or the restricted use of certain materials.

Aside from conscientious waste management, we also consider the responsible use of water to be essential. However, this resource is threatened by a variety of factors: climate change, steady growth of the world's population and industrial as well as agricultural use. Being a vital raw material, we regard water as a material topic. However, our manufacturing processes use it to a limited extent. The production of pharmaceutical packaging solutions is based on heat-induced forming, where water is only used as a cooling agent, typically in closed circuits. Certain locations have comparatively higher water consumption, as they also wash glass syringes, cartridges or injection vials to produce coatings or sterilised ready-to-use products.

Given the low dependency on water for our value creation, we do not see any material risks relating to water or water scarcity for our business model or our business performance. Even in the context of an impact assessment, water is only of minor importance. Despite our low consumption, we used the Water Risk Atlas provided by the World Resources Institute to systematically analyse whether any of our locations are situated in areas with high or very high water stress. This only applies to two (Pont-sur-Yonne, France, and Itupeva, Brazil) of our twelve locations. Having said that, we do not produce ready-to-use products that would require additional water resources for washing processes at these locations.

Strategies and measures

Our actions are based on clear policies on the handling of water, especially wastewater, and waste. These policies stipulate that contaminated wastewater and sanitary wastewater must not be discharged into the groundwater or sewage system without treatment. They can only be discharged into municipal sewage systems if these have appropriate wastewater treatment plants, a condition met at our locations in Argentina and Mexico, where wastewater is channelled into such systems. Nonetheless, we prescribe the careful handling of hazardous waste materials to prevent contamination of soil and groundwater. Among our requirements is comprehensive waste separation aimed at maximising the proportion transferred for recycling. When it comes to the disposal of hazardous substances, we adhere to defined procedures and collaborate with certified disposal companies for this purpose.

Measures are determined by the individual locations to take into account regional framework conditions and circumstances. For key initiatives, we benefit from a worldwide knowledge sharing. Such initiatives include:

- At our location in Veracruz, Mexico, we use rainwater for sanitary facilities, avoiding the consumption of fresh water. We also implement measures such as the secondary use of distilled process water and the installation of waterless urinals.
- Our location in Müllheim, Germany, is working on using collected process water for our coating processes, complementing its use in sanitary applications.
- At our location in Bekasi, Indonesia, we are currently planning the re-use of condensation water for humidification systems.

Approximately 90 % of the waste categories considered in the context of our manufacturing activities consist of glass scrap generated from production rejects and the length trimming of delivered glass tubes. Wherever it is economically and environmentally sensible, the scrap is returned to SCHOTT AG's melting furnaces and re-used for production. Glass waste that cannot be re-used in the glass production process is repurposed for various applications, such as filling material in construction projects, or as a component in fibreglass insulation or glass wool. With this differentiated approach, we achieve a re-use rate of 99.6 % in total.

Conversely, re-using used drug containers is a lot more challenging. Hygiene reasons and the necessary decontamination processes mean that it is not feasible and is actually prohibited in most countries. This is a substantial obstacle to the adoption of circular systems, which requires that we work together with customers, suppliers and regulatory authorities. We have joined forces with our partners to investigate which options could improve the recyclability of used drug containers in the future. For example, in collaboration with Merck KGaA, the Erasmus University Medical Centre in Rotterdam and the Technical University of Delft, we have investigated circular approaches for hospital waste streams. Recovering material from injection systems is also discussed within the Alliance to Zero – an association of companies in the pharmaceutical value chain with the common goal of reducing emissions and creating a circular economy.

We transfer plastic waste, which is mainly attributable to packaging materials, to recycling specialists who ensure that these materials are re-used in the production of other products. Cardboard waste generated during the packaging process is also recycled by specialist companies.

To optimise resource efficiency, we are working with our suppliers and customers on solutions that enable higher packaging density. Such solutions reduce the environmental impact by using less material, processing, sterilisation and transportation. Where possible, we also examine the recyclability of our packaging components and products, and optimise them according to eco-design principles. This entails considering using materials with a lower environmental impact as well as generally reducing resource requirements in production.

Management and organisation

As key elements of environmental protection, responsibility for water and waste lies with local EHS Officers. This achieves our desired aim of aligning climate and environmental protection as

intended, where we see a lot of crossovers and potential synergies. In this context, we promote knowledge sharing and initiatives through our global network of EHS Officers.

We measure and document our water withdrawal and consumption as well as our wastewater at both the individual location level and on a consolidated basis in our management information system. With water withdrawal, we differentiate between direct withdrawal (surface, ground, sea and produced water) and indirect withdrawal from the water supply system. In the case of waste, we differentiate between glass waste, hazardous and non-hazardous waste, which in turn are differentiated and documented according to whether they have been disposed of or recycled.

Based on this systematic recording, each location defines its individual annual targets for the use and disposal of water, and the handling of waste where this is feasible and makes sense. This approach accounts for different spatial and infrastructural conditions, allowing for individualised target setting at each location. The target categories include EHS focal topics in the areas of energy, accident prevention, waste, and certification in accordance with ISO 14001 and ISO 45001, as well as analyses of water withdrawal in regions with water stress.

We use management systems to deliver our environmental protection strategies and measures. The environmental management systems of all twelve of our manufacturing locations are certified in accordance with the internationally recognised principles of ISO 14001. Key elements of these management systems are the systematic documentation of consumption and waste, and a continuous improvement process.

Water withdrawal and recirculation

(in m³)	2022/2023
Total water withdrawal	**256,649**
Direct withdrawal (surface, ground, sea and produced water)	8,153
Indirect withdrawal (water from third parties)	248,496
Total water withdrawal from all areas with water stress	**14,554**
Direct withdrawal (surface, ground, sea and produced water)	8,153
Indirect withdrawal (water from third parties)	6,401
Total water recirculation	**235,262**
Direct recirculation (surface, ground and sea water)	25,479
Indirect recirculation (into municipal sewage systems or removal by third parties)	209,783
Total water recirculation in all areas with water stress	**14,559**
Direct recirculation (surface, ground and sea water)	13,683
Indirect recirculation (into municipal sewage systems or removal by third parties)	876

Waste by type and disposal method

(in t)	2022/2023
Total waste	**12,453**
Total weight of hazardous waste	422
Total weight of non-hazardous waste	12,031
Waste diverted from disposal	**9,906**
Total weight of hazardous waste	182
Total weight of non-hazardous waste	9,724
Waste diverted from disposal	**2,547**
Total weight of hazardous waste	240
Total weight of non-hazardous waste	2,307

Employee matters

Our employees contribute decisively to the sustainable development of our Company. Thanks to their commitment and dedication, we can produce safe drug containment solutions – which are subject to complex regulatory requirements – for around 13 billion injections annually.[5] This also allows us to make a significant contribution to global healthcare[1]. Our employees' expertise and experience are key to our innovative strength and future viability, and we lay the foundations for this through ongoing personnel development and excellent working conditions. While there is great competition for qualified employees, we have created a working environment that fosters individual performance and diversity because only well trained and motivated employees from different backgrounds will help us to master the diverse challenges of the 21st century and ensure our Company's long-term success.

Diversity and inclusion

Risk assessment and materiality

SCHOTT Pharma is a large international employer with a diverse workforce, counting 4,646 employees of over 60 different nationalities at its locations across twelve countries (as of 30 September 2023). Accordingly, respect is one of our corporate values ("respect one another"). In this regard, it is closely connected to our other company values like responsible behaviour ("act responsibly") and is a prerequisite for value creation ("create value") and innovation ("drive innovation").

Diversity is a valuable asset when it comes to finding and implementing the best ideas and solutions, and is therefore an important driver of creativity and innovative thinking too. However, it can only be successful in a fair and appreciative environment that makes it possible to leverage the potential of a diverse workforce.

For us, fairness not only means embracing diversity but also promoting inclusion and equal opportunities. As a global player with multiple locations, we see our diversity as a competitive edge because it helps us to better understand and cater for the market conditions and customer requirements in different geographies.

Failure to comply with the principles of equality bears the risk that employees and customers may lose trust in the Company, not to mention the risk of reputational damage or legal sanctions – particularly since the legal framework in many countries where we operate is becoming stricter.

Strategies and measures

We have firmly anchored the fundamental principles of diversity, inclusion and equal opportunities in our Code of Conduct, which itself is based on the principles of the UN Global Compact and the Universal Declaration of Human Rights. As part of SCHOTT Group, we have also signed the Diversity Charter, which aims to create a respectful working environment for all employees, regardless of age, ethnicity, nationality, gender and gender identity, physical and mental abilities, religion and convictions, sexual orientation and social background.

As we at SCHOTT Pharma want diversity, HR and corporate development to be closely aligned, our recruitment strategy is designed with diversity in mind. Our goal is to find great team players and build on their strengths and skills.

We promote diversity through our "Best Teams" programme, in which we form interdisciplinary and intercultural teams – something that increases both staff loyalty and our Company's competitive edge. We firmly believe that appreciating diverse individual skills, knowledge, perspectives and experiences is key for the short- and long-term success of our team. This means that we encourage our employees to contribute their personal strengths and to unlock their full potential. At the same time, our HR management works towards creating an environment that further strengthens the diversity of our workforce.

Our locations and customers can be found all over the world. Internationality and intercultural understanding are key elements of our corporate culture, enabling us to find the exact solutions

[1] Including investments accounted for using the equity method.

that specific markets and customers need. We believe that personal experiences are central to intercultural exchange, which is why we promote the professional exchange of views between our locations and participate in international trade fairs and conferences. Our "SCHOTT goes Family" exchange programme makes it possible for the children of our employees to go and garner experience with people and their living situations in other countries at a young age.

In the context of diversity, we also focus on the promotion of women. More than 40 % of our workforce are women and we are aiming to increase the percentage of women in management positions from 23 % to 30 % by 2030. Our HR policy is strongly shaped by this goal and the proportion of women on the Management Board has already reached 50 %. The same is true for SCHOTT Pharma KGaA's Supervisory Board. The Supervisory Board of SCHOTT Pharma Management AG currently has no women appointed. Even though no new appointments are due in the short term, we want to take this into account when making future appointments. In addition to the distribution of gender in the workforce and management, we pay particular attention to diversity in terms of internationality and interdisciplinary backgrounds.

We believe that a diverse workforce can best develop its strengths in an environment that is free from discrimination and harassment of any kind. We do not tolerate discrimination or unequal treatment of individuals or groups based on perceivable or non-perceivable personal characteristics such as gender, nationality, ethnicity, age, religion, convictions or sexual orientation. We also categorically reject verbal or physical behaviour that degrades a person or expresses hostility or dislike towards them.

Combating discrimination and harassment will be an integral part of our compliance training in the financial year 2023/2024. To this end, we are planning to develop online training courses that can be completed at any time and from any location. Any incidents of discrimination and harassment are recorded meticulously, and all employees can report such incidents anonymously.

Management and organisation

Strategies and measures relating to diversity, inclusion, anti-discrimination and anti-harassment are developed by HR and Compliance both at a decentralised level in the various countries and individual locations and at a centralised level where the Management Board is immediately involved.

We systematically collect data to measure the effectiveness of such measures and to initiate necessary improvements.

Regarding combating discrimination and harassment, we plan to establish the following indicators for training measures in the financial year 2023/2024:

- Total number of employees trained
- Percentage of trained participants in relation to those selected as mandatory participants

Recruitment and HR development

Risk assessment and materiality

As a major international employer, we create modern jobs and are an important economic factor at our various locations. We invest continually in employee training and development, thereby laying the foundation both for the success of our Company and each employee.

The rapid pace of technological change is having a major impact on work processes, employee requirements and individual life situations. We operate in markets with strict regulatory conditions and dynamic competition. To bring about the necessary changes, it is crucial for us to recruit employees with the skills profiles that are needed both now and in the future.

Demographic change and the shortage of skilled labour – both in the commercial and technical fields – are making recruitment more difficult. Potential associated risks include production restrictions, especially at locations that are short of staff. If this were to result in SCHOTT Pharma not being able to produce vital components, this would jeopardise the supply of systemically relevant and vital medicines.

As the world of work becomes increasingly digital and international, working environments and methods are changing. This underlines the need for systematic training to remain competitive and successful in the future. The wide range of opportunities we offer employees for their personal and professional development also makes us more attractive as an employer.

Strategies and measures

SCHOTT Pharma pursues active HR management with comprehensive employer branding. We are developing a recruiting policy that involves various activities for identifying and hiring new staff.

In addition, we actively promote staff loyalty, with a particular focus on HR development and programmes designed to promote personal and professional growth. Our approach combines face-to-face and online training, reaping the benefits of each method.

We work with an SAP-based learning platform that allows us to track participation and successful completion of individual courses and to tailor courses to specific departments or management levels.

SCHOTT Pharma also places great emphasis on a differentiated approach to career paths. We distinguish between careers as specialists, project managers or executive managers. We believe this caters to the strengths and needs of our employees in the best way possible creates the right conditions for them to remain motivated and perform to the best of their abilities.

We evaluate our programmes and measures on an ongoing basis and strive to improve them systematically. In this context, we not only measure participation but also individual learning success in order to provide personalised suggestions.

Employee performance reviews are another important component of our HR management. They provide employees with feedback on their individual performance and opportunities for development. Such reviews also serve to determine performance-related remuneration components and identify potential career paths.

Every two years, we conduct a Company-wide survey to measure employee satisfaction and commitment. The resulting data is analysed, discussed in the teams and with direct managers, and presented to the Management Board. The findings are used to derive measures for the ongoing and systematic development of our working environment.

Management and organisation

Our HR department regularly analyses how our workforce is developing. With the assistance of central HR department, local HR managers can use the findings to derive location-specific measures, allowing for customised and coordinated solutions across the Company.

To gauge the success of our recruiting measures and align them with overarching corporate and divisional goals, we record our new hires in a differentiated manner, using various diversity criteria as well. Our workforce grew in the financial year 2022/2023 despite relatively high staff turnover.

Workforce composition in the financial year 2022/2023

Employees	Total	Permanent employees	Temporary employees	Full-time employees	Part-time employees
	4,646	**4,070**	**576**	**4,479**	**167**
By gender					
Men	2,735	2,416	319	2,685	50
Women	1,911	1,654	257	1,794	118
By region					
Asia-Pacific	925	479	446	925	0
Europe and Middle East	2,432	2,304	128	2,266	166
America	1,289	1,287	2	1,288	1

New employees and staff turnover in the financial year 2022/2023

Employees	New employees	Staff turnover
Total	**795**	**14.7 %**
By age cohort		
Ages up to 30	398	24.6 %
Ages 30 to 50	334	12.7 %
Ages 50+	63	9.4 %
By gender		
Men	453	14.8 %
Women	342	14.5 %
By region		
Asia-Pacific	123	9.9 %
Europe and Middle East	517	11.4 %
America	155	23.2 %

The annual number of training hours completed per employee is an important performance indicator for HR development at SCHOTT Pharma. Our goal is for all employees to receive at least 24 hours of training per year.

Fair and safe working conditions

Risk assessment and materiality

As an industrial company, the majority of our employees work in manufacturing, where the risks to physical health are greater than in management and administration. This means that SCHOTT Pharma places great importance on compliance with comprehensive occupational health and safety measures, including in countries where legal regulations are relatively weak. Neglecting such measures could expose our employees to serious safety risks and our Company to liability risks. Mental health is an equally important aspect for all our employees. An impaired physical or mental performance has a detrimental effect on both the individual employees and our Company as a whole.

For us, a healthy working environment not only means safe working conditions and health protection but also fair pay and the opportunity for employees to represent their interests collectively. Conversely, a lack of fair remuneration and co-determination could result in disadvantages for those affected and the risk of reputational damage and legal sanctions for SCHOTT Pharma.

Finally, a lack of safety and fairness may have adverse effects on our attractiveness as an employer and on the motivation and loyalty of our employees.

Strategies and measures

The safety of our employees is of the utmost importance to us and we aim to help them maintain a healthy physical and mental performance at all times. We also aim to identify risks and dangers as early as possible and counteract them with effective preventive measures.

Making our employees aware of potential risks and familiarising them with appropriate protective and remedial measures is fundamental to safety in the workplace. This is why we offer safety briefings and instructions for all employees concerned, in addition to preventive occupational health check-ups. Additionally, we carry out comprehensive risk assessments, and regularly check the safety and reliability of machines, tools and personal protective equipment.

We want our health management to be holistic and provide numerous health and well-being programmes that go beyond safety in the workplace and range from personal healthcare to physical fitness and nutrition. With the theme “Staying healthy together”, we also organise an annual SCHOTT Health Day at all locations to raise awareness among our workforce.

In order to provide attractive and fair working conditions for our employees at all locations, we regularly compare local salaries with external benchmarks and ensure that work is appropriately remunerated. This also has the effect of increasing staff loyalty.

In most of the countries where SCHOTT Pharma operates, collective bargaining agreements that cover all or most of our local workforce are in place. At some locations, however, there is no collective agreement due to national labour law, common business practice or other local factors. For those who are not covered by a collective bargaining agreement, the terms and conditions of employment are nevertheless determined on a basis similar to the relevant collective agreements. We consider this to be part of our equal treatment principle.

We also extend this principle to full- and part-time employees and offer all of our 167 part-time employees worldwide the same benefits with regard to life insurance, health insurance, disability and invalidity insurance, parental leave and pension schemes as our full-time employees who work at the same locations. We differentiate between locations according to the expectations of our workforce, local labour market standards and national requirements and restrictions on the provision of certain benefits.

A central component of fairness is the equal treatment of men and women in the workplace. While most of our sites have a collective bargaining system that ensures equal pay for men and women, we measure equal pay for the non-tariff area for our employees in Germany. Here, the salary level for women was 98 % that of their male colleagues, which means that we have almost achieved our goal of 100% parity.

Management and organisation

We are certified in accordance with ISO 45001 (Occupational Health and Safety Management Systems) at all our locations. This helps us to systematically analyse location-specific risks and occupational health and safety requirements, and to drive forward improvements.

The responsibility for the management system lies with the local management. They appoint local EHS Officers to implement the system, allowing for location-specific measures and continued optimisation.

	Employees	Other
Work-related accidents	52	3
LTIFR	6.0	9.7

The local EHS Officers regularly liaise with their global counterpart, who is responsible for promoting the exchange and transfer of best practices between the locations, and developing systematic solutions across the Company. This cooperative approach is particularly effective in the case of new policies and requirements.

Under a data-based management approach, we record EHS indicators in a central database. This helps us to analyse the EHS performance of different locations and allows comparisons by EHS Officers, local management and the Management Board.

Social matters

We accept the responsibility we owe to our employees as well as to stakeholders outside SCHOTT Pharma. With around 25,000 injections given every minute worldwide, and our packaging solutions protecting the medication before administration, our products play a key role in global healthcare.[1] To ensure that our products and manufacturing processes fulfil the highest standards, we rely on state-of-the-art approaches to quality management.

One way that we honour our responsibility for people outside SCHOTT Pharma is through our social committments in the tradition set by our founders, Otto Schott, Carl Zeiss and Ernst Abbe. The dividends we receive from our majority shareholder SCHOTT Group are redirected to the Carl

[1] Including investments accounted for using the equity method

Zeiss Foundation, which is dedicated to funding and promoting education and providing research scholarships. We see ourselves as a corporate citizen and are actively looking to engage in dialogue with the communities around us.

Product quality and patient safety

Risk assessment and materiality

Health is the most precious thing in life. That is why we have made safe products for human health an essential part of our mission to develop solutions that make it safe and easy for people around the world to take medicines.

A key element is our primary packaging that protects medicine. Product protection is indispensable to safeguarding patients' health because unsuitable or defective packaging puts product safety, and therefore patients, at risk.

For us, product safety means providing high-quality products that offer the best possible protection to drugs, while ensuring smooth and efficient administration. We have also minimised the risk of glass breakage in the fill-and-finish process, which means the risk of injuries, loss of material and consequently financial losses are minimised as well.

If SCHOTT Pharma were to fall short of customer or patient safety requirements, our reputation would be at risk. Wide-ranging national and international regulations could mean civil or even criminal liability. Excellent service and top-notch quality are major competitive advantages for us as a global leader in primary packaging for the pharma industry. If we failed to live up to our service promise, customers could lose trust in us and we in turn could lose customers.

Strategies and measures

We have a quality policy in place that is the foundation for the safety and high quality of our products. It applies to all our organisation's locations and global functions. As our quality management system is geared towards the special requirements for the manufacture of pharmaceutical primary packaging, our quality management system has obtained both ISO 9001 and ISO 15378 certifications.

The linchpins of our quality management system are

- a zero defects strategy that has led us to design processes in a way that systematically avoids sources of errors,
- a GMP mindset (good manufacturing practice),
- ongoing development of structures and processes,
- ensuring the highest product quality.

In pursuit of our zero defects goal, our risk management is designed to identify and eliminate risks that could impair product quality. All manufacturing steps are based on work instructions documented in writing, and are implemented and monitored by trained staff. We follow good documentation practice standards, which support strict adherence to established procedures, traceability for all activities in the manufacturing process and easy identification of potential sources of errors. We also carry out routine maintenance on plants and equipment. Once the manufacturing process has been completed, our quality department reviews the documentation and test results before making a final decision on lot release. This procedure ensures that each lot complies with the specifications for that particular product.

Management and organisation

We believe that each and every one of us at SCHOTT Pharma is in charge of quality. That is why our employees are familiar with our quality policy and have received dedicated training on the processes and procedures in their domains.

Global Quality Management is working on further developing our quality management system and globally applicable quality processes. There are also dedicated quality organisations at every location; these organisations are responsible for implementing global processes at a local level, taking specific circumstances in the production processes, product portfolios and customer or supplier bases into account. This set-up serves to ensure that global standards are complied with and coordinated, while questions unique to each location are also considered.

There are effective and efficient quality management systems in place at SCHOTT Pharma that comply with ISO 9001 and ISO 15378. ISO 9001 is a globally recognised standard and our foundation for quality management as we endeavour to comply with customer demands and other requirements regarding product or service quality. ISO 15378 is based on ISO 9001 and the principles of good manufacturing practice. ISO 15378 allows us to meet the statutory requirements regarding primary packaging for drugs and medical devices set by many countries all over the world (e.g. US Code of Federal Regulations).

Our standardised quality management makes our manufacturing processes more efficient, reduces safety hazards and decreases product contamination risks. This is how we ensure the reliable manufacture of containment solutions that enables stability and effectiveness of medical products.

Integrity and compliance

Proper business conduct based on our corporate values as well as compliance with laws and regulations are at the core of our business. As a part of SCHOTT Group, SCHOTT Pharma aligns itself with the principles and values of SCHOTT as a foundation company. Guided by these principles, we adhere to local and international frameworks and regulations at all of our sites. SCHOTT Pharma actively promotes human rights and fair business practices. We do not tolerate corruption, bribery, child labour or forced labour in any form in our own business or along our supply chain. In doing so, we follow our founders' tradition of respecting and valuing all human life.

Value and compliance management in our own business

Risk assessment and materiality

Ensuring fair business practices and respecting human rights helps us protect our reputation and the trust placed in us by important stakeholder groups such as customers, investors, suppliers and employees. Reputational risks arising for SCHOTT Pharma from potential violations include endangered business relationships, damage to our reputation, lost order volumes or legal liability (civil or criminal).

Corruption and bribery lead to market inefficiencies, distort competition and can make society lose confidence in institutions, while increasing income disparity and reducing equal opportunity. Anti-competitive practices and cartels restrict competition with the same effect.

We strive to secure a competitive edge by offering high-quality products and services, and by delivering the highest standards to meet our customers' demands. Our performance-based approach embraces true competition and rejects any form of market-restrictive behaviour or unethical market interference.

We believe in safeguarding our employees' rights at every one of our locations. It is our firm conviction that championing human rights is essential to our company's success and future. That is why we fight child and forced labour as well as any other form of modern slavery or human trafficking.

We deem the probability of occurrence of risks related to corruption, bribery, anti-competitive practices and human rights violations to be low because we have a comprehensive compliance management system (CMS) in place. SCHOTT Pharma relies on SCHOTT Group's Group-wide Compliance & Security division to assess and address relevant risks. Our CMS includes regular risk assessments of the compliance topics mentioned above for all our locations, allowing us to gain an informed overview of potential specific compliance risks. We divide our units into risk categories based on the results of our risk assessments and implement additional compliance measures as required.

Our analysis shows that our business yields no material corruption risks. Increased potential risks could only arise at locations in countries with a high risk of corruption, as determined by Transparency International's Corruption Perceptions Index. We take individual preventative measures to ensure that these risks do not materialise. The analyses also do not indicate an increased risk for SCHOTT Pharma's divisions in terms of potential anti-competitive practices.

We also analysed risks associated with respecting human rights – both within our own business activities and in relation to our direct suppliers. The results of these analyses indicate that these risks are primarily associated with our upstream supply chain. Because we aim to minimise all threats to human rights, we have adopted an extensive range of measures which are described in more detail in the section Compliance in the Supply Chain.

Strategies and measures

Our company is a staunch advocate of fair competition and unconditional respect for human rights. As part of SCHOTT Group, SCHOTT Pharma is committed to social responsibility and the principles of the Carl Zeiss Foundation (which owns SCHOTT Group). Our corporate values to "drive innovation", "create value", "respect one another" and "act responsibly" are encoded in our corporate DNA.

They shape our Code of Conduct, which in turn defines key principles for our day-to-day work. Yet our Code of Conduct does not merely reflect our values and applicable laws and regulations; it also incorporates elements of the United Nations' International Bill of Human Rights and the UN Global Compact.

It acts as the basis for our compliance management system that is effectively and efficiently integrated into our global business processes to prevent both systematic misconduct and unintentional violations caused by someone simply not knowing better. The Code of Conduct creates and fosters a **speak-up culture**, i.e. a workplace where every individual is responsible for responding to and reporting potential abuse.

To help our employees fulfil this responsibility, we have set up a whistleblowing system (Integrity Helpline) that allows to report concerns confidentially and anonymously, enabling us to act at an early stage and adopt further measures to prevent violations or more far-reaching repercussions. Our approach to effective compliance prioritises preventing wrongdoing over fixing things after the fact.

Our Code of Conduct incorporates clear anti-corruption and anti-bribery provisions as well as precise rules for fair competition, as set out in our Anti-Corruption and Competition Policies. Both rulebooks also reflect our commitment to the tenth principle of the UN Global Compact, which states that "businesses should work against corruption in all its forms", and

- bans active and passive corruption,
- sets out rules on how to handle invitations and gifts,
- explains how to interact with sales representatives,
- determines rules for donations and sponsorship,
- governs fair competitive practices,
- lays out rules for appropriate meetings with competitors (examples being meetings to prepare a proper agenda or discussions with Legal),
- stipulates documentation requirements for memberships in associations.

To provide practical support for our employees, we have created guidance notes about gifts, invitations and other inducements, and about meetings with competitors that are also customers or suppliers.

Besides providing key information, we attach great importance to raising awareness amongst our employees and to offering training. Online and face-to-face training measures familiarise our employees with the rules and preventative processes set out in our Anti-Corruption and Competition Policies. Employees are selected based on their position and function, i.e. not only managers attend the trainings but also all employees working in divisions with an increased risk of corruption, such as Sales or Procurement.

In addition to these mandatory training measures, Compliance & Security has a variety of communication initiatives to raise awareness about anti-corruption and fair competitive practices, including the Compliance@SCHOTT newsletter, voluntary short courses on individual compliance issues and short videos on topics like gifts during the festive season.

In addition to anti-corruption and anti-trust law, our training measures and communication initiatives cover all other topics in the SCHOTT compliance management system, including export control, data and information protection and anti-money laundering. In providing these trainings we supplement our commitment to fair and honest competition.

We have introduced an integrity audit for sales representatives, consultants and wholesalers to ensure that we only distribute our product to reliable business partners. Only business partners who pass this compliance risk database audit can receive goods or payments for services performed by SCHOTT Pharma.

In compliance with the fourth and fifth principles of the UN Global Compact, we have embedded into our Human Rights Strategy our rejection of any form of child labour, forced labour, human trafficking, slavery and practices similar to slavery, and our opposition to using, intermediating or offering illegal activities.

Along with anti-corruption and anti-bribery, human rights have been part of our compliance management system since 2022. Once again, it is our Code of Conduct that sets out clear provisions to safeguard human rights. Our risk analyses guided us in creating a mission statement for our Human Rights Policy. Both act as a touchstone in creating rulebooks and training measures for our employees and in establishing transparent processes to identify, remedy and sanction any potential wrongdoing.

Even the strongest safeguards can fail sometimes. If our internal framework or whistleblowing system indicates any potential human rights violations within our own business, we can fall back on our compliance management system to swiftly introduce adequate measures to investigate and resolve any issues.

Management and organisation

We assess how effective our measures (e.g. training) and case management are from a compliance perspective with indicators such as the total numbers of employees who attended training measures, reported cases, compliance breaches and complaints received directly after a training course.

Compliance & Security also performs regular self-assessments to check if preventative measures have been recognised and understood. In addition, Internal Audit has reviewed parts of our compliance management system, especially aspects relating to anti-corruption, export control and data protection.

Compliance in the supply chain

Risk assessment and materiality

Upholding human rights and fair business practices in our supply chain is a top priority. We know that suppliers' wrongdoing can reflect badly on us. Supplier violations harbour financial and non-financial

risks, including potential criminal liability for offences committed along the supply chain under the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LKSG) to which SCHOTT Pharma is subject. The proposed EU Corporate Sustainability Due Diligence Directive (CSDDD) will likely introduce civil liability.

As a result we perform a holistic risk analysis. All suppliers that were active in the previous financial year were reviewed for human rights-related and environmental risks in 2023. Just under 20 % of all suppliers obtained a high overall risk assessment, more than half of which are located in Brazil, China and Indonesia. Most are local suppliers for our manufacturing locations in these countries, and all high-risk suppliers from these three countries jointly account for less than 7 % of SCHOTT Pharma's direct expenses.

In terms of specific human rights issues, we are currently carrying out more detailed analyses for our supply chain. An annual risk assessment of all active suppliers with an order volume exceeding EUR 1,000 in the previous financial year is performed based on country and industry indices. We use four data sources for this assessment: while the Corruption Perceptions Index created by Transparency International and the ITUC Global Rights Index serve as a basis for country risks, we extract industry-based risk indicators from the FIRST for Sustainability industry factsheets and a research report on respecting human rights along global value chains published by the Federal Ministry of Labour and Social Affairs ("Die Achtung von Menschenrechten entlang globaler Wertschöpfungsketten"; available only in German).

Date on high-risk suppliers is uploaded into monitoring software provided by a service provider, where the risk analysis is enriched with additional data extracted from industry benchmarks and questionnaires. Suppliers with a residual high risk of human rights abuses are flagged with real-time risk warnings, updated daily.

We are also conducting ESG surveys of our key suppliers to gain insights into implementation status and related risks and to identify approaches for potential improvement projects. This procedure enables us to not only develop individual preventative and remedial measures, but also to encourage forward-looking co-innovations.

Strategies and measures

The strategies and measures we have adopted to ensure that we uphold human rights and fair business practices in the supply chain have both an external and an internal dimension. Clearly communicating our expectations via the Supplier Code of Conduct and considering ESG issues when assessing suppliers are key elements.

One of our main goals is to firmly embed ESG aspects in our procurement processes, which is why the findings from our key supplier surveys are factored into our supplier assessment. Together with our employees in Procurement, we aim to define clear ESG guidelines for procurement decisions. One important influencing factor is reducing the environmental impact of our products. Consequently, we do not only focus on our suppliers' compliance with human rights and fair business practices; we also aim to encourage them to use green energy and develop resource- and environmentally friendly solutions.

Our publicly available Supplier Code of Conduct sets out what we expect of our suppliers. The human rights-related aspects are based on the UN Guiding Principles on Business and Human Rights, the fundamental conventions of the International Labour Organization (ILO), the Guiding Principles of the Organisation for Economic Co-operation and Development (OECD) and the principles of the UN Global Compact. The Supplier Code of Conduct further sets out a mandatory prohibition of any form of corruption, extortion, embezzlement, money laundering and terrorist financing, while also mandating compliance with governing competition law for our suppliers.

Suppliers that are classified as bearing a high risk of violating human rights-related due diligence obligations (mostly due to the country they are located in) are required to sign our Supplier Code of Conduct which is incorporated into our contractual relationship. In line with our obligations arising under the UN Global Compact, we also provide relevant suppliers with additional information on measures to abolish child labour.

If the Code is ever violated, our suppliers must investigate and inform us about causes and planned remedial measures. We reserve the right to investigate ourselves if we become aware of any violation. Should suppliers fail to take effective measures to remedy the identified failure after we have requested them to do so, or if we become aware of systematic recurring violations, we reserve the right to terminate the business relationship and any existing contracts.

We see this as a last resort, however. Our aim is to forge partnerships with our suppliers, joining forces to ensure we uphold human rights and fair competition practices in our supply chain, and supporting our suppliers to grow in this area.

Management and organisation

The extensiveness of our supply chains and the vast array of compliance topics we deal with mean that many different functions are involved in management and the organisation of supply chain due diligence. SCHOTT Group Sustainable Procurement and Compliance & Security carry out the risk analysis, while our local and global procurement organisations work hand in hand with Sustainable Procurement, Sustainability and Quality Assurance to conduct ESG integration surveys of key suppliers. The findings are incorporated into the supplier assessment that is coordinated by Quality Assurance. Case-specific measures are introduced via global and local procurement organisations in the event that a supplier fails to meet required ESG integration standards.

Disclosures on the EU Taxonomy Regulation (EU) 2020/852

The EU taxonomy, based on Regulation (EU) 2020/852 (“Taxonomy Regulation”), plays a crucial role within the EU’s Action Plan on Financing Sustainable Growth. The taxonomy’s goal is to redirect capital flows towards sustainable economic activities, promoting the transition to a sustainable economy.

In pursuit of this goal, the taxonomy defined overarching environmental objectives that help to identify environmentally sustainable economic activities in line with the sustainable development ambitions of the European Comission. The EU taxonomy currently covers six key environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

As a uniform classification system, the EU taxonomy defines which economic activities are taxonomy-eligible. Taxonomy-eligible economic activities are those that could be environmentally sustainable or have the potential to contribute to achieving the taxonomy’s environmental objectives. Pursuant to Article 3 of the Taxonomy Regulation, taxonomy-eligible activities must meet the following criteria to be classified as taxonomy-aligned:

- The activity contributes substantially to one or more of the environmental objectives set out in Article 9 in accordance with Articles 10 to 16.
- The activity meets the technical screening criteria in accordance with Article 10(3), 11(3), 12(2), 14(2) or 15(2).
- The activity “does not significantly harm [the other] environmental objectives set out in Article 9 in accordance with Article 17” (DNSH principle).
- The activity complies with the minimum safeguards for human and labour rights as per Article 18.

Impact analysis and scope of application

We are disclosing information on our business activities within this Combined Non-Financial Statement for our financial year from 1 October 2022 to 30 September 2023 pursuant to the requirements stipulated in the EU Taxonomy Regulation (EU) 2020/852 and its related delegated acts (EU) 2021/2139, (EU) 2021/2178, (EU) 2022/1214, (EU) 2023/2485 and (EU) 2023/2486, and we are reporting SCHOTT Pharma's taxonomy-eligible and taxonomy-aligned revenues, capital expenditure (CapEx) and operating expenses (OpEx) for the reporting period in accordance with Article 8 of the Taxonomy Regulation. We considered all environmental objectives and related activities published within the scope of the EU taxonomy as of 30 September 2023.

To determine taxonomy-eligible activities relevant for our Company, we worked on an extensive project between February 2023 and October 2023. It was based on the delegated acts and current best practices on how to deal with the EU taxonomy. Our approach is described in the following section.

Approach and methodology

We set up an interdisciplinary team of experts from the Sustainability, Operations, Finance, Controlling, Legal and Environmental Management divisions to perform an impact analysis and identify taxonomy-eligible activities.

Our holistic approach helps us to assess and review compliance with requirements. We made use of the tools provided on the EU Taxonomy Navigator website and evaluated potentially taxonomy-eligible business activities based on the information in the EU Taxonomy Compass and delegated acts. We also referred to publications by the Institute of Public Auditors in Germany (IDW) on the application of the EU Taxonomy Regulation, using these independent assessments to validate the applicability of certain activities for SCHOTT Pharma.

SCHOTT Pharma business activities that contribute to the environmental objectives laid out in the taxonomy were selected and validated at the level of each location via joint cross-functional workshops, helping us to create a list of taxonomy-eligible activities applicable to our business.

The validation process comprised a total of ten documented steps that were organised in stakeholder workshop formats and supported by a central steering committee.

Taxonomy eligibility and taxonomy alignment

With the glass manufacturing industry currently not covered by the EU taxonomy, the bulk of SCHOTT Pharma's business activities is classified as non-taxonomy-eligible even though they may be aligned with the EU's environmental objectives outside the current focus of the EU taxonomy (please refer to the 2020 Report of the Technical Expert Group on Finance, pages 155, 158).

As the current EU taxonomy structure is applicable to select industries, none of SCHOTT Pharma's primary business activities is currently taxonomy-eligible because neither the glass manufacturing industry nor pharmaceutical primary packaging is covered by in the EU Taxonomy Regulation.

The EU taxonomy mainly considers industries that make a significant contribution to the EU's environmental objectives. Since SCHOTT Pharma is not active in these industries, relevant taxonomy-eligible business activities are restricted to infrastructure activities, all of which are allocated to the "climate change mitigation" environmental objective. The uniform allocation of taxonomy-eligible business activities to this objective allowed us to exclude double counting in the revenues, capital expenditure and operating expense categories. We identified the following taxonomy-eligible activities in the reporting period:

- CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- CCM 7.3 Installation, maintenance and repair of energy efficiency equipment
- CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- CCM 7.7 Acquisition and ownership of buildings
- CCM 8.1 Data processing, hosting and related activities

Because SCHOTT Pharma's business activities do not aim to provide adaptation solutions within the meaning of the environmental objective "climate change adaptation", we are not reporting activities allocated exclusively to this environmental goal. A dedicated climate risk analysis was not performed in the reporting period either.

We established a Human Rights Group function, appointed a Human Rights Officer and introduced relevant processes during the course of the year under review, meaning that they have not been in place for the entire financial year. In addition, our management approach on this topic is still under development and, as of the reporting date, had not reached the maturity level required to provide evidence of compliance with the above-mentioned minimum safeguards. We are working hard to continue establishing and improving relevant structures and processes to meet the standards that we have set ourselves for the processes within our compliance management system (CMS).

While we did prepare the more detailed taxonomy alignment review based on technical screening and DNSH criteria, we did not continue to pursue it because we cannot yet provide evidence of compliance with the minimum safeguards, making it impossible to achieve taxonomy alignment. Some of SCHOTT Pharma's taxonomy-eligible activities are related to external suppliers, leasing partners or service providers, i.e. taxonomy alignment may also be proven at third-party level. However, we were not able to collect sufficient evidence of third-party taxonomy alignment in the reporting period.

As a result, none of SCHOTT Pharma's taxonomy-eligible business activities can be reported as taxonomy-aligned for this reporting period. We will re-assess the situation and improve our processes in the next reporting periods.

Revenue analysis

SCHOTT Pharma did not generate any revenues from taxonomy-eligible business activities in the reporting period. The manufacture of our products was not covered by the EU taxonomy during the reporting period, i.e. we cannot report taxonomy-eligible or taxonomy-aligned revenues.

Total revenues used as the reference value in the denominator correspond to consolidated revenues reported in our Consolidated Financial Statements (cf. Consolidated Statement of Income for the period from 1 October 2022 to 30 September 2023). Revenues were calculated in accordance with applicable accounting standards, complying with the requirements set out in Annex I section 1.1.1 to delegated act (EU) 2021/2178. Revenue recognition is aligned with IFRS 15 **Revenue from Contracts with Customers**.

Capital expenditure analysis

In the reporting period, SCHOTT Pharma consumed capital expenditure of EUR 5.0m related to the following taxonomy-eligible economic activities:

- CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- CCM 7.3 Installation, maintenance and repair of energy efficiency equipment
- CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- CCM 7.7 Acquisition and ownership of buildings
- CCM 8.1 Data processing, hosting and related activities

The capital expenditure was incurred for investment purposes, to purchase products and services from taxonomy-eligible economic activities and to take individual measures aimed at making target activities low-carbon or reducing greenhouse gas emissions. Building technology and building-related activities related to the expansion and renovation projects we carried out at our manufacturing locations account for the bulk of identified taxonomy-eligible capital expenditure. Investments in our fleet account for a smaller share. Evidence of taxonomy alignment could not be provided for any of the taxonomy-eligible capital expenditure in the reporting period.

Total capital expenditure used as the reference value in the denominator corresponds to the sum of investments in property, plant and equipment reported in the Consolidated Financial Statements, taking into consideration capitalised right-of-use assets from leases (cf. Notes to the Consolidated Financial Statements for the financial year 2022/2023, Note 14 "Property, plant and equipment") and investments in intangible assets reported in the Consolidated Financial Statements (cf. Notes to the Consolidated Financial Statements for the financial year 2022/2023, Note 13 "Intangible assets"). Total capital expenditure was calculated in accordance with applicable accounting standards, complying with the requirements set out in Annex I section 1.1.2 to delegated act (EU) 2021/2178. Leases that do not convey a right to use the asset are not reported as capital expenditure.

	Share in total capital expenditure	
	Taxonomy-aligned share	Taxonomy-eligible share
CCM	–	2.8 %
CCA	–	–
WTR	–	–
CE	–	–
PPC	–	–
BIO	–	–

Operating expense analysis

In the reporting period, SCHOTT Pharma had expenses of EUR 0.7m that were related to the following taxonomy-eligible economic activities:

- CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- CCM 7.3 Installation, maintenance and repair of energy efficiency equipment
- CCM 7.7 Acquisition and ownership of buildings

The operating expenses were incurred for investment purposes, to purchase products and services from taxonomy-eligible economic activities and to take individual measures aimed at making target activities low-carbon or reducing greenhouse gas emissions. Smart building technology and building-related activities account for the bulk of identified taxonomy-eligible operating expenses. Maintenance and repair to retain the value of our fleet account for a smaller share. Proof of taxonomy alignment could not be provided for any of the taxonomy-eligible operating expenses in the reporting period.

Total operating expenses used as the reference value in the denominator correspond to research and development costs reported in the Consolidated Financial Statements (cf. Notes to the Consolidated Financial Statements for the financial year 2022/2023, Note 7 "Research and development costs"), expenses for short-term leases reported in the Consolidated Financial Statements (cf. Notes to the Consolidated Financial Statements for the financial year 2022/2023, Note 31 "Leases") and expenses for maintenance and repair (not disclosed in the Annual Report).

Because the first data collection showed that taxonomy-eligible operating expenses are not material in relation to total operating expenses, we are considering making use of the option to forego calculating the numerator pursuant to Annex I section 1.1.3.2 to delegated act (EU) 2021/2178 in future reports.

	Share in total operating expenses	
	Taxonomy-aligned share	Taxonomy-eligible share
CCM	–	1.6 %
CCA	–	–
WTR	–	–
CE	–	–
PPC	–	–
BIO	–	–

Proportion of turnover from products or services associated with Taxonomy-eligible economic activities – disclosure covering fiscal year 2023 (N), (1 Oct. 2022 – 30 Sept. 2023)

Financial year N		2023		Substantial Contribution Criteria						
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bio-diversity (10)	
		in EUR k	in %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**–**							
of which enabling		0	–							
of which transitional		0	–							
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
					EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**–**							
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**0**	**–**							
B. Taxonomy-non-eligible activities										
Turnover of Taxonomy-non-eligible activities		**898,601**	**100%**							
Total		**898,601**	**100%**							

Y Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
N/A Not applicable

	DNSH criteria ('does not significantly harm')									
	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Bio-diversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover year, N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
								N/A		
								N/A	E	
								N/A		T
								N/A		
								N/A		

Proportion of CapEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering fiscal year 2023 (N), (1 Oct. 2022 – 30 Sept. 2023)

Financial year N		2023		Substantial Contribution Criteria					
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bio-diversity (10)
		in EUR k	in %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**–**						
of which enabling		0	–						
of which transitional		0	–						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	375	0.2 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	828	0.5 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	175	0.1 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	3,130	1.8 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	CCM 8.1	508	0.3 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**5,017**	**2.8 %**	**2.8 %**					
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		**5,017**	**2.8 %**	**2.8 %**					
B. Taxonomy-non-eligible activities		**172,003**	**97.2 %**						
Total		**177,020**	**100 %**						

Y Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
N/A Not applicable

	DNSH criteria ('does not significantly harm')									
	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversi-ty (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
								N/A		
								N/A	E	
								N/A		T
								N/A		
								N/A		
								N/A		
								N/A		
								N/A		
								N/A		
								N/A		

Proportion of OpEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering fiscal year 2023 (N), (1 Oct. 2022 – 30 Sept. 2023)

Financial year N		2023		Substantial Contribution Criteria					
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bio-diversity (10)
		in EUR k	in %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**-**						
of which enabling		0	-						
of which transitional		0	-						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	75	0.2 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	151	0.3 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	462	1.1 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**689**	**1.6 %**	**1.6 %**					
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		**689**	**1.6 %**	**1.6 %**					
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		**43,027**	**98.4 %**						
Total		**43,716**	**100 %**						

Y Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
N/A Not applicable

	DNSH criteria ('does not significantly harm')									
	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Bio-diversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
								N/A		
								N/A	E	
								N/A		T
								N/A		
								N/A		
								N/A		
								N/A		
								N/A		

Other components

Corporate Governance Statement (pursuant to sections 289(f) and 315(d) HGB) and Corporate Governance Report

Responsible corporate governance is of great importance to SCHOTT Pharma. Long-term thinking and sustainable action have characterised our successful corporate journey since our foundation. The management (the sole general partner SCHOTT Pharma Management AG, whose Management Board is responsible for managing SCHOTT Pharma) and the Supervisory Board manage and support the Company in its sustainable and value-adding development.

The Corporate Governance Statement pursuant to sections 289(f) and 315(d) HGB also includes the Declaration of Compliance pursuant to section 161 AktG, which contains relevant disclosures regarding corporate governance practices that go beyond the legal requirements, as well as information on where these are publicly available. It also includes a description of Management Board and Supervisory Board work processes and a description of the composition and work processes of their committees. Finally, it provides information on the setting of targets for the proportion of women on the Management Board and in the two management levels below the Management Board, as well as the deadlines for achieving these targets and compliance with the minimum proportions of women and men on the Supervisory Board.

The Corporate Governance Statement is available on our website, under https://ir.schott-pharma.com/investor-relations/corporate-governance/compliance-statement/.

Takeover-related disclosures

SCHOTT Pharma Management AG, the general partner of SCHOTT Pharma KGaA, explains the disclosures made in accordance with the requirements of sections 289(a) and 315(a) HGB below. The information is as of 30 September 2023.

Composition of subscribed capital

The subscribed capital of SCHOTT Pharma KGaA amounts to EUR 150,614,616.00. It is divided into 150,614,616 registered no-par value shares with a nominal value of EUR 1.00 each. Each no-par value share carries one vote at the Annual General Meeting. Shareholders' rights are governed by the German Stock Corporation Act and the Memorandum and Articles of Association.

Restrictions affecting voting rights or the transfer of shares

Restrictions affecting voting rights or the transfer of shares may result from legal requirements or contractual agreements.

For example, shareholders may be legally barred from voting under certain conditions pursuant to section 136 AktG in conjunction with section 278(3) AktG. The general partners of a partnership limited by shares are barred from voting pursuant to section 285 AktG.

The general partner is not aware of any contractual restrictions regarding voting rights or the transfer of shares.

If voting rights are not restricted, all shareholders who have registered to participate in the Annual General Meeting in good time and have provided proof of their entitlement to participate in the Annual General Meeting are entitled to exercise their voting rights from all shares held and registered by them.

Direct or indirect shareholdings exceeding 10 % of voting rights

In accordance with sections 33 and 34 of the Securities Trading Act (Wertpapierhandelsgesetz, WpHG) – or as otherwise notified by the shareholders –, the general partner has been notified of

the following shareholdings in the capital of SCHOTT Pharma KGaA that exceed ten per cent of the voting rights.

Direct shareholder:

- SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz, with a share of 77 %

Indirect shareholders:

- SCHOTT AG, Mainz
- Carl Zeiss Foundation, Heidenheim an der Brenz and Jena

Shares with special rights granting the holder supervisory powers

There are no shares issued by the general partner with special rights granting the holder supervisory powers.

Control of voting rights for shares held by employees

There is no special type of control of voting rights for shares held by employees. Employees who hold shares in the Company exercise their rights of control in the same way as other shareholders.

Appointment and removal of members of the Management Board and amendment to the Memorandum and Articles of Association

In accordance with clause 7.2 of SCHOTT Pharma KGaA's Memorandum and Articles of Association, the general partner is responsible for the management of the Company.

In accordance with clause 6.3 of SCHOTT Pharma KGaA's Memorandum and Articles of Association, the general partner must withdraw from the Company with three months' notice as soon as the totality of shares in the general partner is no longer directly or indirectly held by a person who holds more than 30 % of the Company's share capital directly or indirectly via a controlled company pursuant to section 17(1) AktG; this does not apply if all shares in the general partner are held directly or indirectly by the Company.

In accordance with clause 6.3 of SCHOTT Pharma KGaA's Memorandum and Articles of Association, the general partner must also withdraw from the Company if the shares in the general partner are acquired by a person who does not simultaneously acquire shares in the Company representing more than 30 % of the Company's share capital or does not make a takeover or mandatory offer to the Company's shareholders in accordance with the provisions of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG) within six months of this acquisition taking effect; the appropriate consideration offered to the shareholders herein must also take into account the consideration paid by the acquirer for the shares in the general partner, insofar as this exceeds the amount of the general partner's equity.

This is without prejudice to other statutory grounds for the withdrawal of the general partner.

Members of the Management Board are appointed and dismissed by the general partner's Supervisory Board pursuant to section 84(1) AktG. They are appointed for a maximum period of five years.

In accordance with section 179 in conjunction with section 278(3) AktG, any amendment to the Memorandum and Articles of Association requires a resolution of the Annual General Meeting and, in accordance with section 285(2) sentence 1 AktG, the approval of the general partner.

Pursuant to clause 21 of SCHOTT Pharma KGaA's Memorandum and Articles of Association, the Annual General Meeting's resolution on an amendment to the Memorandum and Articles of Association requires a simple majority of all votes cast, unless legal requirements or SCHOTT Pharma KGaA's Memorandum and Articles of Association stipulate a higher majority or further requirements.

In accordance with clause 11.5 of SCHOTT Pharma KGaA's Memorandum and Articles of Association, the Annual General Meeting has delegated to the Supervisory Board the authority to make amendments to the Memorandum and Articles of Association that only affect the wording (section 179(1) sentence 2 AktG).

Authorisation of the Management Board, especially with regard to issuing or buying back shares

Pursuant to clause 4.2 of SCHOTT Pharma KGaA's Memorandum and Articles of Association, the general partner is authorised, with the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period ending on 19 June 2028 by a total of up to EUR 50,000,000.00 by issuing up to 50,000,000 new no-par value bearer shares against cash and/or non-cash contributions (authorised capital). Shareholders will generally be granted subscription rights. The new shares may also be acquired by a credit institution to be determined by the general partner or a company operating in accordance with section 53(1) sentence 1 of the German Banking Act (Kreditwesengesetz, KWG) or section 53(b)(1) sentence 1 or (7) KWG (financial institution), or a syndicate of such credit or financial institutions with the obligation to offer them to the Company's shareholders for subscription (known as an indirect subscription right).

However, subject to the approval of the Supervisory Board, the general partner may exclude shareholders' subscription rights once or several times in certain circumstances.

Pursuant to clause 4.3 of SCHOTT Pharma KGaA's Memorandum and Articles of Association, the general partner is authorised, subject to the consent of the Supervisory Board, to issue in the period ending on 19 June 2028 bearer or registered convertible bonds or warrant-linked bonds or a combination of such instruments (together referred to as "bonds") with a limited or an unlimited term in a total nominal amount of up to EUR 750,000,000.00, and to grant holders of such bonds conversion or option rights (also with conversion or option obligations) to acquire up to 25,000,000 new no-par value bearer shares in the Company with a proportionate share in the share capital of up to EUR 25,000,000.00, as stipulated in these bonds' terms and conditions of issue. The Company's share capital is conditionally increased by up to EUR 25,000,000.00 by issuing up to 25,000,000 new no-par value bearer shares.

The purpose of the conditional capital increase is to grant no-par value shares to holders of bonds issued by the Company before 19 June 2028. It will only be carried out insofar as conversion or option rights are exercised, holders of bonds obliged to convert fulfil their obligation to do so or the Company exercises an option to grant no-par value shares in the Company instead of cash settlement (in whole or in part).

The new shares will be entitled to a share in the profits from the beginning of the financial year in which they come into existence through the exercise of conversion or option rights or the fulfilment of the respective obligations (financial year of creation); in contrast, the new shares participate in profits from the beginning of the financial year preceding the financial year of creation if the Annual General Meeting has not yet passed a resolution on the appropriation of the distributable profit of the financial year preceding the financial year of creation. The general partner is authorised to determine any further details of the conditional capital increase, subject to approval by the Supervisory Board.

Material agreements of the Company in the event of a change of control following a takeover bid and compensation agreements

SCHOTT Pharma AG KGaA is part of SCHOTT Group. Their parent company, SCHOTT AG in Mainz, is the controlling (indirect) shareholder of SCHOTT Pharma KGaA. There are various material agreements with SCHOTT AG which are subject to change of control clauses triggered in the event of a takeover offer:

- The 2023 Relationship Agreement which governs cooperation and the exchange of information within the Group
- The 2023 Framework Agreement on the continuous supply of glass tubes to SCHOTT Pharma
- The 2023 Master Service Agreement on the scope and content of reciprocal services to be provided
- The Group Trademark and Corporate Name Licence Agreement, the Trademark Licence Agreement and the Patent Licence Agreement, each from 2022, for cross-licensing
- The 2022 Treasury Service Agreement and the Cash Pool Management Agreement governing revolving credit lines and the inclusion of SCHOTT Pharma in the cash pool of SCHOTT AG.

There are no further material agreements which are subject to change of control clauses triggered in the event of a takeover offer.

Compensation agreements entered into with members of the Management Board or employees in the event of a takeover offer

There are no compensation agreements with members of the Management Board or employees in the event of a takeover bid.

Statement of the Management Board regarding the Subordinate Status Report pursuant to section 312(3) AktG

SCHOTT Pharma KGaA is controlled by its limited liability shareholder, SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz. SCHOTT AG holds 100 % of the shares in SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz, Germany. SCHOTT AG is wholly owned by the Carl Zeiss Foundation, Heidenheim an der Brenz and Jena. The conditions of section 312 AktG are considered to be fulfilled. We have therefore prepared a report on our Company's relationships with affiliated companies (Subordinate Status Report).

This report contains the following concluding statement by the Management Board of SCHOTT Pharma KGaA's general partner:

"We declare that SCHOTT Pharma AG & Co. KGaA, Mainz, has received adequate consideration for each legal transaction based on the circumstances known to us at the point in time the legal transactions were carried out. In the reporting year, no measures were taken or refrained from at the instigation or in the interest of SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz, or its affiliated companies."

Mainz, 18 December 2023

SCHOTT Pharma AG & Co. KGaA,
represented by the Management Board of SCHOTT Pharma Management AG

Andreas Reisse Dr. Almuth Steinkühler

Consolidated Financial Statements

For the Period from 1 October 2022 to 30 September 2023

Additional Notes

Consolidated Statement of Income

For the period from 1 October 2022 to 30 September 2023

(in EUR thousands)	Notes	2022/2023	2021/2022
Revenue	**5**	**898,602**	**821,144**
Cost of sales		-582,113	-524,717
Gross profit		**316,489**	**296,427**
Selling expenses	6	-79,158	-76,805
General administrative expenses	6	-42,931	-33,405
Research and development costs	7	-26,822	-23,527
Other operating income	8	25,739	11,550
Other operating expenses	9	-12,676	-22,855
Share of profit from investments accounted for using the equity method	10	11,742	12,990
Operating profit (EBIT)		**192,383**	**164,375**
Interest income	11	5,227	2,140
Interest expenses	11	-7,254	-2,686
Net other financial result	11	-4,554	-5,541
Financial result		**-6,581**	**-6,087**
Profit before income taxes		**185,802**	**158,288**
Income tax expenses	12	-33,868	-32,440
Profit for the period		**151,934**	**125,848**
thereof attributable to non-controlling interests	23	92	469
thereof attributable to limited liability shareholders of SCHOTT Pharma AG & Co. KGaA		151,842	125,379
Earnings per share (in EUR), based on the share of profit for the period attributable to limited liability shareholders of SCHOTT Pharma AG & Co. KGaA			
Basic	23	1.01	0.83
Diluted	23	1.01	0.83

Consolidated Statement of Comprehensive Income

For the period from 1 October 2022 to 30 September 2023

(in EUR thousands)	Notes	2022/2023	2021/2022
Profit for the period		**151,934**	**125,848**
Items that will not be reclassified to the consolidated statement of income in future periods			
Actuarial gains/losses from pension provisions	24	-3,738	26,266
Deferred taxes	24	336	-4,829
		-3,402	**21,437**
Items that will be reclassified to the consolidated statement of income in future periods			
Foreign currency translation differences		-11,094	51,729
Foreign currency translation differences attributable to non-controlling interests		86	13
Foreign currency translation differences from investments accounted for using the equity method		-5,894	4,576
		-16,902	**56,318**
Other comprehensive income		**-20,304**	**77,755**
Total comprehensive income		**131,630**	**203,603**
thereof attributable to non-controlling interests		178	482
thereof attributable to limited liability shareholders of SCHOTT Pharma AG & Co. KGaA		131,452	203,121

Consolidated Statement of Financial Position

as of 30 September 2023

Assets

(in EUR thousands)	Notes	30 Sep 2023	30 Sep 2022	1 Oct 2021
Non-current assets				
Intangible assets	13	30,941	32,873	31,052
Property, plant and equipment	14	637,805	517,209	334,139
Investments accounted for using the equity method	15	79,055	79,821	62,255
Deferred tax assets	12	14,828	11,748	10,110
Other financial assets	16	18	4	6
Other non-financial assets	17	843	329	176
		763,490	**641,984**	**437,738**
Current assets				
Inventories	18	138,943	128,936	83,517
Contract assets	19	58,208	52,622	33,323
Trade receivables	19	156,652	128,943	110,645
Trade receivables – SCHOTT Group	38	8,838	17,485	6,971
Financial receivables – SCHOTT Group	38	35,485	161,810	19,801
Income tax assets		3,953	5,340	2,641
Other financial assets	20	8,521	3,633	1,012
Other non-financial assets	21	33,381	26,952	16,388
Cash and cash equivalents	22	24,357	28,795	27,859
		468,338	**554,516**	**302,157**
Total assets		**1,231,828**	**1,196,500**	**739,895**

Equity and liabilities

(in EUR thousands)	Notes	30 Sep 2023	30 Sep 2022	1 Oct 2021
Equity				
Subscribed capital	23	150,615	0	0
Capital reserves	23	494,481	0	0
Generated Group equity/invested equity attributable to SCHOTT Group[1]	23	36,953	681,908	448,898
Accumulated other Group equity	23	8,382	25,370	-30,935
Equity attributable to limited liability shareholders of SCHOTT Pharma AG & Co. KGaA		**690,431**	**707,278**	**417,963**
Non-controlling interests	23	1,748	1,766	1,455
		692,179	**709,044**	**419,418**
Non-current liabilities				
Provisions for pensions and similar commitments	24	18,777	14,625	34,160
Provisions for income taxes		3,557	11,910	2,979
Other provisions	25	6,001	5,750	5,290
Deferred tax liabilities	12	24,822	20,704	11,749
Other financial liabilities	28	69,207	71,499	2,242
Other non-financial liabilities	29	66,139	39,949	19,850
		188,503	**164,437**	**76,270**
Current liabilities				
Other provisions	25	5,263	9,802	10,099
Accrued liabilities	26	59,003	52,434	39,332
Trade payables	27	60,529	63,895	40,668
Trade payables – SCHOTT Group	38	30,115	35,701	22,708
Financial payables – SCHOTT Group	38	137,474	120,569	96,979
Income tax liabilities		20,397	12,648	16,300
Other financial liabilities	28	9,100	5,404	2,339
Other non-financial liabilities	29	29,265	22,566	15,782
		351,146	**323,019**	**244,207**
Total equity and liabilities		**1,231,828**	**1,196,500**	**739,895**

[1] On the reporting dates of 30 September 2022 and 1 October 2021, SCHOTT Pharma was not a sub-group for which consolidated financial statements were required to be prepared in accordance with IFRS 10 **Consolidated Financial Statements**. Hence, net assets attributable to SCHOTT Group were reported as invested equity. Please refer to Note 2 for further details.

Consolidated Statement of Cash Flows

For the period from 1 October 2022 to 30 September 2023

(in EUR thousands)	2022/2023	2021/2022
Profit for the period	151,934	125,848
Depreciation, amortisation and impairment as well as impairment reversals on non-current assets	46,648	55,357
Changes in provisions and accrued liabilities	1,127	25,715
Other non-cash income/expenses	-4,148	829
Net gain or loss on the disposal of intangible assets and property, plant and equipment	-394	-1,511
Net gain or loss from financial assets	-685	0
Changes in inventories and advance payments made on inventories	-15,380	-30,637
Changes in contract assets	-5,586	-19,299
Changes in trade receivables	-35,122	-7,800
Changes in trade receivables – SCHOTT Group	8,276	-8,473
Changes in other assets	-9,354	-10,821
Changes in advance payments received	29,448	25,422
Changes in trade payables	-1,512	19,493
Changes in trade payables – SCHOTT Group	-2,391	9,619
Changes in other liabilities	15,955	-4,767
Changes in deferred taxes	836	3,148
Dividends received from investments accounted for using the equity method	2,000	0
Cash flows from operating activities (A)	**181,652**	**182,123**
Proceeds from the sale of property, plant and equipment	4,776	12,359
Purchase of property, plant and equipment	-175,467	-152,011
Purchase of intangible assets	-57	-677
Purchase of financial assets	-663	-1,806
Cash flows from investing activities (B)	**-171,411**	**-142,135**
Dividends paid to limited liability shareholders	-18,878	-11,456
Dividends paid to non-controlling interests	-196	-171
Other transactions with SCHOTT Group[1]	-126,807	97,650
Changes in financial receivables – SCHOTT Group	121,701	-136,431
Changes in financial payables – SCHOTT Group	21,905	12,959
Proceeds from borrowings	0	18
Cash outflows from repayment of financial borrowings	-15	0
Cash outflows from allocation to plan assets	-4,620	-4,509
Cash inflows/outflows from financial assets	-234	77
Cash inflows/outflows from financial liabilities	-777	1,018
Cash outflows from repayments of outstanding lease liabilities	-3,474	-1,537
Cash flows from financing activities (C)	**-11,395**	**-42,382**

(in EUR thousands)	2022/2023	2021/2022
Net change in cash and cash equivalents (A+B+C)	**-1,154**	**-2,394**
Cash and cash equivalents at beginning of the period	**28,795**	**27,859**
- Cheques, cash on hand	7	15
- Bank deposits	28,788	27,844
Change in cash and cash equivalents due to foreign exchange rates	-3,284	3,330
Cash and cash equivalents at end of period	**24,357**	**28,795**
- Cheques, cash on hand	7	7
- Bank deposits	24,350	28,788

(in EUR thousands)	2022/2023	2021/2022
Additional notes to the Consolidated Statement of Cash Flows[2]		
Interest paid	-6,660	-1,795
Interest received	5,227	2,140
Income taxes paid	-31,680	-29.773

[1] Please refer to Note 23 for further details regarding other transactions with SCHOTT Group.
[2] Included in cash flows from operating activities.

Consolidated Statement of Changes in Equity

For the period from 1 October 2022 to 30 September 2023

(in EUR thousands)	Subscribed capital	Capital reserves	
1 Oct 2021	**0**	**0**	
Profit for the period	0	0	
Other comprehensive income	0	0	
Total comprehensive income	**0**	**0**	
Dividends	0	0	
Other transactions with SCHOTT Group[2]	0	0	
30 Sep 2022	**0**	**0**	
	0	0	
1 Oct 2022	**0**	**0**	
Profit for the period	0	0	
Other comprehensive income	0	0	
Total comprehensive income	**0**	**0**	
Dividends	0	0	
Other transactions with SCHOTT Group[2]	0	0	
Breakdown of invested equity by legal form[1]	150,615	494,481	
30 Sep 2023	**150,615**	**494,481**	

[1] On the reporting dates of 30 September 2022 and 1 October 2021, SCHOTT Pharma was not a sub-group for which consolidated financial statements were required to be prepared in accordance with IFRS 10 **Consolidated Financial Statements**. Hence, net assets attributable to SCHOTT Group were reported as invested equity. After completion of the legal reorganisation, the invested equity was distributed in accordance with the legal structure and the memorandum and articles of association of SCHOTT Pharma AG & Co. KGaA. Please refer to Note 2 for further details.

[2] Please refer to Note 23 for further details regarding other transactions with SCHOTT Group.

	Generated Group equity/ net investment by SCHOTT Group[1]	Accumulated other Group equity	Equity attributable to limited liability shareholders of SCHOTT Pharma AG & Co. KGaA	Non-controlling interests	Group equity
	448,898	**-30,935**	**417,963**	**1,455**	**419,418**
	125,379	0	125,379	469	125,848
	21,437	56,305	77,742	13	77,755
	146,816	**56,305**	**203,121**	**482**	**203,603**
	-11,456	0	-11,456	-171	-11,627
	97,650	0	97,650	0	97,650
	681,908	**25,370**	**707,278**	**1,766**	**709,044**
	681,908	**25,370**	**707,278**	**1,766**	**709,044**
	151,842	0	151,842	92	151,934
	-3,402	-16,988	-20,390	86	-20,304
	148,440	**-16,988**	**131,452**	**178**	**131,630**
	-18,878	0	-18,878	-196	-19,074
	-129,421	0	-129,421	0	-129,421
	-645,096	0	0	0	0
	36,953	**8,382**	**690,431**	**1,748**	**692,179**

Notes to the Consolidated Financial Statements

For the financial year 2022/2023

General disclosures

1 Preliminary remarks

SCHOTT Pharma AG & Co. KGaA, Mainz, Germany ("SCHOTT Pharma KGaA" or the "Company"), is a listed partnership limited by shares under German law. The shares of SCHOTT Pharma KGaA were admitted to trading on the Regulated Market of the Frankfurt Stock Exchange as well as in the sub-segment of the Frankfurt Stock Exchange's Regulated Market with additional post-admission listing obligations (Prime Standard) on 28 September 2023. The shares are traded under the ticker symbol 1SXP; the ISIN is DE000A3ENQ51.

The Consolidated Financial Statements reflect the business activities of SCHOTT Pharma KGaA and its subsidiaries ("SCHOTT Pharma", "SCHOTT Pharma Group" or the "Group"). SCHOTT Pharma Group is a leading global supplier of high-quality pharmaceutical packaging. The portfolio comprises drug containment and delivery systems such as prefillable syringes made of glass and polymer, cartridges, vials and ampoules. SCHOTT Pharma KGaA is the ultimate parent company of SCHOTT Pharma Group and holds material subsidiaries in Switzerland, the USA and Hungary.

SCHOTT Pharma KGaA has its registered office at Hattenbergstrasse 10, 55122 Mainz, Germany, and is entered in the commercial register of the local court in Mainz under HRB 51230.

The Consolidated Financial Statements of SCHOTT Pharma KGaA were prepared on a going concern basis. They were prepared in accordance with the International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB"), observing all accounting standards and interpretations adopted and required to be applied by 30 September 2023, in the version adopted by the European Union. The present Consolidated Financial Statements comply with the provisions of section 315e of the German Commercial Code ("HGB").

The Consolidated Financial Statements are prepared in euros. Unless stated otherwise, all amounts are shown in thousands of euros (EUR k). Both individual and total values represent the figure with the smallest rounding difference; hence, minor differences may occur between the sums reported and the addition of individual values shown. The Consolidated Income Statement has been prepared according to the cost of sales (function of expense) method.

The Consolidated Financial Statements as of 30 September 2023 were prepared by the Management Board on 18 December 2023 and released to be submitted to the Supervisory Board. The Supervisory Board is responsible for examining the Consolidated Financial Statements and stating whether it endorses them. The Consolidated Financial Statements are published on the internet and in the Company Register (Unternehmensregister).

SCHOTT AG, having its registered office at Hattenbergstrasse 10, 55122 Mainz, Germany, prepares Consolidated Financial Statements comprising the majority of consolidated companies. This is disclosed on the internet and in the Company Register.

2 Legal reorganisation

SCHOTT Pharma KGaA was established through a memorandum and articles of association dated 22 March 2022. The Company's general partner is SCHOTT Pharma Management AG, Mainz, Germany ("SCHOTT Pharma Management AG"). The Company was entered into the commercial register of the local court in Mainz on 10 May 2022.

By operation of a spin-off and acquisition agreement dated 24 May 2022, the Pharmaceutical Systems division of SCHOTT AG, Mainz ("SCHOTT AG"), including all the rights and obligations associated with this division, was spun off by way of a successive hive-down agreement (Kettenausgliederung) for the purposes of absorption under section 123 (3) no. 1 of the German

Transformation Act (Umwandlungsgesetz – "UmwG") first to SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz ("SGBE"), and immediately thereafter to SCHOTT Pharma KGaA, while SCHOTT AG continues as a going concern. The exact scope of the spin-off is set out in the hive-down and acquisition agreement, with the Pharmaceutical Systems division essentially being comprised of the operation of SCHOTT AG in Müllheim (production and administration), the administrative department in Mainz that is part of the global Pharmaceutical Systems business unit, and the Pharma Services division in SCHOTT AG's research centre in Mainz-Marienborn.

By way of consideration, SCHOTT Pharma KGaA granted SGBE 12,419,330 new limited liability shares (Kommanditaktien). The issue price of each new limited liability share was set at 1 euro. For this purpose, SCHOTT Pharma KGaA has increased its share capital by EUR 12,419k from EUR 50k to EUR 12,469k. The value of the contribution in kind that exceeded the amount of the new limited liability shares to be granted stood at EUR 35,983k and was posted in full, as a premium, to SCHOTT Pharma KGaA's capital reserve in accordance with section 272 (2) no. 1 of the HGB.

Upon entry into the commercial register of SCHOTT Pharma KGaA, SGBE and SCHOTT AG, in each case at the local court of Mainz, the spin-off entered into effect under civil law on 1 August 2022. The transfer of employees from SCHOTT AG to SCHOTT Pharma KGaA also took place on this date.

By operation of the contribution, transfer and post-formation acquisition agreement dated 3 August 2022, SGBE contributed the shares in SCHOTT Pharma Mexico GmbH, Mainz, and SCHOTT Pharma Brasil Ltda. (formerly: SCHOTT Brasil Ltda.), São Paulo, Brazil, in return for the issuance of new limited liability shares to SCHOTT Pharma KGaA.

As consideration for the contribution of these shares, SGBE received, as part of a capital increase, the following new limited liability shares in SCHOTT Pharma KGaA that were created in return for a contribution in kind:

- 6,312,345 shares for the contribution of the shares in SCHOTT Pharma Mexico GmbH, Mainz, and
- 6,735,448 shares for the contribution of the shares in SCHOTT Pharma Brasil Ltda., São Paulo, Brazil.

For this purpose, SCHOTT Pharma KGaA has increased its share capital by EUR 13,048k from EUR 12,469k to EUR 25,517k. This increase in share capital entered into effect under civil law upon entry into SCHOTT Pharma KGaA's commercial register at the local court of Mainz on 29 September 2022.

As part of the contribution of the shares in SCHOTT Pharma Mexico GmbH, Mainz, the value of the contribution in kind that exceeded the amount of the new limited partner shares to be granted stood at EUR 92,053k and, as part of the contribution of the shares in SCHOTT Pharma Brasil Ltda., São Paulo, Brazil, this value stood at EUR 3,265k and was posted, in full, to SCHOTT Pharma KGaA's capital reserve in accordance with section 272 (2) no. 1 of the HGB.

By operation of a further contribution, transfer and post-formation acquisition agreement dated 3 August 2022, SGBE contributed the shares in SCHOTT forma vitrum holding ag, St Gallen, Switzerland, SCHOTT Envases Farmaceuticos SAS, Bogotá, Colombia, PT. SCHOTT Igar Glass, Bekasi, Indonesia, Empha S.p.A., Turin, Italy, and SCHOTT Pharma USA, Inc., Lebanon, USA, to SCHOTT Pharma KGaA in return for the issuance of new limited liability shares.

As consideration for the contribution of these shares, SGBE received, as part of a capital increase, the following new limited liability shares in SCHOTT Pharma KGaA that were created in return for a contribution in kind:

- 94,341,973 shares for the contribution of the shares in SCHOTT forma vitrum holding ag, St Gallen, Switzerland,
- 22,638,625 shares for the contribution of the shares in SCHOTT Pharma USA, Inc., Lebanon, USA,
- 5,635,022 shares for the contribution of the shares in PT SCHOTT Igar Glass, Bekasi, Indonesia,
- 1,816,756 shares for the contribution of the shares in Empha S.p.A., Turin, Italy,
- 665,117 shares for the contribution of the shares in SCHOTT Envases Farmaceuticos SAS, Bogotá, Colombia.

For this purpose, SCHOTT Pharma KGaA has increased its share capital by EUR 125,098k from EUR 25,517k to EUR 150,615k. This increase in share capital entered into effect under civil law upon entry into SCHOTT Pharma KGaA's commercial register at the local court of Mainz on 4 November 2022.

As part of the contribution of the shares in SCHOTT forma vitrum holding ag, St Gallen, Switzerland, the value of the contribution in kind that exceeded the amount of the new limited partner shares to be granted stood at EUR 10,476k and, as part of the contribution of the shares in SCHOTT Pharma USA Inc., Lebanon, USA, this value stood at EUR 343,641k and, as part of the contribution of the shares in PT. SCHOTT Igar Glass, Bekasi, Indonesia, this value stood at EUR 1,050k and, as part of the contribution of the shares in Empha S.p.A., Turin, Italy, this value stood at EUR 2,377k and, as part of the contribution of the shares in SCHOTT Envases Farmaceuticos SAS, Bogotá, Colombia, this value stood at EUR 3,090k; these amounts were posted, in full, to SCHOTT Pharma KGaA's capital reserve in accordance with section 272 (2) no. 1 of the HGB.

With effect as of 31 March 2023, SCHOTT AG and SGBE sold their shares in SCHOTT Pharmaceutical Packaging OOO, Zavolzhye, Russia, to SCHOTT forma vitrum holding ag, St Gallen, Switzerland, and SCHOTT Pharma Schweiz AG, St Gallen, Switzerland.

With effect as of 30 June 2023, SGBE sold its shares in SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, to SCHOTT Pharma Schweiz AG, St Gallen, Switzerland. With the completion of these transactions, the legal reorganisation has been concluded, and SCHOTT Pharma KGaA controls all assets and liabilities of the SCHOTT Pharma Group within the meaning of IFRS 10 **Consolidated Financial Statements**.

2.1 First preparation of Consolidated Financial Statements

To date, SCHOTT Pharma KGaA has not prepared Consolidated Financial Statements. For the abridged financial year from 22 March to 30 September 2022, SCHOTT Pharma KGaA used the exemption pursuant to section 291 of the HGB and did not prepare its own Consolidated Financial Statements. The Consolidated Financial Statements as of 30 September 2023 are therefore the first Consolidated Financial Statements of SCHOTT Pharma KGaA and its subsidiaries prepared in accordance with IFRSs. The first Consolidated Financial Statements as of 30 September 2023 were thus prepared in accordance with IFRS 1 **First-time Adoption of International Financial Reporting Standards**, observing IFRSs applicable for financial years commencing on or after 1 October 2022. This includes comparative information for the financial year 2021/2022 as well as the additional opening Statement of Financial Position as of 1 October 2021. Exceptions or exemptions from the application of certain IFRSs, as provided for in IFRS 1, were not used or are not relevant. Since the Company has never prepared Consolidated Financial Statements in accordance with German accounting standards, these Consolidated Financial Statements do not include a reconciliation of total comprehensive income and equity to IFRSs. Please refer to Note 4.1 for more details. However, in preparation for the Company's listing at the Frankfurt Stock Exchange, combined financial statements have been prepared and published for the SCHOTT Pharma business for the financial years ending 30 September 2022, 2021 and 2020. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt/Main, has issued an unqualified audit opinion for these combined financial statements. As outlined below, comparative figures as of 30 September 2022 and the opening Statement of Financial Position as of 1 October 2021 correspond to details provided for the SCHOTT Pharma business in the combined financial statements.

3 Changes in accounting standards and application of new and revised accounting standards

3.1 Standards and interpretations to be applied in the current financial year

The International Accounting Standards Board (IASB) published the following new and amended standards and interpretations which were required to be applied for the first time in the financial year under review.

		Application required for financial years commencing on or after	Changed/ supplementary details in the Notes
Standards			
Various	Amendments to IFRS 3, IAS 16 and IAS 37, annual improvements to IFRS – 2018-2020 cycle	1 Jan 2022	No

Whilst application of the new standards did not have any material impact on the figures reported in these financial statements, it might influence reporting of future transactions.

3.2 Published standards and interpretations that have not yet been applied

Besides the mandatory IFRSs mentioned in Note 3.1, the IASB published other IFRSs that have already been endorsed by the EU in part but will only become mandatory at a later date.

		Application required for financial years commencing on or after	Adoption by the European Commission
Standards			
IAS 12	Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules	Immediately[1] and 1 Jan 2023	8 Nov 2023
IFRS 17	Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 Jan 2023	8 Sep 2022
IAS 12	Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023	11 Aug 2022
IAS 1	Accounting policy disclosures (amendments to IAS 1 and to IFRS Practice Statement 2)	1 Jan 2023	2 Mar 2022
IAS 8	Amendments to IAS 8: Definition of Accounting Estimates	1 Jan 2023	2 Mar 2022
IFRS 17	Insurance Contracts	1 Jan 2023	19 Nov 2021
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date; Non-current Liabilities with Covenants	1 Jan 2024	No
IFRS 16	Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 Jan 2024	No

[1] Entities may apply the exemption immediately, but are required to comply with certain disclosure obligations for annual reporting periods beginning on or after 1 January 2023.

SCHOTT Pharma does not make use of any existing options for early adoption. These standards will be implemented in the Consolidated Financial Statements on the date of mandatory adoption. According to current estimates, the new or amended regulations mentioned above do not have any significant effects.

4 Significant accounting policies and methods of consolidation

4.1 First-time preparation of IFRS Consolidated Financial Statements, scope of consolidation, acquisitions and divestments

First-time preparation of IFRS Consolidated Financial Statements

The transfers set out in Note 2 are transactions under common control of SCHOTT AG. For such transfers that also constitute business combinations under common control, there is an option not to apply the acquisition method in accordance with IFRS 3 **Business Combinations** but to adopt and carry forward the carrying amounts applied by the controlling group (the predecessor method). Transfers of companies and business units to SCHOTT Pharma Group, which were executed up until completion of the legal reorganisation, are therefore presented using the carrying amounts and historical costs as reported in the IFRS Consolidated Financial Statements of SCHOTT AG. When applying this method, carrying amounts include historical values for acquired intangible assets, identified hidden reserves from purchase price allocations as well as goodwill allocated to SCHOTT Pharma business and hence, to SCHOTT Pharma Group.

Moreover, according to general opinion, application of the predecessor method entails an option to apply that method retrospectively for all periods presented during which common control applied, or prospectively from the date of the transaction. The Management Board has resolved to apply the retrospective method – that is, to present SCHOTT Pharma's Consolidated Financial Statements as if the new legal structure had always existed. Therefore, prior-year figures in the Statement of Financial Position and the Statement of Comprehensive Income are based on carrying amounts as shown previously in the Consolidated Financial Statements of SCHOTT AG.

Irrespective of the date of formation of SCHOTT Pharma KGaA and the dates on which transfers were executed, income and expenses – and hence results – are shown for the full financial year 2022/2023 and those for the full financial year 2021/2022 are provided for comparison. Accordingly, companies and business units that meet the criteria for a business as defined in IFRS 3 **Business Combinations**, and which were transferred to the SCHOTT Pharma Group, have been included in the Consolidated Financial Statements for the entire reporting period with their associated assets and liabilities as well as income and expenses. The Consolidated Financial Statements reflect the results, income and expenses of all companies and business units for the entire reporting period, comprising all costs attributable to the SCHOTT Pharma business, including costs which have been allocated accordingly for the purposes of the Consolidated Financial Statements. Allocated expenses or income include Group overheads, taxes calculated separately for the divisions as if each division were being taxed independently (the "economic perspective"), foreign currency translation differences etc. Specifically, SCHOTT AG and other SCHOTT Group entities provided various central services such as accounting, human resources, information technology, legal, tax, risk management and treasury services to SCHOTT Pharma; these services were either transferred to SCHOTT Pharma Group or are now being rendered under service agreements.

Allocations are based on actual cost centre allocations in the past or using reasonable keys such as headcount. Amounts allocated are deemed to be immediately financed by SCHOTT Group entities; hence, they are reported as shareholder contributions or withdrawals under "Other transactions with SCHOTT Group".

Transactions (including leases) between SCHOTT Pharma Group entities and SCHOTT Group entities and businesses outside the scope of consolidation of SCHOTT Pharma Group are treated and classified as related party transactions in accordance with IFRSs, as outlined in Note 38.

Scope of consolidation

Along with SCHOTT Pharma KGaA, one additional consolidated company (previous year: one) based in Germany and 14 foreign consolidated companies (previous year: 13) were fully included in the Consolidated Financial Statements. A subsidiary is included using the full consolidation method from the date on which SCHOTT Pharma KGaA exercises control. SCHOTT Pharma KGaA exercises

control if it is exposed, or has rights, to variable returns from its involvement in the company and can affect those returns through its power over the company. Three companies (previous year: three) were included in the scope of consolidation as of the reporting date using equity method accounting.

A newly-established subsidiary was included in the Consolidated Financial Statements for the first time in the financial year 2022/2023. Changes are shown in the following table:

Additions to the scope of consolidation	Share of voting rights
SCHOTT PHARMA D.O.O. BEOGRAD, Belgrade/Serbia	100 %

Please refer to the separate list of shareholdings of SCHOTT Pharma Group as of 30 September 2023 with respect to the disclosures required by section 313 (2) of the HGB.

Name and registered office of the company	Equity interest (in %)	Comments
Subsidiaries included in the Consolidated Financial Statements		
Germany		
SCHOTT Pharma Mexico GmbH, Mainz	100.0	
International		
SCHOTT Envases Argentina S.A., Buenos Aires/Argentina	100.0	
SCHOTT Pharma Brasil Ltda. (formerly SCHOTT Brasil Ltda.), São Paulo/Brazil	100.0	[1]
SCHOTT Pharmaceutical Packaging (Zhejiang) Co., Ltd., Huzhen Town/China	100.0	[1]
SCHOTT France Pharma Systems SAS, Pont-sur-Yonne/France	100.0	
SCHOTT Pharma France SAS, Colombes/France	100.0	
PT. SCHOTT Igar Glass, Bekasi/Indonesia	100.0	
SCHOTT Envases Farmaceuticos SAS, Bogotá/Colombia	72.7	[1]
SCHOTT de México, S.A. de C.V., Amatlán de los Reyes/Mexico	100.0	[1]
SCHOTT Pharmaceutical Packaging OOO, Zavolzhye/Russia	100.0	[1]
SCHOTT forma vitrum holding ag, St Gallen/Switzerland	100.0	
SCHOTT Pharma Schweiz AG, St Gallen/Switzerland	100.0	
SCHOTT Hungary Kft., Lukácsháza/Hungary	100.0	
SCHOTT Pharma USA, Inc., Lebanon/USA	100.0	
SCHOTT PHARMA D.O.O. BEOGRAD, Belgrade/Serbia	100.0	
Companies accounted for using the equity method		
International		
SCHOTT Poonawalla Pvt. Ltd., Mumbai/India	50.0	[2]
Empha S.p.A. Turin/Italy	50.0	[1]
Smart Skin Technologies Inc., Fredericton/Canada	20.0	[1]

[1] Statutory financial year from 1 January to 31 December – included in the Consolidated Financial Statements based on interim financial statements as of 30. September 2023,
[2] Statutory financial year from 1 April to 31 March included in the Consolidated Financial Statements based on interim financial statements as of 30. September 2023.

Acquisitions/divestments

No acquisitions or divestments took place during the financial year under review.

4.2 Consolidation methods

In accordance with IFRS 3 **Business Combinations**, capital is consolidated using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, SCHOTT Pharma Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognised as expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable assets acquired and liabilities assumed.

The share of equity attributable to third parties not associated with the Group is reported under equity in the Consolidated Statement of Financial Position as "Non-controlling interests".

Intercompany receivables and liabilities as well as expenses and income of the consolidated companies are offset against each other as part of consolidation. Likewise, intercompany profits or losses from deliveries and services to other Group companies are eliminated.

Where the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts in considering whether it exercises control over this investee. These include:

- contractual arrangements with other parties holding voting rights,
- rights resulting from other contractual arrangements,
- voting rights and potential voting rights of the Group.

The results, assets and liabilities of material associates have been included using the equity method in accordance with IAS 28 **Investments in Associates and Joint Ventures**. Associates are investments over which significant influence can be exercised. As a rule, SCHOTT Pharma's accounting policies are also applied to these associates.

Joint ventures within the meaning of IFRS 11 Joint Arrangements are also accounted for using the equity method.

The shares are presented at cost on initial recognition in the Consolidated Statement of Financial Position and adjusted during subsequent measurement to reflect changes in the Group's share in the equity (net assets) after the acquisition date as well as losses resulting from impairments.

4.3 Foreign currency translation

The financial statements of foreign Group entities are translated based on the functional currency concept in accordance with IAS 21 **The Effects of Changes in Foreign Exchange Rates**. The functional currency of the relevant companies is their respective national currency, since all of their economic, financial and organisational operations are carried out independently in their respective national currency.

Foreign currency receivables and payables in the financial statements of Group entities are translated at the currency rates applicable on the reporting date. Translation differences arising therefrom are recognised in profit or loss under other operating expenses or other operating income, as appropriate.

The assets and liabilities of consolidated subsidiaries whose functional currency is not the euro are translated at the mid-market rate of exchange on the reporting date, while their expenses and income are translated at the average exchange rate for the month in which the transaction took place, except for subsidiaries subject to application of IAS 29 **Financial Reporting in Hyperinflationary Economies**. Resulting translation differences are not reported in the Consolidated Statement of Income but directly in equity.

The following table shows the exchange rates for the most important foreign currencies to SCHOTT Pharma Group:

	Mid-market rate on the reporting date			Average rate for the financial year	
1 EUR =	30 Sep 2023	30 Sep 2022	1 Oct 2021	2022/2023	2021/2022
Brazilian real	5.30	5.28	6.29	5.40	5.80
Chinese renminbi	7.67	6.94	7.49	7.44	7.16
Indonesian rupiah	16,414.16	14,978.87	16,612.38	16,092.83	15,932.32
Mexican peso	18.40	19.60	23.76	19.64	22.48
Swiss franc	0.97	0.96	1.08	0.98	1.03
Hungarian forint	389.10	421.38	359.87	390.62	374.32
US dollar	1.06	0.97	1.16	1.06	1.10

The functional currency of SCHOTT Envases Argentina S.A., Buenos Aires/Argentina, which is included in the Consolidated Financial Statements, i.e. the Argentine peso, is considered to be hyperinflationary within the meaning of IAS 29 **Financial Reporting in Hyperinflationary Economies**. IAS 21.43 therefore requires that the reporting packages of this company be restated pursuant to IAS 29, to reflect the purchasing power as of the end of the reporting period before they are included in the Consolidated Financial Statements of SCHOTT Pharma. This restatement was applied to all of the Company's assets and liabilities prior to translation. All amounts in the reporting packages were then translated at the closing rate on the reporting date for inclusion in the Consolidated Financial Statements.

The restatement pursuant to IAS 29 was based on the provisions for historical cost financial statements. Non-monetary assets and liabilities, equity and total comprehensive income must be restated to reflect the change in the applicable price index. Monetary items are not restated because they are already expressed in terms of the monetary unit prevailing as of the reporting date. Monetary items are money held and items to be received or paid in money.

A general price index that reflects the changes in purchasing power must be determined for the restatement. This index should be applied by all companies reporting in the currency of this economy. For the company in Argentina, SCHOTT Pharma applies the indices proposed by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE) in Resolution JG 539/18, which companies, using the Argentine peso as their functional currency should apply to determine any restatement required due to hyperinflation. These indices are essentially based on the wholesale price index for periods until 31 December 2016 and on the retail price index for periods thereafter. The FACPCE publishes a detailed index table every month. According to this table, the index for the financial year 2022/2023 was 2.37, based on the purchasing power as of 30 September 2022 (previous year: 1.83; 1 October 2021: 1.52).

For the restatement of non-monetary items (not including equity), SCHOTT Pharma applied the change in the general price index from the date of initial recognition of the transaction (e.g. the date of acquisition for property, plant and equipment) until the end of the reporting year. For non-monetary assets and liabilities that are carried at amounts current at the end of the reporting period, such as net realisable value and fair value, no restatement is necessary. Under IAS 29, restated non-monetary assets must be tested for impairment in accordance with appropriate IFRSs. If the recoverable amount of an item of property, plant and equipment or an intangible asset (or net realisable value for inventories) falls below its restated amount, an impairment loss must be recognised in profit or loss even if no impairment was identified prior to the restatement.

At the beginning of the first period of application of IAS 29, the components of equity (except retained earnings) are restated by applying a general price index from the date the components were contributed or otherwise arose. This includes reserves consisting of amounts recognised in other comprehensive income. Any revaluation reserves from prior periods are eliminated. Retained earnings are adjusted by the net amount derived from the restatement of the other amounts in the

opening Statement of Financial Position. At the end of the first period, and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later. Since the Group currency, the euro, is the currency of a non-hyperinflationary economy, the previous year's Consolidated Financial Statements were not restated in accordance with IAS 21.42b.

All items in the Statement of Comprehensive Income for the reporting year are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements. The restated profit for the current period is added to the restated retained earnings in the opening Statement of Financial Position. Current income tax expenses are restated in line with the change in the general price index.

The gain or loss on the net monetary position may be derived as the difference between historical cost and the restatement of non-monetary assets, equity and items in the Statement of Comprehensive Income, and is included in the financial result. Please refer to Note 11 for more details.

4.4 Significant judgements and estimates

The preparation of financial statements in accordance with IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, as well as related disclosures and reporting of contingent liabilities. Uncertainty surrounding these assumptions and estimates might lead to results that require a material adjustment to carrying amounts of assets or liabilities in future periods.

Significant judgement was required on the following matters:

Revenue recognition

Recognition of revenues from the sale of order-related products over time vs. at a specific point in time

SCHOTT Pharma sells a broad variety of customer-specific products which have no alternative use. It must be judged whether these products fulfil the requirements laid down in IFRS 15.35c (i.e. whether the entity's performance creates an asset with no alternative use to the entity and whether the entity has an enforceable right to payment for the performance completed to date).

Determination of the transaction price for variable consideration

SCHOTT Pharma has long-term series supply contracts under which customers make advance payments. Such payments are recognised under non-financial liabilities as advance payments received on orders. The advance payments are offset against subsequent serial deliveries, provided that the customers purchase contractually defined minimum quantities. Offsetting may vary, depending on the quantity purchased; advance payments therefore represent a variable consideration. For this reason, determining transaction prices by necessity involves discretionary judgements.

Definition of lease term

SCHOTT Pharma defines lease term as the non-cancellable base term of a lease, plus any periods for which there is an option to extend the lease if it is considered reasonably certain that the option will be exercised, or periods for which there is an option to terminate the lease if it is considered reasonably certain that this option will not be exercised.

SCHOTT Pharma has several lease contracts that include extension and termination options, and evaluates if it is reasonably certain whether or not a given option to extend or terminate the lease will be exercised. When determining the term of the lease, all facts and circumstances are considered which represent an economic incentive to exercise extension options or not to exercise termination options.

Use of estimates

Preparing the Consolidated Financial Statements in accordance with IFRSs requires estimates that affect the measurement of assets and liabilities, the nature and scope of contingent liabilities, and purchase commitments as of the reporting date, along with the amount of income and expenses in the reporting period.

All underlying estimates and assumptions are based on the most current information available at that time. However, estimates and assumptions regarding future development may change due to market fluctuations and conditions outside SCHOTT Pharma's sphere of influence. Thus, estimates and actual results may differ. Changes are recognised in profit or loss as and when better information is available.

We specifically base our business trend expectations on both the circumstances prevailing at the time when the Consolidated Financial Statements are prepared and a realistic assumption regarding future development of the industry and global environment.

Our estimates and assumptions mainly relate to:

Economic useful lives of intangible assets and property, plant and equipment

Amortisation of intangible assets and depreciation of property, plant and equipment is based on the estimated useful lives of assets uniformly determined for SCHOTT Pharma. The expected useful lives are estimated based on our experience, and reviewed at least annually.

Impairment of non-financial assets

Impairment occurs when the carrying amount of an asset or cash-generating unit (“CGU”) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is calculated based on available data from binding sales transactions, conducted at arm’s length, for similar assets, or observable market prices less incremental costs to sell a given asset. The value in use is calculated based on the discounted cash flow (“DCF”) model. The cash flows are derived from the budget for the next three years and do not include any restructuring activities SCHOTT Pharma has not yet committed itself to or any significant future investments that will enhance the performance of the assets or tested CGU. The recoverable amount depends on the discount rate used for the DCF model, expected future cash inflows and the growth rate used for extrapolation purposes.

Incremental interest rate for leases

Since SCHOTT Pharma cannot readily determine the interest rate underlying a lease, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the interest rate SCHOTT Pharma would have to pay to raise – over a similar term and with similar collateral – the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. It therefore reflects what SCHOTT Pharma would have to pay if no observable rates were available (e.g. for subsidiaries not entering into financing transactions) or if such rates need to be adjusted to reflect the terms and conditions of the lease (e.g. if leases are not given in the subsidiary’s functional currency). SCHOTT Pharma estimates the IBR using observable inputs (such as market interest rates), if available, and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Loss allowance for expected credit loss from trade receivables and contract assets

SCHOTT Pharma regularly estimates the default risk of receivables and contract assets, taking many factors into account, e.g. the length of the customer relationship and the customer's payment behaviour. Credit agency ratings may also be considered if necessary. Based on these criteria, each business partner is assigned an individual credit rating. Loss allowance for expected credit loss is then recognised based on that individual credit rating and the maturity of the respective receivable. Other factors that cannot be taken into account when determining the credit rating

are included through subsequent adjustments, where necessary. Changes to the assessment of these factors influence the amount of loss allowance for expected credit loss, with corresponding effects upon SCHOTT Pharma's profit.

Net realisable value of inventories

The net realisable value of inventories is the estimated revenue in the ordinary course of business less the estimated costs of completion and the estimated selling costs. It is calculated based on historical experience.

Recognition and measurement of provisions

Provisions are measured at present value, using the best estimate of expected future expenses required to settle a given obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the fair value and liability-specific risks. Increases in provisions over time are recognised in the Consolidated Statement of Income as interest expenses.

Current and deferred taxes

Current and deferred taxes are calculated based on country-specific laws and regulations. Due to their complexity, tax items presented in the Consolidated Financial Statements may be interpreted differently by taxpayers on the one hand and local tax authorities on the other. Different interpretations may occur, especially in connection with the recognition and measurement of balance sheet items or in connection with the tax assessment of expenses and income. The calculation of deferred taxes requires assumptions regarding future taxable income and the timing of when active deferred taxes will be realised. In this context, SCHOTT Pharma takes into consideration, among other things, the projected earnings from business operations, the effects on earnings of the reversal of taxable temporary differences, and realisable tax strategies. Given that future business development is uncertain and sometimes beyond SCHOTT Pharma's control, the assumptions made for the accounting of deferred taxes may include a substantial degree of uncertainty. SCHOTT Pharma conducts impairment tests for deferred tax assets on each reporting date, based on the planned taxable income for future financial years. Deferred tax assets are only recognised if future taxable income is likely to produce tax benefits. Further details on current and deferred taxes are disclosed in Note 3.5 and Note 11.

Recoverability of goodwill

SCHOTT Pharma reviews at least annually whether goodwill has been impaired or whenever there are indications of impairment. The recoverable amount of a particular CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on management-approved financial budgets covering a three-year period. Cash flows beyond the four-year period are extrapolated using estimated growth rates.

Impact of climate change

SCHOTT Pharma's risk management system continuously analyses potential risks arising from climate change. Identified risks include, in particular, rising energy and raw material prices and volatile material availability. In addition, extreme weather events are becoming more frequent, which can cause damage to buildings, production facilities and warehouses, and may lead to increasingly fragile supply chains. Taking into account SCHOTT Pharma's risk mitigation measures, the risk analysis identified no significant risks for the Company's business model as of the reporting date. Accordingly, it is not expecting such risks to have a significant impact on its business model or its financial position and financial performance. This assessment is based on various estimates and related assumptions that, in turn, are based on experience and various other factors considered appropriate under the given circumstances.

SCHOTT Pharma can make a contribution to protect the climate and regards climate protection as a central field of action in its sustainability strategy. The Company aims to achieve net zero scope 1 and scope 2 emissions by 2030. For further information, please refer to the combined management report in the Non-financial Statement.

Preparation of the Combined Financial Statements in the previous year

Comparative figures as of 30 September 2022 and the opening Statement of Financial Position as of 1 October 2022 correspond to the details provided for SCHOTT Pharma's business in the Combined Financial Statements. When preparing the Combined Financial Statements, the Company's management made judgements, estimates and assumptions that affect the application of accounting principles and the reported amounts of income, expenses, assets and liabilities. The estimates made and the basis of preparation were consistent with the estimates made on the same date and in accordance with IFRS reporting requirements, as part of the Consolidated Financial Statements of SCHOTT AG, unless stated otherwise.

4.5 Accounting policies

General

With the exception of the measurement of certain financial instruments at fair value, SCHOTT Pharma KGaA's Consolidated Financial Statements are prepared on the basis of accounting policies applied uniformly throughout the Group, based on historical cost.

The key accounting policies are laid out below.

Recognition of revenue and other income, contract assets

In accordance with IFRS 15 **Revenue from Contracts with Customers**, SCHOTT Pharma recognises revenue when control of the products has been transferred or the service has been rendered; in other words, when the customer is able to control use of the transferred goods or services and largely obtains the remaining benefits. This is subject to the proviso that a contract with enforceable rights and obligations exists and, among other things, receipt of the consideration is sufficiently probable. Revenue comprises the consideration that SCHOTT Pharma is expected to receive for the transfer of goods or the rendering of services.

When standard products are sold, revenue is recognised when control is transferred to the buyer, usually upon delivery of the goods. However, in the case of order-related production where the final product cannot be sold to another customer (customer-specific asset without alternative use) and where SCHOTT Pharma is entitled to enforceable payment rights for services rendered, revenue is recognised over time in accordance with IFRS 15.35(c). SCHOTT Pharma's production is generally based on standardised manufacturing processes, which are each handled on an order-by-order basis. As a rule, production time is short (a few days) and SCHOTT Pharma focuses on series production, i.e. standardised production for customer-specific requirements. With output for the customer being the most important factor for SCHOTT Pharma, revenue recognition on the basis of the units produced is generally considered a suitable method to accurately illustrate progress towards completion. In this case, a contract asset must be recognised because SCHOTT Pharma has recognised revenue from the fulfilment of the performance obligation before the conditions for invoicing, and thus for the recognition of a trade receivable, have been met.

A contract asset represents the right to receive consideration in exchange for goods or services transferred to a customer. If SCHOTT Pharma performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the conditional right to consideration. Contract assets are recognised as current assets because they arise and are due during the normal operating cycle. Impairment losses on contract assets follow the rules for financial assets. For more information, please refer to Note 30.

In contrast to contract assets, receivables represent unconditional claims to consideration, i.e. receivables fall due automatically as a result of the passage of time.

If a single contract with a customer contains several performance obligations, the agreed transaction price is allocated to the separate performance obligations in accordance with the relative stand-alone selling prices. The relative stand-alone selling prices generally correspond to the contractually agreed prices for the separate performance obligations.

SCHOTT Pharma has concluded long-term series supply contracts with selected customers, within the scope of which the latter make advance payments for serial deliveries they will receive in subsequent financial years. The advance payments will be offset, provided that the customers purchase contractually agreed minimum quantities. As such, advance payments represent contract liabilities within the meaning of IFRS 15 **Revenue from Contracts with Customers** and are recognised as advance payments received on orders under other non-financial liabilities. SCHOTT Pharma adjusts the amount of the promised consideration for the effects of the financing component when defining the transaction price, provided that the payment date agreed for the advance payment represents a significant benefit from a financing for SCHOTT Pharma. The interest expenses resulting hereof are reported under the financial result.

Where the interval between transfer of a promised good to the customer and payment by the customer is one year or less, SCHOTT Pharma refrains from adjusting the promised consideration for the effect of a significant financing component for practical reasons in line with IFRS 15.63.

SCHOTT Pharma's payment terms of up to 90 days, depending on market and region, are in line with industry practice.

SCHOTT Pharma typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are recognised in accordance with IAS 37 **Provisions, Contingent Liabilities and Contingent Assets**.

To the extent that SCHOTT Pharma provides services, revenue is recognised over time in accordance with IFRS 15.35(a). Services provided by SCHOTT Pharma are recognised as soon as the service has been rendered.

SCHOTT Pharma makes use of IFRS 15.121 and does not publish any information on transaction prices allocated to any remaining performance obligations if the underlying contracts have an expected original term of no more than one year.

Revenue is recognised net of revenue-related taxes and variable components such as bonuses, cash discounts and rebates. If a contractual consideration contains a variable component, SCHOTT Pharma determines the amount of the consideration due to the Group in exchange for the transfer of the goods to the customer. Discounts are generally allocated to the separate performance obligations on the basis of the relative stand-alone selling prices. The variable consideration is estimated at contract inception and may only be included in the transaction price if it is highly probable that a significant reversal of cumulative revenue recognised will not occur as soon as the uncertainty associated with the variable consideration is resolved.

Recognition of expenses

Costs incurred in order to generate revenue and the cost of goods purchased for resale are reported under cost of sales. This item also includes expenses related to the allocation of provisions to cover warranties.

Besides personnel and non-personnel costs and depreciation/amortisation in sales, selling expenses include shipping, advertising, sales promotion, market research and customer service costs as well as outbound freight.

General administrative expenses include personnel and non-personnel costs, and depreciation/amortisation attributable to administrative operations.

Taxes chargeable as expenses, such as property tax and motor vehicle tax, are assigned to cost of sales, research and development costs, selling expenses or administrative expenses, based on where they were actually incurred.

Fair value measurement

SCHOTT Pharma measures certain financial instruments, such as derivatives, at fair value on every reporting date. Please refer to Note 30 for the fair values of financial instruments measured at amortised cost (AC) and the fair values of financial instruments measured at fair value through profit or loss (FVTPL).

The fair value is the price that would be received upon sale of an asset, or paid for the transfer of a liability, in an orderly transaction between market participants on the measurement date. Fair value measurement assumes that the transaction, i.e. the sale of the asset or transfer of the liability, takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The Group must have access to the principal or most advantageous market.

Fair value measurement of an asset or liability is based on the assumptions market participants would make when determining the price of the asset or liability, it being presumed that market participants would act in their own best economic interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

SCHOTT Pharma uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value with as many significant observable inputs as possible – and as few unobservable inputs as possible.

All assets and liabilities for which the fair value is determined or presented in the financial statements are categorised in the fair value hierarchy described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: valuation methods for which the lowest level input that is significant for the entire fair value measurement can be directly or indirectly observed on the market
- Level 3: valuation methods for which the lowest level input that is significant for the entire fair value measurement cannot be observed on the market

For assets and liabilities that are recognised on a recurring basis in the financial statements, SCHOTT Pharma determines whether there have been any reclassifications between the hierarchy levels by reviewing the classification at the end of each reporting period (based on the lowest level input that is significant for the entire fair value measurement).

Where required, external appraisers are consulted for the evaluation of significant assets, such as property, as well as significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and compliance with professional standards.

To meet the fair value reporting requirements, SCHOTT Pharma has defined different classes of assets and liabilities, based on their nature, characteristics and risks as well as the levels of the fair value hierarchy described above.

Research and development costs

Research costs are always expensed.

Development costs must be capitalised if and as soon as certain conditions are demonstrably and cumulatively met. For instance, it must be possible to use or sell the internally generated intangible asset, resulting in an economic benefit for the Company. Initial capitalisation of costs is based on management judgements that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In order to determine the amounts to be capitalised, assumptions are made regarding the future cash flows from assets, applicable discount rates and the period in

which asset-generating cash flows are expected to accrue. SCHOTT Pharma makes management judgements when assessing whether development costs are eligible for capitalisation. In analogy to the pharmaceutical industry, development costs for pharmaceutical packaging are only capitalised when approval has been granted for the pharmaceutical product to be packaged. As a result, SCHOTT Pharma does not recognise development costs because the criteria stipulated in IAS 30 **Intangible Assets** are not met. For further details, please refer to Note 7.

Development costs that cannot be capitalised are expensed.

Intangible assets

Intangible assets are recognised if (a) the intangible asset can be identified (i.e. if it can be separated or if it arises from contractual or other rights), (b) it is probable that SCHOTT Pharma Group will obtain economic benefits from the intangible asset going forward, and (c) the costs of the intangible asset can be reliably determined. Intangible assets with finite useful lives are recognised at cost and amortised over the estimated useful life or a shorter contract term using the straight-line method. Amortisation of intangible assets with finite useful lives is recognised in the Consolidated Statement of Income under the expense category corresponding to the function of the intangible asset within the Company.

The scheduled useful lives of intangible assets are generally as follows:

	Years
Patents and licences	2 to 20
Software	3 to 5

Research costs are not capitalised (please refer to the section on research and development costs in these Notes).

Property, plant and equipment

Property, plant and equipment, with the exception of right-of-use assets, is carried at cost less accumulated depreciation in accordance with IAS 16 **Property, Plant and Equipment**. Subsequent measurement is based on the cost model (IAS 16.30). This also applies to spare parts that are used for longer than one period. In addition to direct material and labour costs, the cost of self-constructed property, plant and equipment also includes pro-rata indirect costs as well as borrowing costs, provided the requirements of IAS 23 **Borrowing Costs** are met. Property, plant and equipment is depreciated on a straight-line basis. Additions during the course of the year are depreciated pro rata temporis. Should specific facts and circumstances indicate that an impairment is required, property, plant and equipment is tested for impairment. Please also refer to the section on the impairment of non-financial assets.

If significant parts of a non-current asset have different useful lives, they are recognised as separate non-current assets and depreciated accordingly (component approach). At SCHOTT Pharma Group, this affects mainly large machines.

Depreciation is generally based on the following useful lives:

	Years
Buildings	10 to 50
Technical equipment and machinery	5 to 25
Other equipment, operating and office equipment	3 to 20

Maintenance and repairs are expensed, whilst investments in replacement and expansion as well as restoration and waste disposal commitments are capitalised. Gains and losses on the disposal

of non-current assets are recognised under other operating income or other operating expenses, as the case may be.

Right-of-use assets

SCHOTT Pharma recognises right-of-use assets on the commencement date of the lease (i.e. the date on which the underlying leased asset is ready for use). Right-of-use assets are measured at cost less all accumulated depreciation and all accumulated impairment losses, and are adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets comprises the lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any incentives received.

Should specific facts and circumstances indicate that an impairment is required, right-of-use assets are also tested for impairment. Please also refer to the sections on leases and on the impairment of non-financial assets in these Notes.

Government grants

Government grants are not recognised until there is reasonable assurance that SCHOTT Pharma will be able to meet the associated terms and conditions and the grant will actually be approved. Government grants for assets are deducted from the cost of the respective asset. Other government grants are recognised as income over the period that is necessary to match them to the expenses which they are intended to compensate.

Impairment of non-financial assets

Goodwill acquired for a consideration as part of business combinations is tested for impairment at least once a year as well as in the event of specific indications that a cash-generating unit ("CGU") may be impaired. For the purposes of this impairment test, the assets are assigned to cash-generating units that benefit from their use. In accordance with the provisions of IAS 36 **Impairment of Assets**, an impairment loss is recognised if the carrying amount of the cash-generating unit to which the goodwill is assigned exceeds its recoverable amount. The recoverable amount of a cash-generating unit is the higher of the fair value of the cash-generating unit less costs to sell and its value in use. The value in use is determined using a discounted cash flow method for each cash-generating unit. If the carrying amount of a cash-generating unit (CGU) exceeds its recoverable amount, the goodwill is written down to its recoverable amount. It is prohibited to reverse impairment losses on goodwill.

The other intangible assets, as well as property, plant and equipment and right-of-use assets, are tested for impairment if there are indications that there could be reasons for an impairment. Assets of a cash-generating unit must be adjusted for impairment if the carrying amount exceeds the net sales proceeds that would result from an arm's length sale, or the value in use. The value in use is determined on the basis of the expected future cash inflows that a CGU's assets are likely to generate over the period of use, assuming no change in use. If there are indications that reasons which led to an impairment loss in the past no longer apply, a test is conducted to determine whether the impairment is to be reversed up to the amortised carrying amount.

The planning periods used generally comprise three years and are based on values drawn from past experience as well as management's best estimate of future development. Longer planning periods of up to ten years are only used when developing new business areas, since meaningful historical figures are not yet available. As in the previous year, the long-term growth rate used in planning is 1.0 % p.a.

Expected cash flows are discounted using the weighted average cost of capital. This cost of capital is derived from capital market models and also from the debt-equity ratios and cost of debt of comparable companies in the industry (peer group). Further details, including the carrying amounts, can be found in Notes 13 and 14.

Investments accounted for using the equity method

The carrying amounts of investments accounted for using the equity method are increased or decreased by the amount of the Group's share in income, dividends distributed or other changes in equity. Any losses on the part of an associate that exceed the Group's investment in the investee are recognised only to the extent that the Group has entered into legal or constructive obligations or made payments for the investee.

Inventories

Inventories are measured at the lower of cost or net realisable value, i.e. the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is determined on the basis of the weighted average cost. Production cost includes directly attributable material and personnel costs as well as appropriate portions of materials and production overheads, including depreciation, determined on the basis of normal capacity utilisation of the production facilities. Financing costs are taken into account in accordance with IAS 23 **Borrowing Costs**.

Income tax assets and liabilities

In accordance with IAS 12 **Income Taxes**, income tax assets relate exclusively to claims for refunds of taxes on income and earnings. Income tax assets are recognised if the Group can expect a corresponding refund on the basis of the applicable legal situation. Conversely, a liability for current income taxes is recognised when an obligation has arisen. SCHOTT Pharma regularly assesses individual tax matters to determine whether there is any scope for interpretation in light of applicable tax regulations. Tax provisions are recognised for risks from tax audits if necessary. Please refer to Note 12 for further details.

Deferred taxes

Under IAS 12 **Income Taxes**, deferred tax assets and liabilities are recognised for all temporary differences between tax and financial (IFRS) accounts, tax credits and tax loss carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period in which an asset is realised or a liability is settled. SCHOTT Pharma uses the tax rates and tax laws applicable as of the reporting date when calculating deferred tax assets and liabilities. The effects of tax rate changes on deferred taxes are recognised when changes to relevant laws are enacted. Deferred tax assets are recognised only to the extent that it is likely that temporary differences, tax loss carryforwards or tax credits can be offset against future taxable income. When determining the amount of deferred tax assets, management must use significant judgement with respect to the timing and amount of future taxable income as well as future tax planning strategies. In contrast to the period of three years generally used for planning, tax planning takes place for extended periods of up to five years. Further details, including carrying amounts, can be found under Note 12.

Value-added tax

Expenses and assets are recognised net of value-added tax, except in the following cases:

- If the value-added tax that is incurred when assets are purchased or services are utilised is not recoverable from the tax authorities, the value-added tax is recognised as part of the production cost of the asset or as part of the expense item, as applicable.
- If assets and liabilities are stated with the amount of value-added tax included.
- With regard to Group companies for which only a pro rata refund of the value-added tax is possible, the non-refundable portion of the tax is not deducted.
- No value-added tax is deducted for Group companies for which no VAT refund is possible.

The value-added tax amount recoverable from or payable to the tax authorities is reported in the Consolidated Statement of Financial Position under receivables or payables.

Other current non-financial assets

This item includes prepaid expenses for goods or services, receivables from other taxes as well as entitlements to investment grants or government subsidies. These receivables do not meet the definition of a financial instrument and are measured at cost or their lower fair value.

Cash and cash equivalents

SCHOTT Pharma treats cash on hand and cheques, demand deposits and time deposits with original maturities of up to three months as cash and cash equivalents. Cash equivalents are available at short notice, highly liquid, and can be converted into cash at any time. They are also subject to only minor impairment risks. These cash and cash equivalents meet the criteria of IAS 7 **Statement of Cash Flows**.

Provisions for pensions and similar commitments

Defined contribution plans are expensed in the period in which the payment obligation arises. There is no requirement to recognise an obligation in the case of pure contribution commitments. Defined benefit pension commitments are measured using the projected unit credit method stipulated in IAS 19 **Employee Benefits**, taking future salary and pension adjustments into account. Revaluations, including actuarial gains and losses and the return on plan assets excluding net interest are recognised immediately in other comprehensive income. Commitments within SCHOTT Pharma are determined on the basis of the respective local biometric base. Pension commitments in Germany are determined on the basis of the biometric bases of calculation set forth in the Heubeck Mortality Tables 2018 G.

Past service cost is recognised as an expense, either at the time at which the plan amendment/curtailment takes place or when the costs associated with the restructuring or termination of employment are recorded, whichever is earlier. Accordingly, unvested past service costs can no longer be deferred and recognised over the future vesting period.

Pension commitments outside Germany are determined using local parameters and bases of calculation.

The present value of the defined benefit obligation at the end of the financial year is compared with the fair value of plan assets (funded status), whereby capitalised values are netted against the corresponding obligations. Provisions for pensions also include a small amount of employee-financed pension commitments (deferred compensation).

Given the long-term orientation of these plans, such estimates are subject to substantial uncertainty. Further details, including carrying amounts, can be found under Note 24.

Other provisions

In accordance with IAS 37 **Provisions, Contingent Liabilities and Contingent Assets**, SCHOTT Pharma recognises provisions for obligations to third parties if the company has a present obligation as a result of a past event, an outflow of resources embodying economic benefits that will probably (that means more likely than not) be required to settle the obligation, and a reliable estimate can be made of the obligation amount. Provisions with a remaining term of more than one year are recognised at their discounted settlement amount.

Warranty provisions

Warranty provisions are reported under sales provisions along with other provisions arising in connection with sales. Warranty provisions are determined on the basis of known individual cases, historical data and empirical values. Original estimates of costs related to warranties are reviewed annually. Due to their nature and the multi-year period of some warranties, provisions for warranties are based on estimates that are fraught with significant uncertainty.

Provisions for litigation risks

Provisions are recognised for risks arising from litigation in which a SCHOTT Pharma Group entity is the defendant. The amount recognised corresponds to the amount likely to be paid in the event of a negative outcome. This includes, in particular, compensation for damages, settlements, litigation costs and penalties.

Share-based remuneration

A share-based remuneration scheme with cash settlement was granted to selected employees, with remuneration linked to the enterprise value at the time of the IPO (performance indicator) and a maximum service period of twelve months after that date. Provisions recognised until the IPO (under other provisions) will be remeasured at each reporting date, depending on expected changes in value, and resulting income or expenses recognised in profit or loss within the respective functional areas. Expenses recognised over the performance period until the settlement date correspond to the fair value. As a result of the IPO carried out on 28 September 2023, the enterprise value at the IPO date is fixed as of the reporting date of 30 September 2023, which means that the remuneration from now on will be linked to a service period of twelve months. Accordingly, the share-based payment arrangement now falls under the scope of IAS 19 **Employee Benefits** and the recognised obligation has been reclassified from other provisions to accrued liabilities.

Accrued liabilities

An accrued liability is recognised if a current legal or constructive obligation to third parties has arisen that will result in a probable outflow of resources, but the timing or the amount of the probable outflow of resources is no longer uncertain (in contrast to provisions). The financial liabilities reported are recognised at amortised cost.

Other non-financial liabilities

Other non-financial liabilities include advance payments received on orders, liabilities from other taxes and other liabilities that do not meet the definition of financial liabilities. They are recognised at cost or the respective settlement amount.

Leasing

The determination of whether an arrangement contains a lease is made based on the economic substance of the arrangement at inception of the lease. This requires an assessment as to whether fulfilment of the contractual arrangement is dependent on the use of a specific asset or group of assets and whether the arrangement conveys a right to the use of the asset, even if this right is not expressly set forth in the arrangement.

The Group as lessee

According to IFRS 16 **Leases**, lessees are required to account for all leases in the form of a right-of-use asset and a corresponding lease liability. The lease liability is measured at the present value of the lease payments not yet made. It is presented in the Consolidated Statement of Income as a financing transaction, so that the right-of-use asset is depreciated on a straight-line basis and the lease liability is amortised using the effective interest method. When measuring the lease liability for the first time, extension, termination and purchase options are taken into account if their exercise is deemed to be reasonably certain. The practical expedient is used for leases of low-value assets and for short-term leases.

Contingent assets and liabilities

These are potential assets or liabilities which are the result of past events and whose existence is dependent on the occurrence or non-occurrence of one or several future events over which SCHOTT Pharma does not have full control. Contingent liabilities can also be current liabilities that are the result of a past event in which a resulting outflow of resources is improbable or cannot yet be reliably determined. In accordance with IAS 37 **Provisions, Contingent Liabilities and Contingent Assets**, they are not recognised.

Earnings per share

Earnings per share are calculated by dividing the profit for the period attributable to limited liability shareholders of SCHOTT Pharma AG & Co. KGaA by the weighted average number of outstanding limited liability shares of SCHOTT Pharma AG & Co. KGaA. In the financial years 2022/2023 and 2021/2022, there were no equity instruments that would have diluted earnings per share on the basis of the respective outstanding limited liability shares.

Notes to the Statement of Income and the Statement of Financial Position

5 Revenue

Revenue mainly results from the sale of goods.

Revenue is presented by segment and region as part of segment reporting in Note 37.

The timing of revenue recognition is determined as follows:

(in EUR thousands)	2022/2023	2021/2022
Revenue recognised at a point in time	728,054	653,808
Revenue recognised over time	170,548	167,336
	898,602	**821,144**

6 Selling and general administrative expenses

Selling expenses mainly include personnel and non-personnel expenses, depreciation, amortisation and impairment related to the sales functions, logistics, market research, shipping, advertising as well as licence expenses related to trademark rights.

Personnel and non-personnel expenses pertaining to the management and administrative cost centres are reported under general administrative expenses, unless they were charged to other functional areas as internally provided services.

7 Research and development costs

Research and development costs increased by EUR 3,295k to EUR 26,822k in the 2022/2023 financial year (this corresponds to 3.0 % of revenue, previous year: 2.9 %).

During the periods presented, no development costs were capitalised since the recognition criteria in accordance with IAS 38 **Intangible Assets** were not fulfilled for any project.

8 Other operating income

Other operating income includes income arising from operating activities that cannot be allocated to other functional areas.

(in EUR thousands)	2022/2023	2021/2022
Income from reimbursed costs	7,395	4,708
Income from reversals of impairment losses and write-ups	5,709	0
Income from costs reimbursed in connection with the IPO	4,795	0
Exchange rate gains	2,714	0
Income from the reversal of provisions/accrued liabilities	1,324	939
Income from commissions and licences	803	2,044
Income from insurance benefits	527	104
Income from grants and reimbursements	483	640
Income from disposals of property, plant and equipment	394	1,511
Scrap proceeds	379	339
Income from non-income taxes	313	504
Miscellaneous	903	761
	25,739	**11,550**

Income from reimbursed costs mainly includes income from research and development projects carried out for customers as well as from other services provided to SCHOTT Group entities. These amounts are reported under other operating income since they were not generated as part of SCHOTT Pharma's ordinary business activities or do not meet the requirements of IFRS 15 **Revenue from Contracts with Customers**.

Income from reversals of impairment losses and write-ups is fully attributable to assets located in Russia, more specifically property, plant and equipment (EUR 5,199k) and other assets (EUR 510k). Please refer to Note 14 for further details.

The costs incurred by companies from SCHOTT Pharma Group in connection with the IPO were reimbursed by SCHOTT AG in the amount of EUR 4,795k, based on a cost assumption agreement of which EUR 650k is attributable to the previous year, representing prior-period income. The related expenses are reported in other operating expenses.

As in the previous year, income from grants and cost reimbursements mainly relates to government grants for which the conditions for collection have been finally met.

Exchange rate losses of EUR 37,051k (previous year: EUR 25,716k) are netted against exchange rate gains of EUR 39,765k (previous year: EUR 18,685k); resulting in net exchange rate gains of EUR 2,714k in the 2022/2023 financial year, reported in other operating income. In the previous year, net exchange rate losses of EUR 7,031k were reported in other operating expenses.

9 Other operating expenses

Other operating expenses include all expenses that are not specifically allocated to the functional areas of manufacturing, sales, research and development or administration, or are not reported separately elsewhere.

(in EUR thousands)	2022/2023	2021/2022
IPO-related expenses	4,145	650
Expenses from non-income taxes	2,200	842
Expenses from the recognition of provisions/accrued liabilities	1,768	948
Loss allowances on receivables and other assets	1,535	118
Recharged expenses	1,006	0
Bank charges	276	316
Donations	16	16
Restructuring expenses	0	11,570
Exchange rate losses	0	7,031
Miscellaneous	1,730	1,364
	12,676	**22,855**

Costs incurred by SCHOTT Pharma Group companies in connection with the IPO were charged to SCHOTT AG. The related income is reported as other operating income (see Note 8).

Restructuring expenses reported in the previous year were attributable to impairment losses on assets located in Russia. Please refer to Note 14 for further details.

The balance of exchange rate losses and exchange rate gains for the year under review is reported in other operating income (see Note 8).

Changes in loss allowances on receivables and other assets are reported on a net basis.

10 Share of profit from investments accounted for using the equity method

The results from investments accounted for using the equity method shown under profit for the period can be broken down as follows:

(in EUR thousands)	2022/2023	2021/2022
SCHOTT Poonawalla Pvt. Ltd., Mumbai/India	9,605	10,669
Empha S.p.A., Turin/Italy	2,412	2,899
Smart Skin Technologies Inc., Fredericton/Canada	-275	-578
	11,742	**12,990**

For more information, please refer to Note 15.

11 Financial result

(in EUR thousands)	2022/2023	2021/2022
Interest income	5,227	2,140
thereof from SCHOTT Group companies	2,263	458
Interest expenses	-7,254	-2,686
thereof from SCHOTT Group companies	-2,999	-1,656
thereof net interest expenses from pensions	-594	-572
Net interest result	**-2,027**	**-546**
Income from securities	685	444
Loss on net monetary position (hyperinflation)	-5,239	-5,991
Other financial income	0	6
Net other financial result	**-4,554**	**-5,541**
Financial result	**-6,581**	**-6,087**

The net interest expenses from pensions include the interest expenses from compounding the discount on the pension obligations and the expected return on plan assets. The expected return on plan assets is assumed to be equal to the discount rate applied to the pension obligations.

The loss on the net monetary position reflects the effects of restatements of non-monetary assets, equity and items of the Statement of Income following changes in purchasing power. In the periods presented, SCHOTT Pharma realised a loss of creditors due to the decline in purchasing power triggered by inflation.

12 Income taxes

Income taxes can be broken down according to their origin as follows:

(in EUR thousands)	2022/2023	2021/2022
Current taxes	-32,693	-26,889
Deferred taxes	-1,175	-5,551
Income tax expenses	**-33,868**	**-32,440**

Deferred taxes are calculated on the basis of the tax rates that will apply on the expected realisation date, based on the legal environment in the individual countries. Corporate income tax, trade tax and the solidarity surcharge amount to a tax rate totalling 28.3 % for German companies (previous year: 28.4 %). Tax rates outside of Germany range between 10.7 % and 35.0 % (previous year: between 10.7 % and 35.0 %).

As of 30 September, deferred tax assets and liabilities are attributable to the following items of the Consolidated Statement of Financial Position:

	30 Sep 2023		30 Sep 2022		1 Oct 2021	
(in EUR thousands)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Intangible assets	559	17	91	100	88	165
Property, plant and equipment	3,266	12,824	3,381	12,049	2,184	9,310
Inventories	12,028	4,887	12,729	4,234	7,448	1,176
Current and non-current other assets	523	19,217	910	16,990	174	10,104
Pension provisions	3,536	0	3,187	0	5,635	0
Current and non-current other provisions and accrued liabilities	5,419	1,825	5,031	594	3,400	636
Current and non-current liabilities	3,447	217	1,105	785	1,193	370
Tax loss carryforwards	679	0	0	0	0	0
Other	0	464	0	638	0	0
Deferred taxes (before netting)	**29,457**	**39,451**	**26,434**	**35,390**	**20,122**	**21,761**
Offset amounts[1]	14,629	14,629	14,686	14,686	10,012	10,012
Amount recognised in the Statement of Financial Position	**14,828**	**24,822**	**11,748**	**20,704**	**10,110**	**11,749**

[1] Amounts offset within individual tax entities.

The change in deferred taxes in the 2022/2023 financial year as well as in the previous year is presented below:

	2022/2023		2021/2022	
(in EUR thousands)	Consolidated Statement of Income	Recognised in OCI and equity	Consolidated Statement of Income	Recognised in OCI and equity
Intangible assets	551	0	72	-4
Property, plant and equipment	-890	0	-22,271	258
Inventories	-1,354	0	4,700	-1,300
Current and non-current other assets	-2,614	0	-6,662	-670
Pension provisions	12	337	-91	-2,357
Current and non-current other provisions and accrued liabilities	-843	0	1,323	293
Current and non-current liabilities	2,910	0	19,820	212
Tax loss carryforwards	679	0	-1,819	1,819
Other	174	0	-695	57
Deferred taxes before exchange rate effects	**-1,375**	**337**	**-5,623**	**-1,692**
Exchange rate effects	200		72	
Deferred tax expenses	**-1,175**		**-5,551**	

Deferred taxes on deductible temporary differences are recognised to the extent that it is probable that the temporary differences will reverse when there is sufficient taxable profit in future periods. The same applies for deferred taxes on loss carryforwards, provided the losses can be utilised within the relevant planning period.

As a result of forecasts of future taxable profit, deferred tax assets on temporary differences in the amount of EUR 104k (previous year: EUR 210k) were recognised for the tax group SCHOTT Pharma France SAS, Colombes, France. The deferred tax assets are recognised although the tax group of SCHOTT Pharma France SAS, Colombes, France, reported tax losses in both the financial year under review and the previous year.

An assessment of recoverability during a corresponding planning period resulted in no deferred tax assets being recognised for certain loss carryforwards and deductible differences. In the reporting year, tax loss carryforwards, interest carryforwards and tax credits for which no deferred tax assets are recognised existed for tax loss carryforwards in the amount of EUR 1,690k (previous year: EUR 0) and for tax credits in the amount of EUR 70k (previous year: EUR 49k). The resulting unrecognised deferred tax assets on loss carryforwards amount to EUR 492k (previous year: EUR 49k). Unrecognised deferred tax assets on loss carryforwards do not expire. Of the total amount of unrecognised tax credits, an amount of EUR 70k will expire within the next three years.

In the reporting year, deferred taxes in the amount of EUR 337k (previous year: EUR -1,693k) were recognised in other comprehensive income as part of equity. Of this amount, EUR 337k (previous year: EUR -2,357k) related to adjustments of the net liability of pension provisions. In addition, EUR 1,819k was attributable to tax loss carryforwards that are treated by shareholders as contributions or transfers from reserves and are thus offset through a corresponding entry made in equity. The previous year's remaining balance of deferred taxes recognised in other comprehensive income within equity relates to foreign currency translation effects and the effects in connection with the completion of the legal reorganisation in the respective countries. In the reporting year, deferred tax liabilities of EUR 464k (previous year: EUR 634k) were recognised for retained earnings of foreign subsidiaries, to the extent that their realisation through planned profit distributions or disposals is probable in the foreseeable future. If all earnings that are reinvested in the long term (and whose distribution is not planned) were distributed as dividends in full, an additional tax liability not exceeding EUR 12,941k (previous year: EUR 13,666k) could arise if current tax law continued to apply.

The following table shows a reconciliation of expected to actually recognised tax expenses. To determine the expected tax rate, profit before income taxes is multiplied by a tax rate of 28.3 % (previous year: 28.4 %). This comprises a tax rate of 15.8 % (previous year: 15.8 %) for corporate income tax including solidarity surcharge and 12.5 % (previous year: 12.6 %) for trade tax.

(in EUR thousands)	2022/2023	2021/2022
Profit before income taxes	**185,802**	**158,288**
Calculated income tax expenses at the anticipated tax rate (28.3 %; previous year: 28.4 %)	52,582	44,954
Effect of tax rate changes	63	-195
Non-deductible expenses	3,909	5,812
Tax-exempt components of income	-6,986	-6,432
Tax difference due to foreign tax rates	-12,538	-10,157
Change in valuation allowances for deferred tax assets	-1,544	3,872
Taxes relating to prior periods	-2,251	-3,612
Other	633	-1,802
Income tax expense as reported in the Statement of Income	**33,868**	**32,440**
Tax rate as reported in the Consolidated Financial Statements	18.2 %	20.5%

Tax differences due to foreign tax rates result mostly from SCHOTT Pharma Schweiz AG, St Gallen, Switzerland, in the amount of EUR -11,766k (previous year: EUR -6,659k) as well as SCHOTT Hungary Kft., Lukácsháza, Hungary, in the amount of EUR -1,558k (previous year: EUR -1,728k).

The effect from the change in valuation allowance on deferred tax assets in the amount of EUR -1,544k (previous year: increase by EUR 3,872k) is attributable to SCHOTT Pharmaceutical Packaging OOO, Zavolzhye, Russia, in the amount of EUR -1,902k (previous year: EUR +3,872k). This is offset by deferred tax assets not recognised for the first time in the amount of EUR 423k (previous year: EUR 0) related to the tax group of SCHOTT Pharma France SAS, Colombes, France.

Tax-exempt components of income relate mainly to income from not fully consolidated companies of EUR -3,288k (previous year: EUR -2,355k) as well as to the tax-relevant partial value adjustment of a subsidiary in the financial statements of SCHOTT Pharma Schweiz AG, St Gallen, Switzerland,

in the amount of EUR -1,989k (previous year: EUR 0). In addition, an amount of EUR -1,048k relates to effects in connection with hyperinflation accounting applied at SCHOTT Envases Argentina S.A., Buenos Aires, Argentina (previous year: non-deductible expenses of EUR 3,560k). In the previous year, there was also a special effect in the amount of EUR -4,010k following a tax audit of the financial years 2019 to 2021, which released income at SCHOTT Pharma KGaA on the one hand and a corresponding subsequent charge at SCHOTT AG on the other hand.

The non-deductible expenses in the current financial year relate to expenses of EUR 3,399k (previous year: EUR 1,854k) in connection with tax-exempt dividends as well as additions in connection with SCHOTT Pharma KGaA, Germany, in accordance with section 1 of the German Foreign Tax Act ("AStG").

In the financial year, deferred tax liabilities were recognised on outside basis differences of EUR 464k (previous year: EUR 634k). These relate to differences which are likely to result in tax charges in the foreseeable future.

13 Intangible assets

For impairment testing purposes, goodwill acquired as part of business combinations in the financial year 2021/2022 is allocated to the cash-generating units (CGUs) Bulk Solutions, Polymer Solutions, Sterile Solutions and Glass Syringes. Prior to the legal reorganisation, goodwill was allocated to SCHOTT Group's Pharmaceutical Systems CGU and subjected to an impairment test on that level. Allocation of goodwill throughout the periods presented was changed due to the legal reorganisation of SCHOTT Pharma. If the goodwill is directly attributable to a CGU, the goodwill is completely allocated to the respective CGU. Goodwill is directly attributable to a CGU when the underlying acquired business operates exclusively within the CGU. If the goodwill is not directly attributable to a CGU, the goodwill is reallocated based on the relative values of the four CGUs.

The scheduled goodwill impairment test was performed as of 30 June 2023. The value in use is taken as the basis for determining the recoverable amount for the cash-generating units to which goodwill is allocated. In all periods under review, the recoverable amount of all cash-generating units exceeds their carrying amount. Key factors in determining the recoverable amount are, in particular, the cost of capital and the operating free cash flow ("OFCF"). Cash flow projections incorporate past experience and are based on Group management's current planning for a three-year period; beyond this, a perpetual annuity is used.

Impairment tests carried out in the 2022/2023 financial year did not lead to the recognition of impairments. Even realistic changes to the key assumptions used in determining the value in use would not cause the carrying amount of cash-generating units to exceed their value in use.

The following tables show the main goodwill reported in the Consolidated Statement of Financial Position:

CGU	Growth rate[1]	WACC after taxes	WACC before taxes	Carrying amount as of 30 Sep 2023 (in EUR m)
Bulk Solutions	1.0%	7.5%	10.5%	20.6
Polymer Solutions	1.0%	7.5%	10.5%	6.2

[1] Growth rate used to extrapolate cash flow projections.

CGU	Growth rate[1]	WACC after taxes	WACC before taxes	Carrying amount as of 30 Sep 2022 (in EUR m)
Bulk Solutions	1.0%	5.5%	7.9%	22.1
Polymer Solutions	1.0%	5.5%	7.9%	6.2

[1] Growth rate used to extrapolate cash flow projections.

The goodwill of the Pharmaceutical Systems CGU amounted to EUR 29.3m as of 1 October 2021. Assumptions used for impairment testing purposes were as follows: growth rate of 1.0 %, WACC after taxes of 7.3 % and WACC before taxes 9.9 %.

(in EUR thousands)	Patents, licences and similar rights	Goodwill	Total
Cost			
1 Oct 2021	12,948	29,328	**42,276**
Additions	677	0	677
Disposals	8,070	0	8,070
Reclassifications	715	0	715
Hyperinflation adjustment	0	647	647
Foreign currency translation	883	978	1,861
30 Sep 2022	7,153	30,953	**38,106**
Accumulated amortisation and impairment			
1 Oct 2021	11,224	0	**11,224**
Current amortisation and impairment	1,318	0	1,318
Disposals	8,070	0	8,070
Reclassifications	14	0	14
Hyperinflation adjustment	0	0	0
Foreign currency translation	747	0	747
30 Sep 2022	5,233	0	**5,233**
Carrying amount			
30 Sep 2022	1,920	30,953	**32,873**
Cost			
1 Oct 2022	7,153	30,953	**38,106**
Additions	57	0	57
Disposals	122	0	122
Reclassifications	462	0	462
Hyperinflation adjustment	0	1,529	1,529
Foreign currency translation	-164	-2,991	-3,155
30 Sep 2023	7,386	29,491	**36,877**
Accumulated amortisation and impairment			
1 Oct 2022	5,233	0	**5,233**
Current amortisation and impairment	969	0	969
Disposals	122	0	122
Reclassifications	0	0	0
Hyperinflation adjustment	0	0	0
Foreign currency translation	-144	0	-144
30 Sep 2023	5,936	0	**5,936**
Carrying amount			
30 Sep 2023	**1,450**	**29,491**	**30,941**

Goodwill is attributable to our companies in Switzerland, China and Argentina, resulting in effects of adjusting for hyperinflation as well as foreign currency translation effects.

14 Property, plant and equipment

In the financial year under review, impairment losses on property, plant and equipment were recognised in an insignificant amount (EUR 185k); they referred to technical equipment and machinery at the Swiss location of the Drug Delivery Systems segment. The previous year's impairment losses totalling EUR 11,782k were fully attributable to the Drug Containment Solutions segment and referred to the production facilities in Russia after local conditions deteriorated significantly following the start of the Russian war of aggression against Ukraine in February 2022. This affected land, land rights and buildings (EUR 1,222k), technical equipment and machinery (EUR 9,462k), other equipment, operating and office equipment (EUR 1,072k) and assets under construction (EUR 26k). The impairment loss recorded in the previous year was recognised as restructuring expenses as part of other operating expenses (EUR 11,570k) and in cost of sales (EUR 212k).

As a result of an improved economic outlook for the production facilities in Russia, reversals of impairment losses on property, plant and equipment in the amount of EUR 5,199k were recognised in the year under review which were fully attributable to the Drug Containment Solutions segment. The reversals of impairment losses refer to technical equipment and machinery (EUR 4,310k) and land, land rights and buildings (EUR 889k). The income generated from the reversal of impairment losses was recognised within other operating income.

Government grants received which are deducted from the acquisition cost of the related assets changed as follows:

(in EUR thousands)	2022/2023	2021/2022
1 Oct	**8,029**	**3,865**
Received during the financial year	990	5,855
Released through the Statement of Income	-1,234	-1,041
Foreign currency translation	336	-650
30 Sep	**8,121**	**8,029**

Government grants received in the current financial year are mainly attributable to the subsidiaries SCHOTT Hungary Kft., Lukácsháza, Hungary, and SCHOTT Pharmaceutical Packaging (Zhejiang) Co., Ltd., Huzhen Town, China, which received grants for production-related development projects. The conditions underlying the grants were fully met, so that no uncertainties exist in this regard.

Purchase commitments for non-current assets amount to EUR 134,291k as of the reporting date (previous year: EUR 88,326k).

As in the previous year, no significant borrowing costs under IAS 23 **Borrowing Costs** were capitalised during the current financial year as there were no significant qualifying assets. Similarly, no collateral, for instance in the form of recorded liens on real property, was provided to third parties.

The asset classes include right-of-use assets in accordance with IFRS 16 **Leases**. Please refer to Note 31 for further information on leases at SCHOTT Pharma.

In the financial year 2022/2023, there were material additions in connection with the expansion of production sites in Hungary, Germany and Switzerland, which also is the reason for the reclassification of assets under construction.

(in EUR thousands)	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Total
Cost					
1 Oct 2021	**143,560**	**352,844**	**90,542**	**122,120**	**709,066**
Additions	81,121	31,415	9,867	102,600	225,003
Disposals	2,047	6,080	1,820	9,856	19,803
Reclassifications	2,997	37,846	9,122	-50,680	-715
Hyperinflation adjustment	2,079	2,544	484	147	5,254
Foreign currency translation	12,781	29,337	9,272	9,143	60,533
30 Sep 2022	**240,491**	**447,906**	**117,467**	**173,474**	**979,338**
Accumulated depreciation and impairment					
1 Oct 2021	**75,127**	**235,722**	**64,078**	**0**	**374,927**
Current depreciation and impairment	8,530	34,899	10,337	273	54,039
Reversal of impairment losses	0	0	0	0	0
Disposals	1,440	5,028	1,677	247	8,392
Reclassifications	54	-7	-61	0	-14
Hyperinflation adjustment	1,402	2,032	360	0	3,794
Foreign currency translation	6,833	23,609	6,966	367	37,775
30 Sep 2022	**90,506**	**291,227**	**80,003**	**393**	**462,129**
Carrying amount					
30 Sep 2022	**149,985**	**156,679**	**37,464**	**173,081**	**517,209**
Cost					
1 Oct 2022	**240,491**	**447,906**	**117,467**	**173,474**	**979,338**
Additions	5,891	15,415	8,612	147,045	176,963
Disposals	1,594	1,914	2,172	3,713	9,393
Reclassifications	20,755	34,786	8,204	-64,207	-462
Hyperinflation adjustment	4,378	6,243	1,386	923	12,930
Foreign currency translation	-8,970	-16,707	-3,555	-2,903	-32,135
30 Sep 2023	**260,951**	**485,729**	**129,942**	**250,619**	**1,127,241**
Accumulated depreciation and impairment					
1 Oct 2022	**90,506**	**291,227**	**80,003**	**393**	**462,129**
Current depreciation and impairment	11,626	28,625	10,628	0	50,879
Reversal of impairment losses	889	4,310	0	0	5,199
Disposals	1,329	1,596	2,085	0	5,010
Reclassifications	117	-145	53	-25	0
Hyperinflation adjustment	3,212	5,307	1,390	0	9,909
Foreign currency translation	-5,157	-14,843	-3,108	-164	-23,272
30 Sep 2023	**98,086**	**304,265**	**86,881**	**204**	**489,436**
Carrying amount					
30 Sep 2023	**162,865**	**181,464**	**43,061**	**250,415**	**637,805**

15 Investments accounted for using the equity method

Equity investments in associates and joint ventures accounted for using the equity method are shown in the following table:

Company	Registered office	Primary activity	Share in capital 30 Sep 2023	Share in capital 30 Sep 2022
SCHOTT Poonawalla Pvt. Ltd.	Mumbai, India	Pharmaceutical Systems	50 %	50 %
Empha S.p.A.	Turin, Italy	Holding	50 %	50 %
Smart Skin Technologies Inc.	Fredericton, Canada	Pharmaceutical Systems	20 %	20 %

As of 1 October 2021, the shareholding in Empha S.p.A., Turin, Italy, was 50 %; in SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, 50 %, and in Smart Skin Technologies Inc., Fredericton, Canada, 20 %.

The following overview summarises the financial information pertaining to investments accounted for using the equity method as of 30 September (basis of calculation: 100 %):

2022/2023 (in EUR thousands)	Assets as of 30 Sep	Liabilities as of 30 Sep	Equity as of 30 Sep	Revenue	Result after taxes
SCHOTT Poonawalla Pvt. Ltd.	155,997	40,434	115,564	106,547	19,210
Empha S.p.A.[1]	15,601	20	15,581	0	4,034
Smart Skin Technologies Inc.[1]	15,550	7,730	7,820	5,443	-3,022
	187,148	**48,184**	**138,965**	**111,990**	**20,222**

[1] Data based on the statutory financial statements as of 31 December 2022.

The assets of SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, as of 30 September 2023 include non-current assets of EUR 103,567k and current assets of EUR 52,430k. Non-current liabilities amount to EUR 12,998k and current liabilities amount to EUR 27,436k.

2021/2022 (in EUR thousands)	Assets as of 30 Sep	Liabilities as of 30 Sep	Equity as of 30 Sep	Revenue	Result after taxes
SCHOTT Poonawalla Pvt. Ltd.	163,713	51,546	112,167	109,425	21,338
Empha S.p.A.[1]	15,581	34	15,547	0	3,976
Smart Skin Technologies Inc.[1]	17,304	7,232	10,072	3,972	-82
	196,598	**58,812**	**137,786**	**113,397**	**25,232**

[1] Data based on the statutory financial statements as of 31 December 2021.

The assets of SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, as of 30 September 2022 include non-current assets of EUR 103,650k and current assets of EUR 60,064k. Non-current liabilities amount to EUR 14,219k and current liabilities amount to EUR 37,328k.

1 Oct 2021 (in EUR thousands)	Assets as of 1 Oct	Liabilities as of 1 Oct	Equity as of 1 Oct	Revenue	Result after taxes
SCHOTT Poonawalla Pvt. Ltd.	130,406	47,456	82,950	94,877	22,839
Empha S.p.A.[1]	15,597	25	15,572	0	2,702
Smart Skin Technologies Inc.[1]	7,235	4,767	2,467	3,196	734
	153,238	**52,248**	**100,989**	**98,073**	**26,275**

[1] Data based on the statutory financial statements as of 31 December 2020.

The assets of SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, as of 30 September 2021 include

non-current assets of EUR 87,362k and current assets of EUR 43,044k. Non-current liabilities amount to EUR 18,741k and current liabilities amount to EUR 28,715k.

The following table illustrates the reconciliation of the financial information of SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, summarised above to the carrying amount recognised in the Consolidated Financial Statements.

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Assets	159,195	163,713	130,406
Liabilities	-43,631	-51,546	-47,456
Equity	115,564	112,167	82,950
50 %equity interest of SCHOTT Pharma	**57,782**	**56,084**	**41,475**
Goodwill	4,070	4,501	4,168
Carrying amount of SCHOTT Pharma's investment accounted for using the equity method	**61,852**	**60,585**	**45,643**

The change in equity recognised directly in equity due to currency differences at SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, amounts to EUR -5,293k (previous year: EUR 3,940k, 1 October 2021: EUR 300k) and the related change at Smart Skin Technologies Inc., Fredericton, Canada, amounts to EUR -86k (previous year: EUR 173k, 1 October 2021: EUR 36k). In terms of goodwill, the change in equity recognised directly in equity due to currency differences at SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, amounts to EUR -431k (previous year: EUR 333k, 1 October 2021: EUR 7k) and the related change at Smart Skin Technologies Inc. amounts to EUR -84k (previous year: EUR 129k, 1 October 2021: EUR 78k).

The carrying amount of the investments accounted for using the equity method changed as presented in the following table:

(in EUR thousands)	2022/2023	2021/2022
1 Oct	**79,821**	**62,255**
Pro-rata share in income from investments accounted for using the equity method	11,742	12,990
Dividend distributions	-6,614	0
Effect of exchange rate changes on OCI	-5,894	4,576
30 Sep	**79,055**	**79,821**

Dividend distributions refer to SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, in the amount of EUR 2,614k (previous year: EUR 0) and to Empha S.p.A., Turin, Italy, in the amount of EUR 4,000k (previous year: EUR 0).

16 Other non-current financial assets

Other non-current financial assets include loans to third parties and employees and are measured at amortised cost.

There are no non-current financial assets whose terms have been renegotiated and which would otherwise be past due or impaired.

17 Other non-current non-financial assets

Other non-current non-financial assets consist of prepaid expenses amounting to EUR 432k (previous year: EUR 329k, 1 October 2021: EUR 176k) and of receivables from tax authorities in the amount of EUR 411k (previous year: EUR 0, 1 October 2021: EUR 0).

18 Inventories

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Raw materials, consumables and supplies	91,301	86,261	56,659
Work in progress	20,984	20,152	11,932
Finished products and merchandise	48,881	40,124	26,293
Loss allowances	-22,223	-17,601	-11,367
	138,943	**128,936**	**83,517**

In the year under review, write-downs of inventories to their net realisable value in the amount of EUR 5,576k (previous year: EUR 9,160k) as well as reversals of write-downs changes in estimates of future revenue volumes amounting to EUR 954k (previous year: EUR 114k) were recognised. The carrying amount of inventories recognised at fair value less costs to sell is EUR 55,929k (previous year: EUR 40,813k, 1 October 2021: EUR 38,731k). The amount of inventories recognised as an expense in the financial year 2022/2023 is EUR 388m (previous year: EUR 343m).

As in the previous year, no inventories were pledged as collateral for liabilities as of the reporting date of the past financial year, apart from the usual retentions of title.

19 Trade receivables and contract assets

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Trade receivables from third parties	150,965	124,438	105,387
Trade receivables from joint ventures	148	1,242	689
Notes receivable from third parties	5,539	3,263	4,569
Trade receivables (after loss allowances)	**156,652**	**128,943**	**110,645**
Contract assets	58,208	52,622	33,323
Trade receivables and contract assets (after loss allowances)	**214,860**	**181,565**	**143,968**

All trade receivables have a remaining term to maturity of less than one year. Fair value of the receivables therefore corresponds to the carrying amount. The increase in contract assets in the year under review is due to the ramp-up in production capacities.

The loss allowances on trade receivables developed as follows compared to the previous year:

(in EUR thousands)	2022/2023	2021/2022
1 Oct	**1,234**	**1,068**
Exchange rate changes	-27	68
Additions	2,600	947
Utilisation	-34	-46
Reversals	-1,056	-803
30 Sep	**2,717**	**1,234**

An overview of the maturities of trade receivables, including the loss rate and allowance rates, is provided in the Risk Management Report in the Notes on credit risk (Note 30).

The receivables portfolio does not include any receivables whose conditions have been renegotiated and which would otherwise be past due or impaired. With the exception of the retentions of title customary in the industry, there is no collateral for trade receivables. Of the trade receivables, an amount of EUR 7,942k (previous year: EUR 7,927k, 1 October 2021: EUR 9,849k) is secured by credit insurance with a coverage of 95 %.

As of 30 September 2023, contract assets amounted to EUR 58,208k (previous year: EUR 52,622k, 1 October 2021: EUR 33,323k). This includes a loss allowance for expected credit losses of EUR 56k (previous year: EUR 52k, 1 October 2021: EUR 33k).

20 Other current financial assets

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Derivatives	3,716	1,044	0
Other marketable securities	1,532	1,489	0
Loan receivables	797	801	629
Creditors with debit balances	213	224	291
Miscellaneous other financial receivables	2,263	121	92
Loss allowances	0	-46	0
	8,521	**3,633**	**1,012**

Net gains or losses from impairment losses and the derecognition of other financial assets are reported under other operating income as income from the reversal of impairment losses or under other operating expenses as expenses from impairment losses.

Miscellaneous other financial receivables of EUR 2,000k as of 30 September 2023 are attributable to an outstanding dividend claim against Empha S.p.A., Turin, Italy, which is accounted for using the equity method.

21 Other current non-financial assets

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Receivables from value-added tax	21,036	17,948	13,032
Advance payments made	6,760	828	466
Prepaid expenses	3,125	2,936	1,881
Receivables from investment grants	0	4,202	0
Miscellaneous other non-financial receivables	2,460	1,038	1,009
	33,381	**26,952**	**16,388**

The receivables from investment grants recognised in the previous year mainly relate to Germany and result from development projects in connection with the production of glass vials.

22 Cash and cash equivalents

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Checks, cash on hand	7	7	15
Bank deposits (with terms to maturity of up to 90 days)	24,093	28,786	27,202
Term deposits (with terms to maturity of up to 90 days)	257	2	642
	24,357	**28,795**	**27,859**

The effective interest rates for euro-denominated bank deposits and time deposits with a term to maturity of up to 90 days are between 1.17 % and 3.98 % (previous year: between close to zero and 1.17 %, 1 October 2021: close to zero). The fair value of cash and cash equivalents corresponds to the carrying amount. No restricted cash balances exist during the periods presented.

23 Equity

As of 30 September 2023, the subscribed capital of SCHOTT Pharma KGaA amounts to EUR 150,615k and is fully paid in as of the reporting date. Subscribed capital consists of 150,614,616 registered no-par value shares with a notional nominal value of EUR 1.00 each. Each share has one voting right at Annual General Meetings and is entitled to receive payments from resolved dividend distributions.

Trading of SCHOTT Pharma KGaA shares at the Frankfurt Stock Exchange commenced on 28 September 2023. The shares carry dividend rights from 1 October 2022.

The Annual General Meeting on 20 June 2023 authorised the Management Board, with the approval of the Supervisory Board, to increase the share capital of SCHOTT Pharma KGaA, until 19 June 2028 by up to a total of EUR 50,000k through one or more issues of new no-par value bearer shares in exchange for cash or non-cash contributions (Authorised Capital). Shareholders shall generally be granted subscription rights.

The Annual General Meeting on 20 June 2023 also authorised the Management Board, with the approval of the Supervisory Board, to issue bearer and/or registered convertible bonds and/or bonds with warrants (or a combination of such instruments – hereinafter collectively referred to as "bonds") with a total principal amount of up to EUR 750,000k, with or without a limited term, on one or several occasions until 19 June 2028 and to grant holders or creditors of such bonds conversion or option rights, respectively, to acquire new no-par value bearer shares in the Company representing a notional interest in the share capital of up to EUR 25,000k, as stipulated in detail in the terms and conditions of these bonds (Conditional Capital).

The capital reserve of SCHOTT Pharma KGaA amounts to EUR 491,935k pursuant to section 272 (2) no. 1 of the HGB and is EUR 2,546k lower than the figure in accordance with IFRS. The difference results from measurement differences that arose in connection with the legal reorganisation.

In the past, as set out above, SCHOTT Pharma Group did not meet the definition of a group within the meaning of IFRS 10 **Consolidated Financial Statements**. Therefore, net assets of the business units and the companies of the SCHOTT Pharma Business attributable to SCHOTT Group were presented as invested equity (net investment). After completion of the legal reorganisation in the year under review, the invested equity was distributed in accordance with the legal structure and the memorandum and articles of association of SCHOTT Pharma KGaA. The individual components of equity and their changes are presented in the Consolidated Statement of Changes in Equity.

In the financial year 2022/2023, miscellaneous transactions with SCHOTT Group amounted to EUR 129,421k and mainly referred to the acquisition of shares in SCHOTT Poonawalla Pvt. Ltd., Mumbai, India, for a purchase price of EUR 124,532k. As a result of the application of the predecessor accounting method for transactions under common control, the purchase price of EUR 124,532k was recognised as a miscellaneous transaction with SCHOTT Group and, accordingly, as a reduction of invested equity of SCHOTT Group (of the generated Group equity).

Accumulated other Group equity comprises the accumulated differences from foreign currency translation recognised in equity resulting from the translation of the financial statements of consolidated foreign subsidiaries and of investments accounted for using the equity method.

Income and expenses recognised in other comprehensive income (excluding non-controlling interests) developed as follows:

(in EUR thousands)	Gains/losses from the revaluation of defined benefit pension plans	Currency translation differences	Total income and expenses recognised directly in equity
1 Oct 2021	**-5,297**	**-30,935**	**-36,232**
Changes recognised in other comprehensive income	26,266	56,305	82,571
Deferred taxes	-4,829	0	-4,829
30 Sep 2022	**16,140**	**25,370**	**41,510**
1 Oct 2022	**16,140**	**25,370**	**41,510**
Changes recognised in other comprehensive income	-3,738	-16,988	-20,726
Deferred taxes	336	0	336
30 Sep 2023	**12,738**	**8,382**	**21,120**

The dividend amount available for distribution to limited liability shareholders is dependent on equity (pursuant to the AktG) as recognised in the separate financial statements of SCHOTT Pharma KGaA in accordance with the HGB. Dividends can only be resolved and distributed if there is a net retained profit (after transfers to legal reserves). As of 30 September 2023, net retained profit of EUR 50,052k (previous year: EUR 25,390k) was reported in the annual financial statements of SCHOTT Pharma KGaA.

The Management Board and the Supervisory Board of SCHOTT Pharma KGaA will propose to the Annual General Meeting on 14 March 2024 to distribute a dividend of EUR 0.15 per no-par value share (previous year: EUR 0.13 per no-par value share) for the financial year 2022/2023. This corresponds to a dividend distribution of EUR 22,592k (previous year: EUR 18,878k). The Management Board and the Supervisory Board also propose to carry forward the remaining net retained profit reported in the annual financial statements of SCHOTT Pharma KGaA to new account.

Non-controlling interests

Non-controlling interests relate to shares held by other shareholders in SCHOTT Envases Farmaceuticos SAS, Bogotá, Colombia.

Capital management

The purpose of capital management is to maximise the Company's income by optimising the relationship between equity and borrowings. It also ensures that all Group companies can operate under the assumption of continuing as a going concern.

At SCHOTT, capital management measures in accordance with IAS 1 **Presentation of Financial Statements** include, in particular, the use of borrowings, the optimisation of investment activities, dividend payments, the optimisation of net working capital as well as capital increases and reductions.

All strategic and operating activities are assessed based on their contribution to increasing the Company's value. SCHOTT Pharma seeks to successfully utilise its business assets and create value in excess of the Group's cost of capital.

SCHOTT Pharma Group's corporate planning and continuous monthly reporting both include the calculation of net debt and operational free cash flow. Net debt includes all cash and cash equivalents as well as time deposits less financial liabilities. Net debt provides information on the financial situation. Operating free cash flow reflects the cash flows from the Company's operating

activities after deducting investments in non-current assets. Any surplus cash funds can be used, for example to finance investments without relying on external sources. In this way, measures required to influence the capital structure can be identified early.

In addition, the Board of Management constantly reviews the capital structure. This review includes an assessment of the equity ratio. The equity ratio corresponds to the ratio of equity to total assets in the Consolidated Statement of Financial Position. As of 30 September 2023, the equity ratio amounts to 56.2 % (previous year: 59.3 %, 1 October 2021: 56.7 %).

Net debt, which represents an important internal key indicator for financial management of SCHOTT Pharma Group, comprises the following:

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Cash and cash equivalents	-24,357	-28,795	-27,859
Other marketable securities	-1,532	-1,489	0
Financial receivables – SCHOTT Group	-35,485	-161,810	-19,801
Financial payables – SCHOTT Group	137,474	120,569	96,979
Lease liabilities	72,331	74,808	3,599
Net debt	**148,431**	**3,283**	**52,918**

Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to limited liability shareholders of SCHOTT Pharma KGaA, as presented in the Statement of Income, by the weighted average number of outstanding limited liability shares of SCHOTT Pharma KGaA.

Diluted earnings per share are calculated by dividing the profit for the period attributable to limited liability shareholders of SCHOTT Pharma KGaA, as presented in the Statement of Income, by the weighted average number of outstanding limited liability shares of SCHOTT Pharma KGaA, adjusted by any dilutive effects of potential limited liability shares. At present, there are no financial instruments outstanding or planned with a potential dilutive effect. As a result, diluted earnings per share correspond to basic earnings per share.

	2022/2023	2021/2022
Profit for the period – attributable to limited liability shareholders of SCHOTT Pharma AG & Co. KGaA (in EUR k)	151,842	125,379
Weighted average number of outstanding limited liability shares – basic and diluted (in thousands of shares)	150,615	150,615
Earnings per share – basic (in EUR)	**1.01**	**0.83**
Earnings per share – diluted (in EUR)	**1.01**	**0.83**

24 Provisions for pensions and similar commitments

Expenses were recognised for defined contribution plans existing abroad in the amount of EUR 3,948k (previous year: EUR 3,605k) and in Germany in the amount of EUR 3,556k (previous year: EUR 2,933k), of which an amount of EUR 4,886k (previous year: EUR 4,809k) refers to contributions to state pension schemes.

The pension provisions for defined benefit obligations include current pensions as well as company- and employee-funded pension entitlements. Capitalised values were netted against the corresponding obligations. Pension provisions in Germany also include employee-financed pension commitments (deferred compensation) in the amount of EUR 103k (previous year: EUR 92k).

In Germany, a distinction is made between three major pension commitments:

The “P 82 old” and “P 82 new” pension schemes are salary-based pension plans. Under these schemes, the pension benefit increases by a percentage of pensionable remuneration for each year of eligible service; salary components in excess of the income threshold are given a higher weighting. The defined benefit obligation (“DBO”) is also calculated proportionately.

The pension scheme “VO 2015” as well as the previously applicable pension scheme “VO 2000”, which was replaced on 1 October 2015, are defined contribution plans with a dynamic benefit contribution in which the DBO is calculated according to the earned pension method. These are building block schemes, within the scope of which a benefit contribution is determined each year which is then converted into a pension building block using actuarial methods. This pension building block is credited to the employee’s individual benefit account. The pension contribution depends on pensionable remuneration and also on SCHOTT AG Group’s pre-tax profits.

The currently valid “VO 2015 NEW”, which has been applicable for new entrants since 1 November 2015, is a defined contribution plan with a dynamic benefit contribution. Calculation of the benefit contribution is similar to that of “VO 2015”. This is awarded to the employee as a minimum capital payment and credited to an individualised securities account within the framework of a CTA (Contractual Trust Arrangement).

From 1 October 2025, the “VO 2015 NEW” pension scheme, including transitional arrangements, will also apply for SCHOTT AG employees on 1 November 2015, the date on which “VO 2015 NEW” came into effect (which was prior to the transfer of operations as part of the spin-off).

Outside of Germany, the committed benefits depend mainly on the length of service and the most recent salary. Decisions regarding the allocation of plan assets generally reflect the development of plan assets and pension commitments. In addition, decisions outside of Germany are often subject to legal requirements that pension commitments be covered by plan assets as well as tax regulations regarding the deductible amounts.

The assumptions underlying the DBO calculation with respect to interest rates, salary and pension trends as well as mortality rates, vary depending on the economic and other parameters of the respective country in which the plans exist. Interest rates are calculated as of the reporting date for each specific company depending on the mean weighted terms to maturity (duration) of the pension commitments using matching maturities and currencies.

Pension provisions in Germany are determined on the basis of biometric calculation bases set out in the Heubeck mortality tables 2018 G. Pension commitments in Switzerland are determined on the basis of the biometric calculation bases set forth in the BVG 2020 Generationentafeln.

Calculation of the benefit obligations as well as the related plan assets in certain cases are based on the following actuarial parameters (weighted average):

	30 Sep 2023			30 Sep 2022			1 Oct 2021		
(in %)	Total	Domestic	Abroad	Total	Domestic	Abroad	Total	Domestic	Abroad
Discount rate	2.67	4.60	2.28	2.96	4.10	2.70	0.84	1.58	0.62
Future salary increases	2.02	3.00	1.83	2.03	3.00	1.81	1.56	2.50	1.29
Future pension increases	0.39	2.21	0.00	0.44	2.25	0.00	0.35	1.50	0.00
Expected rate of inflation	1.45	2.25	1.28	1.45	2.25	1.26	0.93	1.50	0.77

The following actuarial parameters apply for the entities based outside of Germany for each country or region:

	30 Sep 2023				30 Sep 2022				1 Oct 2021			
(in %)	France	Indonesia	Mexico	Switzerland	France	Indonesia	Mexico	Switzerland	France	Indonesia	Mexico	Switzerland
Discount rate	4.20	6.70	9.67	2.00	3.60	7.30	9.26	2.40	1.10	7.00	8.03	0.35
Future salary increases	2.75	10.00	8.50	1.50	2.24	10.00	8.50	1.40	2.24	10.00	5.50	1.00
Future pension increases	0.00	n/a	0.00	0.00	0.00	n/a	0.00	0.00	0.00	n/a	0.00	0.00
Expected rate of inflation	2.20	n/a	4.70	1.20	2.20	n/a	7.80	1.10	1.80	n/a	4.00	0.70

Based on IAS 19 **Employee Benefits**, the defined contribution pension obligations have the following funded status. The table also contains employee-financed pension commitments:

	30 Sep 2023			30 Sep 2022			1 Oct 2021		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad	Total	Domestic	Abroad
Present value of obligations that are unfunded	4,699	38	4,661	4,996	39	4,957	4,509	57	4,452
Present value of obligations that are wholly or partly funded	102,724	18,244	84,480	88,147	17,404	70,743	102,582	24,104	78,478
Total present value of benefit obligations	**107,423**	**18,282**	**89,141**	**93,143**	**17,443**	**75,700**	**107,091**	**24,161**	**82,930**
Benefit obligations recognised in the Statement of Financial Position	**107,423**	**18,282**	**89,141**	**93,143**	**17,443**	**75,700**	**107,091**	**24,161**	**82,930**
Plan assets recognised in the Statement of Financial Position	**88,646**	**10,389**	**78,257**	**78,518**	**9,508**	**69,010**	**72,931**	**9,345**	**63,586**
Funded status	**18,777**	**7,893**	**10,884**	**14,625**	**7,935**	**6,690**	**34,160**	**14,816**	**19,344**
Pension provisions	**18,777**	**7,893**	**10,884**	**14,625**	**7,935**	**6,690**	**34,160**	**14,816**	**19,344**

Net pension expenses can be broken down as follows:

	2022/2023			2021/2022		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Service cost	4,982	1,803	3,179	6,292	1,522	4,770
Net interest cost	594	297	297	572	230	342
Past service cost	-267	0	-267	0	0	0
Total expenses recognised in the Statement of Income	**5,309**	**2,100**	**3,209**	**6,864**	**1,752**	**5,112**

Net interest cost is included in net interest income/expenses. Other expense components recognised in profit or loss are presented under the corresponding functional area under the result from operating activities (EBIT).

The following table presents the development of the defined benefit obligations:

	2022/2023			2021/2022		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Defined benefit obligation at the beginning of the financial year	**93,143**	**17,443**	**75,700**	**107,091**	**24,161**	**82,930**
Exchange rate fluctuations	-715	0	-715	10,605	0	10,605
Service cost	4,982	1,803	3,179	6,292	1,522	4,770
Past service cost	-267	0	-267	0	0	0
Interest cost	2,675	715	1,960	980	381	599
Actuarial gains (–) and losses (+) from changes in financial assumptions	5,963	-1,534	7,497	-34,149	-8,846	-25,303
Actuarial gains (–) and losses (+) from changes in demographic assumptions	-884	0	-884	-1,891	0	-1,891
Actuarial gains (–) and losses (+) from experience adjustments	1,906	-274	2,180	4,679	215	4,464
Benefit payments	-1,458	-24	-1,434	-398	10	-408
Other changes	2,078	153	1,925	-66	0	-66
Defined benefit obligation at the end of the financial year	**107,423**	**18,282**	**89,141**	**93,143**	**17,443**	**75,700**
thereof wholly unfunded	4,699	38	4,661	**4,996**	**39**	**4,957**
thereof funded on pro-rata basis	102,724	18,244	84,480	**88,147**	**17,404**	**70,743**

Plan assets changed as follows in the financial year:

	2022/2023			2021/2022		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Plan assets at the beginning of the financial year	**78,518**	**9,508**	**69,010**	**72,931**	**9,345**	**63,586**
Interest income from plan assets	2,081	417	1,664	408	151	257
Exchange rate fluctuations	-681	0	-681	8,352	0	8,352
Actuarial gains (+) and losses (–)	3,247	-214	3,461	-7,276	-810	-6,466
Employer contributions	4,620	678	3,942	4,509	812	3,697
Benefit payments	-1,081	-18	-1,063	-398	10	-408
Other changes	1,942	18	1,924	-8	0	-8
Plan assets recognised in the Statement of Financial Position at the end of the financial year	**88,646**	**10,389**	**78,257**	**78,518**	**9,508**	**69,010**
Actual gains (+) and losses (–) of plan assets	5,328	202	5,126	-6,868	-658	-6,210

Plan assets in Germany are managed mainly in the form of contractual trust arrangements (CTAs).

Under the CTAs, SCHOTT Pharma KGaA transferred assets to a trust association, which in turn transferred the funds received to another trustee (custodian). This custodian is obliged to manage and invest the funds it receives solely for the Company in accordance with an investment management agreement. The investment takes place via special fund mandates with external asset managers. These mandates are mixed funds that invest in equities and bonds, and are managed by asset managers in accordance with prescribed investment guidelines, including a defined value protection strategy.

Plan assets in Switzerland are managed by a dependent collective pension fund (**Sammelstiftung**).

SCHOTT Pharma's plan assets can be broken down as follows:

	30 Sep 2023			30 Sep 2022			1 Oct 2021		
(in %)	Total	Domestic	Abroad	Total	Domestic	Abroad	Total	Domestic	Abroad
Shares quoted on active markets	32	31	32	32	25	32	37	45	36
Fixed-income securities quoted on active markets	36	58	33	36	45	34	34	40	33
Qualifying insurance policies	1	6	0	1	6	0	1	11	0
Cash	3	5	2	3	18	1	3	3	3
Real estate	23	0	26	23	0	26	20	0	22
Other	5	0	7	5	6	7	6	1	7
	100	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Allocations to plan assets are as follows:

	2022/2023			2021/2022		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Total allocation	**4,620**	**678**	**3,942**	**4,509**	**812**	**3,697**

At least EUR 5,113k in contributions to plan assets are expected for the following financial year.

A change in the material actuarial assumptions would have the following effects on the amount of pension obligations, with the major share pertaining to Switzerland:

	30 Sep 2023			
	Increase by	in EUR thousands	Decrease by	in EUR thousands
Discount rate	+50 basis points	-6,624	-50 basis points	7,374
Future salary change	+50 basis points	2,850	-50 basis points	-2,789
Future pension change	+50 basis points	3,824	-50 basis points	-682
Life expectancy	+1 year	1,582	-1 year	-1,550

	30 Sep 2022			
	Increase by	in EUR thousands	Decrease by	in EUR thousands
Discount rate	+50 basis points	-5,826	-50 basis points	7,091
Future salary change	+50 basis points	2,301	-50 basis points	-2,138
Future pension change	+50 basis points	3,099	-50 basis points	-744
Life expectancy	+1 year	1,261	-1 year	-1,229

	1 Oct 2021			
	Increase by	in EUR thousands	Decrease by	in EUR thousands
Discount rate	+50 basis points	-9,496	-50 basis points	11,047
Future salary change	+50 basis points	2,914	-50 basis points	-2,862
Future pension change	+50 basis points	4,968	-50 basis points	-1,119
Life expectancy	+1 year	2,404	-1 year	-2,379

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are contributions expected to be made in future years out of the defined benefit plan obligation:

(in EUR thousands)	2024	2025	2026	2027	2028	2029–2033
Domestic	189	239	318	480	659	5,764
Abroad	3,930	4,739	5,758	5,377	4,758	27,535
Total payout	**4,119**	**4,978**	**6,076**	**5,857**	**5,417**	**33,299**

Duration of the defined benefit obligation was 16 years (previous year: 15 years) at the end of the reporting period. The duration represents the commitment period for which the capital to cover the pension obligations is invested, and depends on the payout profile and interest rates.

25 Other provisions

	30 Sep 2023		30 Sep 2022	
(in EUR thousands)	Up to 1 year	More than 1 year	Up to 1 year	More than 1 year
Sales	2,912	0	3,599	0
Personnel costs	100	1,726	88	1,285
Miscellaneous	2,251	4,275	6,115	4,465
	5,263	**6,001**	**9,802**	**5,750**

As of 1 October 2021, the provisions for sales with a term of up to one year amounted to EUR 5,069k (more than one year: EUR 0), the provisions for personnel costs with a term of up to one year amounted to EUR 21k (more than one year: EUR 1,367k) and other provisions with a term of up to one year amounted to EUR 5,009k (more than one year: EUR 3,923k).

Other provisions developed as follows compared to the previous year:

(in EUR thousands)	1 Oct 2022	Utilisation	Reversals	Additions	Reclassifications in accordance with IAS 19	Changes in exchange rates	30 Sep 2023
Sales	3,599	1,471	795	1,621	0	-42	2,912
Personnel costs	1,373	279	321	1,800	-673	-74	1,826
Miscellaneous	10,580	2,178	3,669	2,530	0	-737	6,526
	15,552	**3,928**	**4,785**	**5,951**	**-673**	**-853**	**11,264**

(in EUR thousands)	1 Oct 2021	Utilisation	Reversals	Additions	Changes in exchange rates	30 Sep 2022
Sales	5,069	1,480	2,423	1,953	480	3,599
Personnel costs	1,388	21	182	158	30	1,373
Miscellaneous	8,932	2,359	3,434	5,936	1,505	10,580
	15,389	**3,860**	**6,039**	**8,047**	**2,015**	**15,552**

Provisions for sales mainly comprise warranty provisions in the amount of EUR 2,861k (previous year: EUR 3,599k, 1 October 2021: EUR 5,069k).

The anniversary obligations shown under personnel provisions in the amount of EUR 1,416k (previous year: EUR 1,162k, 1 October 2021: EUR 1,187k) were measured using a discount rate of 4.2 % (previous year: 3.6 %, 1 October 2021: 1.1 %) for domestic obligations in the amount of EUR 635k (previous year: EUR 565k, 1 October 2021: EUR 676k).

Obligations resulting from partial retirement schemes in the amount of EUR 410k (previous year: EUR 184k, 1 October 2021: EUR 201k) were determined based on actuarial methods taking into account biometric calculation based in accordance with the 2018 G mortality tables by Klaus Heubeck and a discount rate of 3.99 % (previous year: 2.64 %, 1 October 2021: -0.16 %) in line with the projected unit credit method. The obligations for partial retirement are secured by means of a value protection balance in the form of a notarial trust account in the amount of EUR 251k (previous year: EUR 259k, 1 October 2021: EUR 304k) with obligations being netted against the value protection balance.

Miscellaneous other provisions include, amongst others, provisions for litigation risks in the amount of EUR 2,991k (previous year: EUR 1,691k, 1 October 2021: EUR 1,113k), provisions for dismantling costs in the amount of EUR 760k (previous year: EUR 760k, 1 October 2021: EUR 760k) as well as provisions for several further risks and precautionary measures.

In connection with the planned initial public offering (IPO) of SCHOTT Pharma, selected employees were granted a share-based payment programme that started on 1 March 2022. The programme is cash-settled and measured at the respective fair value as of the reporting date. The remuneration is paid out in two equal tranches. The first tranche is paid out in the month following the IPO and the first listing. The second tranche will be paid out twelve months after the IPO and the first listing, not later than March 2025.

The precondition for payment is that the beneficiary employee remains in a non-terminated employment relationship with SCHOTT Pharma KGaA or one of its affiliated companies within the meaning of section 15 of the German Stock Corporation Act (AktG) at the time of payment. If this condition is not met, entitlement under the programme lapses without replacement or compensation.

The actual payout is determined by the value of SCHOTT Pharma KGaA at the IPO date and is based on a multiple of earnings before interest, taxes, depreciation and amortisation (“EBITDA”). Until the IPO, the value of SCHOTT Pharma KGaA at the IPO date was determined by a Monte Carlo Simulation based on the expected value of SCHOTT Pharma KGaA at the reporting date and the volatility of a peer group.

For the financial year 2022/2023, the expenses resulting from rights granted to current selected employees of SCHOTT Pharma KGaA or its affiliated companies amounted to EUR 566k (previous year: EUR 107k). As of 30 September, the recognised obligation was EUR 673k. As a result of the IPO carried out on 28 September 2023, the enterprise value at the IPO date is fixed as of the reporting date 30 September 2023, which means that the remuneration from now on will be linked to a service period of twelve months. Accordingly, the share-based payment arrangement now falls under the scope of IAS 19 **Employee Benefits** and the recognised obligation has been reclassified from other provisions to accrued liabilities. In the previous year, a provision for share-based payment in the amount of EUR 107k was recognised; of that amount, EUR 38k were reported under non-current provisions. The amounts mentioned do not represent a payment of remuneration.

In the financial year 2022/2023, non-current provisions increased by EUR 66k (previous year: EUR 2k) to reflect the unwinding of the discount; the amount is included in the column “Additions”. The unwinding of the discount mainly refers to personnel provisions.

26 Accrued liabilities

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Other liabilities for personnel	27,489	21,877	18,649
Christmas bonuses	14,734	13,443	10,041
Outstanding invoices	12,847	12,117	6,025
Commissions/bonuses	2,512	2,604	3,902
Cost for the audit of financial statements	1,394	1,177	245
Other accrued liabilities	27	1,216	470
	59,003	**52,434**	**39,332**

The increase in other liabilities for personnel compared to the previous year is due, amongst other factors, to an inflation-adjustment bonus promised to employees in September and paid out after the reporting date. In addition, a guaranteed bonus was granted to selected employees within the framework of the IPO. Please refer to Note 25 for more details.

Outstanding invoices and commissions/bonuses are financial liabilities measured at amortised cost.

27 Trade payables

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Trade payables due to third parties	60,518	63,895	40,666
Trade payables due to joint ventures	11	0	2
	60,529	**63,895**	**40,668**

All trade payables reported in the reporting period and the previous year have a remaining term to maturity of less than one year.

28 Other non-current and current financial liabilities

	30 Sep 2023		30 Sep 2022		1 Oct 2021	
(in EUR thousands)	Up to 1 year	More than 1 year	Up to 1 year	More than 1 year	Up to 1 year	More than 1 year
Lease liabilities	3,138	69,193	3,375	71,433	1,387	2,212
Negative fair values from derivatives	4,754	0	28	0	0	0
Debtors with credit balances	1,178	0	1,975	0	926	0
Miscellaneous financial liabilities	30	14	26	66	26	30
	9,100	**69,207**	**5,404**	**71,499**	**2,339**	**2,242**

An overview of the contractual remaining maturity of undiscounted financial liabilities is included in the comments on risk management under the Notes on liquidity risk.

The negative fair values from derivatives are the result of currency hedges.

The changes in lease liabilities are explained in Note 31 “Leases”.

29 Other non-current and current non-financial liabilities

	30 Sep 2023		30 Sep 2022		1 Oct 2021	
(in EUR thousands)	Up to 1 year	More than 1 year	Up to 1 year	More than 1 year	Up to 1 year	More than 1 year
Advance payments received on orders	17,776	66,139	14,764	39,949	8,842	19,850
Personnel liabilities	2,078	0	1,536	0	1,432	0
Liabilities due to tax authorities	1,992	0	1,710	0	2,268	0
Social security liabilities	2,531	0	2,931	0	1,973	0
Deferred income	2,722	0	0	0	0	0
Income tax withheld from wages and salaries	991	0	968	0	853	0
Dividends to national shareholders	0	0	0	0	57	0
Miscellaneous other non-financial liabilities	1,175	0	657	0	357	0
	29,265	**66,139**	**22,566**	**39,949**	**15,782**	**19,850**

Advance payments received on orders represent contract liabilities within the meaning of IFRS 15 **Revenue from Contracts with Customers**. All current advance payments received on orders reported as of 30 September 2022 (1 October 2021) led to revenue in the financial year under review (the previous financial year). It is expected that the advance payments received on orders reported as of 30 September 2023 will lead to revenue in the financial years 2023/2024 to 2034/2035. The increase compared to the previous year is mainly due to two major serial supply contracts with long terms concluded in the year under review for which advance payments were received. Long-term advance payments received recognised as of 30 September 2023 are expected to generate total revenue of EUR 929m starting from the financial year 2023/2024.

Additional Notes

30 Financial instruments and risk management

30.1 Financial assets and financial liabilities

In accordance with IFRS 9 **Financial Instruments**, financial assets at SCHOTT Pharma Group are divided into the following categories:

- Measured at amortised cost (AC)
- Financial assets measured at fair value through profit or loss (FVTPL)

The classification of financial assets (in the form of debt securities) at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the Group's business model for managing its financial assets.

Financial assets that are held within a business model that provides for holding the asset in order to collect the contractual cash flows are measured at **amortised cost**. At SCHOTT Pharma Group, this includes in particular cash and cash equivalents, time deposits, trade receivables and financial receivables – SCHOTT Group.

If financial instruments are not held exclusively for the purpose of collecting the contractual cash flows, they are measured at **fair value through profit or loss (FVTPL)**. At SCHOTT Pharma Group, this primarily includes derivative financial instruments that are not designated as part of hedge accounting. Derivative financial instruments are measured at fair value, which corresponds to the market value and can be either positive or negative. The fair value is calculated using present value or option pricing models. Options are measured using the Black-Scholes model; in each case, the respective present value is determined on the basis of current spot prices and corresponding yield curves. The relevant market prices and interest rates observed on the reporting date and obtained from recognised sources are used as input parameters for the models. Any gain or loss resulting from subsequent measurement is recognised in the Consolidated Statement of Income.

In accordance with IFRS 9 **Financial Instruments**, reporting entities may elect to measure equity instruments at fair value through other comprehensive income. SCHOTT Pharma has not applied this option in these Consolidated Financial Statements.

Financial liabilities are generally allocated to the measurement category **"Amortised cost (AC)"** and are carried at amortised cost using the effective interest method. At SCHOTT Pharma Group, this primarily includes trade payables, financial payables – SCHOTT Group as well as selected accrued liabilities items.

At SCHOTT Pharma Group, regular way purchases and sales are recognised as of the settlement date, regardless of their classification. Financial assets and liabilities are generally not netted unless SCHOTT Pharma has a right to set off recognised amounts and intends to settle on a net basis. Financial assets and liabilities were not netted in these Consolidated Financial Statements.

Financial assets and liabilities are initially recognised at fair value. The transaction costs directly attributable to the acquisition or issue of financial instruments are taken into account when determining the carrying amount for the first time. Fair values recognised in the Consolidated Balance Sheet regularly correspond to market prices. If these cannot be determined directly by reference to an active market, they are measured – to the extent possible – using standard market valuation models based on inputs observable on the market.

Impairment of financial assets

The impairment model under IFRS 9 **Financial Instruments** is based on expected credit losses and applies to all financial assets (debt instruments) measured either at amortised cost or at fair value through profit or loss (FVTPL). In addition to losses already incurred, the model also includes future expectations with regard to the impairment of financial assets. IFRS 9 **Financial Instruments**

provides for a three-stage procedure for allocating loss allowance in determining expected loan losses. This procedure can be summarised as follows:

Stage 1: all financial assets are allocated to Stage 1 at initial recognition. An allowance is recognised for credit losses expected to occur within the next twelve months.

Stage 2: if a financial asset has experienced a significant increase in credit risk but is not impaired in its credit quality, it is transferred from Stage 1 to Stage 2. An allowance for lifetime expected credit losses on the financial asset is recorded. Payments that are more than 30 days past due are considered an indication of a significant increase in credit risk.

Stage 3: if a financial asset is credit-impaired or if it defaults, it is transferred to Stage 3. An allowance for lifetime expected credit losses on the financial asset is recorded. The effective interest income is calculated on the basis of the net amount (gross amount less loss allowance). Objective evidence that a financial asset is credit-impaired includes being past due for 120 days or more and other information about significant financial difficulties of the debtor.

Cash and cash equivalents as well as time deposits are allocated to Stage 1. Since cash and cash equivalents are exclusively invested with banks and financial institutions that have a low risk of default, there have been no indications for a transfer to Stage 2.

The simplified approach is applied to trade receivables and contract assets. It is not necessary to make an assessment as regards a potential significant increase in credit risk in this case, since an impairment is recognised directly for the expected term. As soon as there is evidence that a receivable has defaulted, the carrying amount of the receivable is reduced immediately.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when one of the three following requirements is met:

- The contractual rights to derive cash flows from a financial asset have expired.
- SCHOTT Pharma Group retains the rights to receive cash flows from financial assets, but has a contractual obligation to immediately pay these cash flows to a third party under an agreement fulfilling the requirements of IFRS 9.3.2.5 (“pass-through arrangement”).
- SCHOTT Pharma Group has transferred its contractual rights to receive cash flows from a financial asset and has either (a) transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised through profit or loss.

Disclosures on financial instruments

SCHOTT Pharma assumes that for any financial asset and/or financial liability with a remaining term of no more than 12 months, the carrying amount represents the best estimate for the fair value.

The following tables outline the carrying amounts and fair values by measurement categories and classes of financial instruments as of 30 September 2023, 30 September 2022 and 1 October 2021:

Classification, measurement categories and reconciliation to the items in the Consolidated Balance Sheet as of 30 September 2023

Measurement:			At amortised cost		
Measurement category:			Financial assets measured at amortised cost		
Class:			Loans and receivables		
Balance sheet items (in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	
Assets					
Non-current assets					
Investments accounted for using the equity method	79,055	n/a[1]	0	0	
Other financial assets	18	18	18	18	
Current assets					
Trade receivables	156,652	156,652	156,652	156,652	
Trade receivables – SCHOTT Group	8,838	8,838	8,838	8,838	
Financial receivables – SCHOTT Group	35,485	35,485	35,485	35,485	
Other financial assets	8,521	8,521	3,273	3,273	
Cash and cash equivalents	24,357	24,357	24,357	24,357	
	312,926	**233,871**	**228,623**	**228,623**	

Measurement:			At amortised cost		
Measurement category:			Financial liabilities measured at amortised cost		
Class:			Liabilities		
Balance sheet items (in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	
Equity and liabilities					
Non-current liabilities					
Other financial liabilities	69,207	14	14	14	
Current liabilities					
Accrued liabilities	15,359	15,359	15,359	15,359	
Trade payables	60,529	60,529	60,529	60,529	
Trade payables and accrued liabilities – SCHOTT Group	30,115	30,115	30,115	30,115	
Financial payables – SCHOTT Group	137,474	137,474	137,474	137,474	
Other financial liabilities	9,100	5,962	1,208	1,208	
	321,784	**249,453**	**244,699**	**244,699**	

[1] Not applicable.
[2] The fair value is not disclosed for lease liabilities in accordance with IFRS 16 **Leases**.

	At fair value			
	Financial assets measured at fair value through profit or loss (FVTPL)			
	Securities and derivatives		Financial assets not in the scope of IFRS 7	
	Carrying amount	Fair value	Carrying amount	Fair value
	0	0	79,055	n/a[1]
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	5,248	5,248	0	0
	0	0	0	0
	5,248	**5,248**	**79,055**	**0**

		At fair value	
		Financial liabilities measured at fair value through profit or loss (FVTPL)	
	Lease liabilities	Derivatives	
	Carrying amount	Fair value[2]	Carrying amount	Fair value
	69,193	n/a[1]	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	3,138	n/a[1]	4,754	4,754
	72,331	**0**	**4,754**	**4,754**

Classification, measurement categories and reconciliation to the items in the Consolidated Statement of Financial Position as of 30 September 2022

Measurement:			At amortised cost		
Measurement category:			Financial assets measured at amortised cost		
Class			Loans and receivables		
Balance sheet items (in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	
Assets					
Non-current assets					
Investments accounted for using the equity method	79,821	n/a[1]	0	0	
Other financial assets	4	4	4	4	
Current assets					
Trade receivables	128,943	128,943	128,943	128,943	
Trade receivables – SCHOTT Group	17,485	17,485	17,485	17,485	
Financial receivables – SCHOTT Group	161,810	161,810	161,810	161,810	
Other financial assets	3,633	3,633	1,100	1,100	
Cash and cash equivalents	28,795	28,795	28,795	28,795	
	420,491	**340,670**	**338,137**	**338,137**	

Measurement:			At amortised cost		
Measurement category:			Financial liabilities measured at amortised cost		
Class			Liabilities		
Balance sheet items (in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	
Equity and liabilities					
Non-current liabilities					
Other financial liabilities	71,499	66	66	66	
Current liabilities					
Accrued liabilities	14,721	14,721	14,721	14,721	
Trade payables	63,895	63,895	63,895	63,895	
Trade payables and accrued liabilities – SCHOTT Group	35,701	35,701	35,701	35,701	
Financial payables – SCHOTT Group	120,569	120,569	120,569	120,569	
Other financial liabilities	5,403	2,028	2,000	2,000	
	311,788	**236,980**	**236,952**	**236,952**	

[1] Not applicable.
[2] The fair value is not disclosed for lease liabilities in accordance with IFRS 16 **Leases**.

	At fair value			
	Financial assets measured at fair value through profit or loss (FVTPL)			
	Securities and derivatives		Financial assets not in the scope of IFRS 7	
	Carrying amount	Fair value	Carrying amount	Fair value
	0	0	79,821	n/a[1]
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	2,533	2,533	0	0
	0	0	0	0
	2,533	**2,533**	**79,821**	**0**

			At fair value	
			Financial liabilities measured at fair value through profit or loss (FVTPL)	
	Lease liabilities		Derivatives	
	Carrying amount	Fair value	Carrying amount	Fair value
	71,433	n/a[1]	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	3,375	n/a[1]	28	28
	74,808	**0**	**28**	**28**

Classification, measurement categories and reconciliation to the items in the Consolidated Statement of Financial Position as of 1 October 2021

Measurement:			At amortised cost		
Measurement category:			Financial assets measured at amortised cost		
Class			Loans and receivables		
Balance sheet items (in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	
Assets					
Non-current assets					
Investments accounted for using the equity method	62,255	n/a[1]	0	0	
Other financial assets	6	6	6	6	
Current assets					
Trade receivables	110,645	110,645	110,645	110,645	
Trade receivables – SCHOTT Group	6,971	6,971	6,971	6,971	
Financial receivables – SCHOTT Group	19,801	19,801	19,801	19,801	
Other financial assets	1,012	1,012	1,012	1,012	
Cash and cash equivalents	27,859	27,859	27,859	27,859	
	228,547	**166,293**	**166,293**	**166,293**	

Measurement:			At amortised cost		
Measurement category:			Financial liabilities measured at amortised cost		
Class			Liabilities		
Balance sheet items (in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	
Equity and liabilities					
Non-current liabilities					
Other financial liabilities	2,242	30	30	30	
Current liabilities					
Accrued liabilities	9,927	9,927	9,927	9,927	
Trade payables	40,668	40,668	40,668	40,668	
Trade payables and accrued liabilities – SCHOTT Group	22,708	22,708	22,708	22,708	
Financial payables – SCHOTT Group	96,979	96,979	96,979	96,979	
Other financial liabilities	2,339	952	952	952	
	174,863	**171,264**	**171,264**	**171,264**	

[1] Not applicable.
[2] The fair value is not disclosed for lease liabilities in accordance with IFRS 16 **Leases.**

Derivatives reported under other current financial assets in the amount of EUR 3,716k (previous year: EUR 1,044k, 1 October 2021: EUR 0) and derivatives reported under other current financial liabilities in the amount of EUR 4,754k (previous year: EUR 28k, 1 October 2021: EUR 0) are fully attributable to SCHOTT Pharma KGaA.

	At fair value			
	Financial assets measured at fair value through profit or loss (FVTPL)			
	Securities and derivatives		Financial assets not in the scope of IFRS 7	
	Carrying amount	Fair value	Carrying amount	Fair value
	0	0	62,255	n/a[1]
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	**0**	**62,255**	**0**

			At fair value	
			Financial liabilities measured at fair value through profit or loss (FVTPL)	
	Lease liabilities		Derivatives	
	Carrying amount	Fair value[2]	Carrying amount	Fair value
	2,212	n/a[1]	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	1,387	n/a[1]	0	0
	3,599	**0**	**0**	**0**

Fair value measurement

The carrying amounts of financial instruments recognised at fair value are determined on the basis of input parameters that are observable on the market. If market prices are not available, they are measured using the discounted cash flow method, taking into account market conditions in the form of typical credit ratings and/or liquidity spreads when calculating their present value.

For all current financial instruments in the categories "financial assets measured at amortised cost" and "financial liabilities measured at amortised cost", it is assumed that the carrying amount corresponds to the fair value. Lease liabilities are not within the scope of IFRS 9 **Financial Instruments**; hence, their fair values do not have to be determined. For financial assets and financial liabilities measured at fair value through profit or loss (FVTPL), the fair value of derivatives is measured using significant observable input parameters (Level 2), while the fair value of securities is measured using quoted prices on active markets (Level 1). Please refer to Note 20 and Note 28 for information on the fair value of derivatives and securities.

In the year under review, there were no transfers between the levels of the fair value hierarchy.

SCHOTT Pharma's investments in associates and joint ventures accounted for using the equity method are not in the scope of IFRS 7 **Financial Instruments**: Disclosures.

The following tables present the expenses and income by measurement category:

Financial year 2022/2023

		From subsequent measurement		
(in EUR thousands)	From interest and similar income/ expenses	At fair value	Impairment losses/ reversals	Net gain/loss 2022/2023
Financial assets measured at amortised cost (AC)	4,030	0	-1,535	2,495
Financial assets and financial liabilities measured at fair value through profit or loss (FVTPL)	0	6,936	0	6,936
Financial liabilities measured at amortised cost (AC)	-3,013	0	0	-3,013
Total	**1,017**	**6,936**	**-1,535**	**6,418**
Net foreign exchange gain/loss				-3,537
Total				**2,881**

Financial year 2021/2022

(in EUR thousands)	From interest and similar income/ expenses	From subsequent measurement: At fair value	From subsequent measurement: Impairment losses/ reversals	Net gain/loss 2021/2022
Financial assets measured at amortised cost (AC)	1,595	0	-118	1,477
Financial assets and financial liabilities measured at fair value through profit or loss (FVTPL)	0	1,237	0	1,237
Financial liabilities measured at amortised cost (AC)	-1,659	0	0	-1,659
Total	**-64**	**1,237**	**-118**	**1,055**
Net foreign exchange gain/loss				-7,824
Total				**-6,769**

Interest on financial instruments is presented in net interest income/expenses and includes interest income from financial instruments classified as “financial assets measured at amortised cost” and “financial assets measured at fair value through profit or loss (FVTPL)” as well as interest expenses from financial liabilities classified as “financial liabilities measured at amortised cost” and “financial liabilities measured at fair value through profit or loss (FVTPL)”.

Impairment losses and reversals of impairment losses on financial assets measured at amortised cost are presented in other operating income or expenses, respectively. For derivative financial instruments, income and expenses from “financial assets/liabilities at fair value through profit or loss (FVTPL)” are also recognised under other operating income or other operating expenses, respectively.

All other components of the subsequent measurement of financial instruments are included in the other financial result.

No financial instruments whose fair value previously could not be reliably determined were derecognised.

A net foreign exchange loss of EUR 3,537k (previous year: net loss of EUR 7,824k) was incurred for assets and liabilities measured at amortised cost.

30.2 Risk management

As a result of its international business activities, SCHOTT Pharma is exposed to risks resulting from market fluctuations in exchange rates and interest rates. To control these risks, the companies of SCHOTT Pharma are integrated into the central treasury and cash management system of SCHOTT Group. The central currency management is responsible for protecting the operating business against transaction risks resulting from exchange rate fluctuations. In general, transaction risks are mitigated through SCHOTT Pharma’s global presence, including local production and global purchasing activities. Net currency flows, determined on a regular basis using currency-specific liquidity forecasts, serve as the basis for hedging.

Derivative financial instruments are used exclusively for hedging purposes (but hedge accounting is not applied), i.e. only in connection with corresponding underlying transactions from the original business activity that have a risk profile opposite to that of the hedging transaction. All transactions are conducted under strict functional separation of trading, settlement, documentation and risk controlling. All transactions are recorded and evaluated centrally in the treasury management system and are subject to continuous risk control.

There were no significant changes in processes, goals or methods of risk management compared to the previous year. For additional information on risk management, please refer to the risk report in the Combined Management Report.

Credit risk

Credit risk arises when the counterparty of a financial instrument is unable to meet its contractual obligations. Consequently, the maximum receivable amount corresponds to the gross carrying amount owed by each counterparty.

As SCHOTT Pharma is part of the cash pool and treasury workflows of SCHOTT Group, a major portion of its credit risk arises in relation to SCHOTT AG. The credit risk arising from cash and cash equivalents is limited by working exclusively with selected contracting parties. In addition, SCHOTT Pharma only uses marketable financial instruments with sufficient market liquidity, as considered eligible under the Treasury guideline.

SCHOTT Pharma reduces credit risks arising from trade receivables by constantly monitoring the credit quality and payment history of its business partners. Each business partner is assigned an individual credit limit on the basis of these criteria. SCHOTT Pharma does not see any substantial credit risk for the Company, as it continuously monitors credit limits for its large and heterogeneous customer base. In addition, SCHOTT Pharma uses credit insurance to mitigate customer credit risk.

The following table outlines the carrying amounts of the financial assets. They are broken down into classes and are deemed to reflect SCHOTT Pharma Group's maximum default risk and credit risk exposure as of the reporting date:

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Loans and receivables	204,266	309,342	138,434
Cash and cash equivalents	24,357	28,795	27,859
Financial assets not in the scope of IFRS 7	79,055	79,821	62,255
Financial assets measured at fair value through profit or loss (FVTPL)	5,248	2,533	0
	312,926	**420,491**	**228,547**

Similarly, the maximum default risk and the credit risk exposure of contract assets correspond to the carrying amount as of the reporting date of EUR 58,208k (previous year: EUR 52,622k, 1 October 2021: EUR 33,323k).

As in the previous year, no collateral was held as of the reporting date that would allow the collateral to be sold or provided as own collateral in case the debtor is not in default.

A simplified approach is used to determine loss allowances on trade receivables and contract assets, as they do not contain any significant financing components. Customer receivables are classified into a total of eight credit risk classes and according to the corresponding past due dates. SCHOTT Pharma deems a receivable to have defaulted if the contractual cash flows are more than 120 days past due or the creditworthiness of the debtor has deteriorated to such an extent that repayment can no longer be assumed. When calculating loss allowance on cash and cash equivalents, SCHOTT Pharma assumes that there has been no significant increase in credit risk. Cash and cash equivalents totalling EUR 24m are mainly invested with high credit-quality banks. For cash and cash equivalents, the loss allowance was calculated on the basis of 12-month expected credit losses and reflects the short maturities.

The following tables provide an overview of past due amounts, default risk and expected credit losses for trade receivables from third parties and contract assets:

	30 Sep 2023			
(in EUR thousands)	Gross carrying amount	Loss rate (weighted average)	Loss allowance	Credit-impaired
Not past due	133,081	0.5 %	636	No
1-30 days past due	14,308	0.9 %	125	No
31-60 days past due	3,286	1.4 %	51	No
61-90 days past due	3,597	2.0 %	78	No
More than 90 days past due	4,611	23.4 %	1,827	Yes[1]
Foreign currency adjustments (excluding allocation to maturities)	486	–	–	–
Total trade receivables	**159,369**	**–**	**2,717**	**–**
Contract assets (not past due)	**58,264**	**0.1 %**	**56**	No

[1] Trade receivables which are more than 120 days past due are considered "credit-impaired", whereas trade receivables which are past due between 91 and 120 days are not.

	30 Sep 2022			
(in EUR thousands)	Gross carrying amount	Loss rate (weighted average)	Loss allowance	Credit-impaired
Not past due	118,005	0.1 %	164	No
1-30 days past due	4,786	0.3 %	16	No
31-60 days past due	4,666	0.6 %	28	No
61-90 days past due	1,140	1.6 %	18	No
More than 90 days past due	2,503	40.2 %	1,007	Yes[1]
Foreign currency adjustments (excluding allocation to maturities)	-924	-	-	-
Total trade receivables	**130,176**	**-**	**1,233**	**-**
Contract assets (not past due)	**52,674**	**0.1 %**	**52**	**No**

[1] Trade receivables which are more than 120 days past due are considered "credit-impaired", whereas trade receivables which are past due between 91 and 120 days are not.

	1 Oct 2021			
(in EUR thousands)	Gross carrying amount	Loss rate (weighted average)	Loss allowance	Credit-impaired
Not past due	96,365	0.2 %	193	No
1-30 days past due	9,204	0.9 %	83	No
31-60 days past due	3,302	2,0 %	66	No
61-90 days past due	1,451	2.7 %	39	No
More than 90 days past due	1,265	54.4 %	688	Yes[1]
Foreign currency adjustments (excluding allocation to maturities)	126	–	–	–
Total trade receivables	**111,713**	**–**	**1,068**	**–**
Contract assets (not past due)	**33,356**	**0.1 %**	**33**	**No**

[1] Trade receivables which are more than 120 days past due are considered "credit-impaired", whereas trade receivables which are past due between 91 and 120 days are not.

In the past financial year, the loss allowances on trade receivables include specific loss allowances in the amount of EUR 987k recorded for individual risks and loss events (previous year: EUR 186k, 1 October 2021: EUR 400k).

Liquidity risk

Liquidity risk describes the risk that a company is unable to sufficiently meet its financial obligations. SCHOTT Pharma's financial liabilities mainly comprise financial payables – SCHOTT Group, trade payables and lease liabilities.

The following table provides an overview of the contractual remaining terms of undiscounted financial liabilities:

(in EUR thousands)	Carrying amount	Gross outflows	Up to 1 year	1 to 5 years	More than 5 years
30 Sep 2023					
Trade payables	60,529	60,529	60,529	0	0
Trade payables – SCHOTT Group	30,115	30,115	30,115	0	0
Financial payables – SCHOTT Group	137,474	137,474	137,474	0	0
Accrued liabilities	15,359	15,359	15,359	0	0
Other financial liabilities	1,221	1,221	1,207	14	0
Lease liabilities	72,331	94,262	5,243	18,470	70,549
Derivatives	4,754	4,754	4,754	0	0
30 Sep 2022					
Trade payables	63,895	63,895	63,895	0	0
Trade payables – SCHOTT Group	35,701	35,701	35,701	0	0
Financial payables – SCHOTT Group	120,569	120,569	120,569	0	0
Accrued liabilities	14,721	14,721	14,721	0	0
Other financial liabilities	2,066	2,066	2,000	66	0
Lease liabilities	74,808	99,054	5,338	18,941	74,775
Derivatives	28	28	28	0	0
1 Oct 2021					
Trade payables	40,668	40,668	40,668	0	0
Trade payables – SCHOTT Group	22,708	22,708	22,708	0	0
Financial payables – SCHOTT Group	96,979	96,979	96,979	0	0
Accrued liabilities	9,927	9,927	9,927	0	0
Other financial liabilities	981	981	952	29	0
Lease liabilities	3,599	4,314	1,468	2,257	589
Derivatives	0	0	0	0	0

The derivatives reported as of the reporting date are foreign exchange forwards. The volume of the hedge corresponds to a euro equivalent of EUR 402m (previous year: EUR 74m). Liquidity risk is managed in cooperation with SCHOTT AG's Treasury department (based on a service agreement), which uses an efficient cash management system for this purpose. SCHOTT Pharma ensures its solvency and liquidity supply through rolling liquidity planning and by maintaining liquidity reserves. SCHOTT AG has granted SCHOTT Pharma several revolving credit lines in a total amount of EUR 315m (previous year: EUR 319m), with a term ending on 31 December 2026, of which a total of EUR 138m (previous year: EUR 116m) was drawn as of 30 September 2023.

Market risk

Market risks are the result of changing market prices that lead to fluctuations in fair value or future cash flows of financial instruments. SCHOTT Pharma is an international corporate group and therefore particularly exposed to currency, interest rate and commodity price risks (the latter especially in the form of energy prices).

Currency risk

Currency risks arise from capital expenditure, financing measures and business operations not conducted in the functional currency. The aim of currency management is to hedge business operations against earnings and cash flow fluctuations. Generally, only risks resulting from an exchange of foreign currency cash flows into the respective local currency (transaction risks) are hedged as part of currency management. SCHOTT Pharma does not generally hedge risks arising from the foreign currency translation of the items of the Consolidated Statement of Financial Position and earnings figures of foreign Group companies (translation risks).

Transactions risks are mitigated as a result of the global presence of SCHOTT Pharma, including local production and global purchasing activities. Net currency positions determined on a regular basis using currency-specific liquidity forecasts serve as the basis for hedging the remaining transaction risks. The currency forwards that are used to hedge transaction risk have a remaining term of no more than twelve months.

Currency risk is determined on the basis of a cash-flow-at-risk analysis in accordance with internal risk reporting. This analysis is based on open positions in non-functional currencies. The exposure includes a currency-specific forecast of cash flows over the next twelve months, taking into account the concluded hedging instruments, and is shown in the table below.

(in EUR m)	Exposure as at 30 Sep 2023	Exposure as at 30 Sep 2022
Argentine peso	-10.0	-9.4
Brazilian real	-3.2	33.4
Chinese renminbi	0.5	76.7
Indonesian rupiah	-2.0	10.3
Colombian peso	4.0	5.7
Mexican peso	-13.7	-12.6
Russian rouble	9.2	14.7
Swiss franc	-52.1	-78.4
Hungarian forint	-7.7	-13.4
US dollar	39.8	74.0
Other	0.0	2.4

As of 30 September 2023, transaction risks were hedged in US dollar, Swiss franc, Chinese renminbi, Mexican peso and Hungarian forint.

Cash-flow-at-risk (“CFaR”) is calculated using a stochastic simulation; possible future developments in exchange rates are simulated based on observed changes in exchange rates over the last 250 trading days, taking their correlations into account. CFaR represents the potential loss that the exposure will not exceed, based on a confidence interval of 95 % and a holding period of one year. CFaR totalled EUR 14.8m as of 30 September 2023 (previous year: EUR 9.4m).

Interest rate risk

The aim of interest rate management is to protect the financial result against the negative effects of fluctuating market interest rates.

Interest rate risk is evaluated using a sensitivity analysis. A parallel shift of the yield curve by 100 basis points is carried out, simulating the effects of a change in market interest rates on the financial result. This analysis only takes financial instruments with variable interest rates into account, as changes in market interest rates would affect their fair value.

On the basis of market data as of 30 September 2023, a parallel shift of the euro yield curve by 100 basis points would affect the Consolidated Statement of Income by less than EUR 0.8m (previous year: EUR 1.0m).

Commodity price risk

Commodities can be subject to strong price fluctuations, for example due to periodic limited availability. Moreover, SCHOTT Pharma's production processes are energy-intensive and a substantial proportion is dependent on a continuous energy supply. These factors have a direct impact on SCHOTT Pharma's production processes as well as an indirect influence upon procurement of glass tubing as a primary product. SCHOTT Pharma is therefore exposed to price risks in the commodity and energy markets. The Purchasing department is responsible for managing these price risks at SCHOTT Pharma and performs this task on the basis of central policies. Measures for protection against these risks include long-term contracts concluded with various suppliers. This includes Power Purchase Agreements ("PPAs") which are accounted for in the financial statements as pending transactions making use of the own-use exemption. As a result, SCHOTT Pharma has not conducted a sensitivity analysis for these financial instruments.

31 Leases

There are rental and leasing relationships mainly for land, including production and administration buildings, technical equipment and machinery, and office equipment. Some of the lease agreements include extension and termination options and price adjustment clauses.

The carrying amounts of right-of-use assets from leases as of 30 September were as follows:

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Land, land rights and buildings	69,690	73,732	3,496
Technical equipment and machinery	44	18	18
Other equipment, operating and office equipment	194	163	228
	69,928	**73,913**	**3,742**

Due to the application of the option not to recognise leases of low-value assets and short-term leases, these are not recognised as right-of-use assets, but rather recognised directly in profit or loss.

All right-of-use assets are depreciated on a straight-line basis over their scheduled useful life. In accordance with the contractual terms, the useful lives are as follows:

	Years
Land, land rights and buildings	3 to 22
Technical equipment and machinery	2 to 17
Other equipment, operating and office equipment	3 to 5

The lease obligations are extinguished over the corresponding contractual term.

In the current financial year, right-of-use assets totalling EUR 1,496k were recognised as additions. These are broken down as follows:

(in EUR thousands)	30 Sep 2023	30 Sep 2022	1 Oct 2021
Land, land rights and buildings	1,287	72,837	221
Technical equipment and machinery	42	11	4
Other equipment, operating and office equipment	168	142	229
	1,496	**72,990**	**453**

The following lease expenses are included in the Consolidated Statement of Income:

(in EUR thousands)	2022/2023	2021/2022
Depreciation on right-of-use assets for land and buildings	5,404	2,575
Depreciation on right-of-use assets for technical equipment and machinery	17	12
Depreciation on right-of-use assets for other equipment, operating and office equipment	137	172
Interest expenses for lease liabilities	2,141	107
Short-term lease expenses	787	740
Low-value lease expenses	131	114
Expenses from variable lease payments not included in lease liabilities	93	117
	8,709	**3,837**

In the financial year 2022/2023, total cash outflows for leases amounted to EUR 6,626k (previous year: EUR 2,615k).

The breakdown of undiscounted future cash outflows from leases is included in Note 30.

Future cash outflows of EUR 3,661k (previous year: EUR 3,774k) were not included in lease liabilities, as it is not reasonably certain that the leases will be extended or not be terminated.

Future cash outflows for leases that SCHOTT Pharma has entered into in the financial year 2022/2023, but which have not yet commenced, amounted to EUR 20,572k (previous year: EUR 37k). The year-on-year change is attributable to a rental agreement concluded in Serbia which starts in the financial year 2023/2024 and has a term of 15 years.

32 Contingent liabilities and assets

To the extent permitted and required, provisions have been recognised by the Group companies for all legal disputes in appropriate amounts.

There were no contingent assets as of the reporting date.

33 Notes to the Consolidated Statement of Cash Flows

In the Consolidated Statement of Cash Flows, cash flows are categorised into cash inflows and outflows from operating activities, investing activities and financing activities. Cash flows from operating activities are derived indirectly on the basis of the consolidated profit for the period. Cash flows from operating activities are adjusted for non-cash expenses and income – primarily depreciation, amortisation and impairment on non-current assets. They also take changes in working capital into account. Starting in this financial year, dividends received from investments accounted for using the equity method are reported as operating activities. This is consistent with profit from investments accounted for using the equity method being reported as part of operating profit (EBIT).

Investing activities comprise the receipts and disbursements from the disposal of and investments in non-current assets.

Financing activities comprise cash inflows and outflows from taking out or repaying financial receivables or payables – SCHOTT Group as well as other financial liabilities and payments of dividends. In addition, financing activities comprise equity transactions with SCHOTT Group within the context of the legal reorganisation.

Changes of items reported in the Statement of Financial Position items and shown in the Statement of Cash Flows cannot be derived directly from the Statement of Financial Position, as these have been adjusted for non-cash transactions and exchange rate effects.

Cash and cash equivalents recognised in the Statement of Cash Flows include cash on hand, bank deposits and cheques in the amount of EUR 24,357k (previous year: EUR 28,795k, 1 October 2021: EUR 27,859k).

Change in liabilities from financing activities

The sum total of the corresponding cash flows within financing activities corresponds to the sum total of the following items: changes in financial receivables – SCHOTT Group, changes in financial payables – SCHOTT Group, cash inflows from financial borrowings, inflows/outflows from financial liabilities, and outflows from repayments of outstanding lease liabilities.

Financial year 2022/2023

(in EUR thousands)	1 Oct 2022	Cash flows	Changes in exchange rates	New leases	Other	30 Sep 2023
Financial receivables – SCHOTT Group	-161,810	121,701	4,624	0	0	-35,485
Financial payables – SCHOTT Group	120,569	21,905	-5,000	0	0	137,474
Lease liabilities	74,808	-3,474	-499	1,496	0	72,331
Liabilities to banks	0	-15	15	0	0	0
Other	2,001	-777	-16	0	0	1,208
	35,568	**139,340**	**-876**	**1,496**	**0**	**175,528**

Other financial liabilities whose cash flows are not included in the cash flows from financing activities:

Negative fair values from derivatives	28					4,754
Non-current trade payables	66					14
	35,662					**180,296**

Financial year 2021/2022

(in EUR thousands)	1 Oct 2021	Cash flows	Changes in exchange rates	New leases	Other	30 Sep 2022
Financial receivables – SCHOTT Group	-19,801	-136,431	-5,578	0	0	-161,810
Financial payables – SCHOTT Group	96,979	12,959	10,631	0	0	120,569
Lease liabilities	3,599	-1,537	320	72,990	-564	74,808
Liabilities to banks	0	18	-18	0	0	0
Other	952	1,018	31	0	0	2,001
	81,729	**-123,973**	**5,386**	**72,990**	**-564**	**35,568**

Other financial liabilities whose cash flows are not included in the cash flows from financing activities:

Negative fair values from derivatives	0					28
Non-current trade payables	30					66
	81,759					**35,662**

Other changes in the financial year 2022/2023 comprised disposals of right-of-use assets and hence the derecognition of the related lease liabilities.

34 Employees

Annual average number of employees	2022/2023	2021/2022
Germany	644	539
EMEA (excluding Germany)	1,653	1,559
North America	616	653
South America	756	781
Asia and South Pacific	962	1,259
	4,631	**4,791**
Trainees	34	33
Total	**4,665**	**4,824**

Group employees comprise the employees of the companies included in the Consolidated Financial Statements.

The number of employees on the reporting date of 30 September 2023 decreased by 202 (-4.2 %) to 4,646 (previous year: 4,848).

35 Personnel expenses

The following personnel expenses were incurred in the financial year:

(in EUR thousands)	2022/2023	2021/2022
Wages and salaries	198,507	183,329
Social security contributions	35,013	31,126
Expenses for retirement benefits	2,686	9,434
Total	**236,206**	**223,889**

Personnel expenses are contained in the functional areas and are not reported separately in the Consolidated Statement of Income according to the cost of sales (function of expense) method.

36 Auditor's fee

The total fees charged for the financial year by the auditor of the Consolidated Financial Statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn / Frankfurt/Main, Germany ("EY"), can be broken down as follows:

(in EUR thousands)	2022/2023	2021/2022
Auditing fees	2,384	588
Other assurance services	575	8
Other services	0	0
Total	**2,959**	**596**

Fees for the audit of the Combined Financial Statements for the financial years 2019/2020, 2020/2021 and 2021/2022 in connection with the IPO are reported as part of auditing fees, whilst fees incurred for the issue of the comfort letter are shown under other assurance services. Both fees were refunded by SCHOTT AG, based on a cost assumption agreement, with the corresponding income reported in other operating income under income from costs reimbursed in connection with the IPO.

37 Segment reporting

In accordance with IFRS 8 **Operating Segments**, segment reporting is presented on the basis of the internal management and reporting system for the Management Board of SCHOTT Pharma. The Management Board is the Chief Operating Decision Maker ("CODM") as defined in IFRS 8 and monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The definition of the operating segments as well as the indicators described are in line with internal management and reporting; the key performance indicators are revenue and EBITDA. The accounting and financial reporting principles applied are the same as those described for SCHOTT Pharma Group in the note on "Significant accounting policies and methods of consolidation".

SCHOTT Pharma comprises the two operating segments: Drug Containment Solutions ("DCS") and Drug Delivery Systems ("DDS").

The DCS product portfolio, consisting of pharmaceutical vials, cartridges and ampoules, offers customers a wide range of sterile and non-sterile standard and high-end solutions to store drugs safely. Pharmaceutical glass vials provide safe storage of injectable drugs due to their high chemical resistance, which limits interactions between liquid drug formulations and the container. Furthermore, special features such as improved inner surfaces, tighter geometries and the possibility of internal and external coatings meet additional requirements for special areas of application. Cartridges are glass cylinders that have to be inserted into injection devices (e.g. autoinjectors, pen devices, wearable injection devices) to dispense simple or complex drugs in accurate doses. They offer a simple and safe drug delivery. Ampoules are especially suitable for the administration of single doses. In glass-sealed ampoules, contact exists solely between the drug and the glass, which substantially reduces the risk of the drug being contaminated. Glass vials and cartridges are also offered in a pre-washed and pre-sterilised ready-to-use configuration and with standardised secondary packaging options.

The DDS products are characterised by enhanced functionality and offer the customers systems to deliver drugs safely. The DDS portfolio comprises sterilised, prefillable syringes made of glass and high-tech polymers that are ready to use. Prefillable syringes offer a highly stable, long-term storage solution for complex and sensitive drugs such as biologics and allow for an exact dosage of drugs. This improves the effectiveness of the application and significantly reduces the risk of application errors such as incorrect dosage or injuries due to significantly fewer manual tasks during administration. Prefillable syringes may be used in a safe and convenient way by both healthcare professionals and the patient at home. This administration system also contributes to reducing drug waste. Prefillable glass syringes are made of Type I borosilicate glass, while polymer syringes are made of a high-tech cyclic olefin copolymer (COC).

The internal management and reporting system was adjusted upon the completion of the reorganisation of SCHOTT Pharma Group as of 30 June 2023. The adjustment does not have any effects on the reportable segments but on the disclosures to be presented. For additional information to be reported, the previous year's figures by operating segment have been added accordingly in the information.

The business relationships between operating segments are generally based on prices that are also agreed with third parties. Revenue as well as further transactions between operating segments are eliminated upon consolidation and reported in the Consolidation/Reconciliation column. The Consolidation/Reconciliation column also includes the necessary reconciliation and reclassification items. In addition, all assets and liabilities of SCHOTT Pharma that do not meet the definition of segment assets and segment liabilities are reported in the Consolidation/Reconciliation column. Capital expenditure shown in the Consolidation/Reconciliation column refers to investments made by Group headquarters.

Financial year 2022/2023

(in EUR thousands)	DCS	DDS	Consolidation/ Reconciliation	Total SCHOTT Pharma
Revenue				
External revenue	554,963	343,639	0	898,602
Inter-segment revenue	3,033	0	-3,033	0
Reversals of impairment losses/impairment losses	5,199	-185	0	5,014
Share of profit from investments accounted for using the equity method	11,742	0	0	11,742
Result from operating activities (EBIT)	**86,517**	**106,083**	**-217**	**192,383**
Depreciation, amortisation and impairment losses	22,953	22,778	917	46,648
EBITDA	**109,470**	**128,861**	**700**	**239,031**
Reconciliation from segment EBITDA to SCHOTT Pharma consolidated profit for the period				
Depreciation, amortisation and impairment losses	–	–	–	-46,648
Financial result	–	–	–	-6,581
Income tax expenses	–	–	–	-33,868
Consolidated profit for the period	**–**	**–**	**–**	**151,934**
Capital expenditure	53,009	122,893	1,118	177,020
Segment assets	180,672	185,405	865,751	1,231,828
Segment liabilities	70,674	95,613	373,362	539,649

Financial year 2021/2022

(in EUR thousands)	DCS	DDS	Consolidation/ Reconciliation	Total SCHOTT Pharma
Revenue				
External revenue	598,288	222,856	0	821,144
Inter-segment revenue	636	0	-636	0
Reversals of impairment losses/impairment losses	-11,782	0	0	-11,782
Share of profit from investments accounted for using the equity method	12,990	0	0	12,990
Result from operating activities (EBIT)	**113,719**	**57,995**	**-7,339**	**164,375**
Depreciation, amortisation and impairment losses	40,461	14,896	0	55,357
EBITDA	**154,180**	**72,891**	**-7,339**	**219,732**
Reconciliation from segment EBITDA to SCHOTT Pharma consolidated profit for the period				
Depreciation, amortisation and impairment losses	–	–	–	-55,357
Financial result	–	–	–	-6,087
Income tax expenses	–	–	–	-32,440
Consolidated profit for the period	**–**	**–**	**–**	**125,848**
Capital expenditure	91,697	132,398	1,584	225,679
Segment assets	183,314	144,672	868,514	1,196,500
Segment liabilities	99,402	54,907	333,147	487,456

Definition of selected performance indicators:

- EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as the result from operating activities (EBIT) before depreciation, amortisation, impairment losses and reversals of impairment losses on intangible assets and property, plant and equipment.
- Capital expenditure is defined as additions to intangible assets and property, plant and equipment and corresponds to the additions in the statement of changes in non-current assets.
- Segment assets comprise the following items of the Statement of Financial Position: inventories, contract assets, trade receivables, trade receivables – SCHOTT Group as well as creditors with debit balances reported in other financial assets.
- Segment liabilities comprise the following items of the Statement of Financial Position: trade payables, trade payables – SCHOTT Group as well as advance payments received on orders reported in other non-financial liabilities and debtors with credit balances reported in other financial liabilities.

The geographical information is based on the geographical regions of Europe, Middle East, Africa ("EMEA"), Asia and South Pacific, North America and South America.

	EMEA		Asia and South Pacific		North America		South America		SCHOTT Pharma	
(in EUR thousands)	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
Revenue by location of the customer	475,764	396,138	155,606	166,375	184,615	170,082	82,617	88,549	898,602	821,144
Revenue by location of the company	552,337	423,495	101,789	128,840	162,470	180,543	82,006	88,266	898,602	821,144
Non-current assets	517,469	412,657	135,150	139,653	69,305	53,029	26,720	24,893	748,644	630,232

Non-current assets as of 1 October 2021 in the amount of EUR 427,622k can be broken down as follows: EMEA EUR 273,164k, Asia and South Pacific EUR 99,800k, North America EUR 34,756k and South America EUR 19,901k.

In the financial year 2022/2023, the German Pharma operations generated revenues of EUR 102,986k (previous year: EUR 92,412k). In addition, revenues from German customers amounted to EUR 54,821k (previous year: EUR 50,393k).

Non-current assets comprise intangible assets, property, plant and equipment, investments accounted for using the equity method and other non-financial assets. In the financial year 2022/2023, the German Pharma operations recognised non-current assets of EUR 193,154k (previous year: EUR 164,614k; 1 October 2021: EUR 127,175k).

In the financial years 2022/2023 and 2021/2022, there were no relationships with individual customers having a material percentage share in Group revenues.

38 Related party disclosures

The majority of limited liability shares in SCHOTT Pharma KGaA is held by SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz, with its sole shareholder being SCHOTT AG, Mainz. In turn, Carl Zeiss Foundation, Heidenheim an der Brenz and Jena, is the sole shareholder of SCHOTT AG, Mainz. Accordingly, the group of related companies of SCHOTT Pharma Group includes all direct and indirect subsidiaries of SCHOTT AG, associates and joint ventures of SCHOTT Group, the Carl Zeiss Foundation, Heidenheim an der Brenz and Jena, Carl Zeiss AG, Oberkochen, as well as their related companies (together "Carl Zeiss Group"). There were no significant transactions with companies of Carl Zeiss Group during the reporting periods. SCHOTT Pharma Management AG, Mainz – being the general partner of SCHOTT Pharma KGaA –, also belongs to the group of related companies.

In addition, related parties comprise all persons who – as key management personnel – exercise a significant influence on the business activities of SCHOTT Pharma. This includes members of the Management Board of SCHOTT Pharma Management AG, the members of the Supervisory Boards of SCHOTT Pharma KGaA and SCHOTT Pharma Management AG and their close family members.

Transactions with subsidiaries included in the Consolidated Financial Statements of SCHOTT Pharma KGaA were eliminated as part of consolidation and are therefore not explained.

Transactions with SCHOTT Group

Companies of SCHOTT Pharma Group conducted the following transactions with companies of SCHOTT Group:

	2022/2023			2021/2022		
(in EUR thousands)	SCHOTT AG	Remaining SCHOTT companies	Total	SCHOTT AG	Remaining SCHOTT companies	Total
Sale of goods and services and other income	4,817	5,273	10,090	474	4,998	5,472
Purchase of goods and services and other expenses for services	104,439	74,792	179,231	103,746	52,960	156,706

Sale of goods and services to SCHOTT Group

During the normal course of business, SCHOTT Pharma supplies certain products and renders selected services to SCHOTT Group entities. In addition, during the financial year 2022/2023, costs incurred in connection with the IPO were passed on to SCHOTT AG under a cost assumption agreement. Please refer to Note 8 for further details.

Purchase of goods and services and other expenses for services provided by SCHOTT Group

During the normal course of business, companies of the SCHOTT Pharma Group purchase certain products needed for the manufacturing process from other SCHOTT Group entities, in particular glass tubes.

Moreover, subsidiary SCHOTT Pharmaceutical Packaging (Zhejiang) Co., Ltd., Huzhen Town, China, acts as exclusive distributor for pharmaceutical packaging produced by SCHOTT Group entity SCHOTT Glass Technologies (Suzhou) Co., Ltd., Suzhou, China.

Expenses for services relate to central corporate services provided by SCHOTT AG, such as tax and legal, IT, HR, accounting and treasury. In addition, SCHOTT AG charged brand licence fees based on a percentage of revenues SCHOTT Pharma generates with third parties. SCHOTT Pharma will continue to use these services provided by SCHOTT Group entities based on service level agreements.

Receivables and liabilities to SCHOTT Group entities are as follows:

	30 Sep 2023			30 Sep 2022			1 Oct 2021		
(in EUR thousands)	SCHOTT AG	Remaining SCHOTT companies	Total	SCHOTT AG	Remaining SCHOTT companies	Total	SCHOTT AG	Remaining SCHOTT companies	Total
Receivables	39,094	5,229	44,323	158,280	21,014	179,294	6,011	20,760	26,771
thereof trade receivables	3,609	5,229	8,838	1,232	16,252	17,484	0	6,971	6,971
thereof from financing	35,485	0	35,485	157,048	4,762	161,810	6,011	13,790	19,801
Liabilities	149,790	17,799	167,589	142,339	13,931	156,270	106,303	13,384	119,687
thereof trade payables	12,667	17,448	30,115	21,770	13,931	35,701	9,324	13,384	22,708
thereof from financing	137,123	351	137,474	120,569	0	120,569	96,979	0	96,979

As of 30 September 2023, loss allowances for doubtful accounts in relation to SCHOTT Group entities were recorded in the amount of EUR 63k (previous year: EUR 95k; 1 October 2021: EUR 42k).

Financing

SCHOTT Pharma is included in SCHOTT Group's cash pooling management. Receivables and balances from financing activities relate solely to cash pooling transactions. The balances are interest-bearing with interest rates being agreed on an arm's length basis.

Interest income in connection with cash pooling transactions in the current financial year amounts to EUR 2,263k (previous year: EUR 458k), including EUR 2,245k attributable to SCHOTT AG (previous year: EUR 180k), whereas interest expenses in the current financial year amount to EUR 2,999k (previous year: EUR 1,656k), of which EUR 2,986k is attributable to SCHOTT AG (previous year: EUR 1,656k).

Hedging

Any hedging activities for SCHOTT Pharma are performed on an arm's length basis via SCHOTT AG's Treasury department. The consideration is in line with prevailing market terms.

Leases

SCHOTT Pharma KGaA has two lease agreements with SCHOTT Group entities, for a commercial property in Mülheim and an office property in Mainz. The lease agreement for the commercial property has a base term of ten years, with two five-year extension options for SCHOTT Pharma KGaA. When recognising the right-of-use asset and the lease liability, the extension options were taken into account since their exercise was deemed sufficiently certain. The lease agreement for the office property has a base term of five years, with two five-year extension options for SCHOTT Pharma KGaA. The extension options were not taken into account when recognising the right-of-use asset and the lease liability. Please refer to Note 31 for further details.

The following table presents the development of right-of-use assets related to SCHOTT Group entities:

(in EUR thousands)	2022/2023	2021/2022
1 Oct	71,217	917
New leases	0	71,833
Disposals	0	-530
Depreciation, amortisation and impairment losses	-3,690	-1,003
30 Sep	**67,527**	**71,217**

The following table presents the development of leases related to SCHOTT Group entities:

(in EUR thousands)	2022/2023	2021/2022
1 Oct	71,532	921
New leases	0	71,833
Disposals	0	-534
Repayment and interest	-1,905	-688
30 Sep	**69,627**	**71,532**

Transactions with associates and joint ventures

SCHOTT Pharma Group companies conducted the following transactions with joint ventures:

(in EUR thousands)	2022/2023	2021/2022
Sale of goods	1,818	4,183
Purchase of goods	17	297

Receivables and liabilities to joint ventures are as follows:

(in EUR thousands)	30 Sep 2023	30 Sep 2022
Receivables	2,148	1,242
Liabilities	11	0

As of 1 October 2021, receivables from joint ventures amounted to EUR 689k, while liabilities amounted to EUR 2k.

As of 30 September 2023, loss allowances for doubtful accounts in relation to joint ventures were recorded in the amount of EUR 0 (previous year: EUR 2k; 1 October 2021: EUR 4k).

There were neither transactions with associates in the reporting periods nor were there any receivables and liabilities as of the respective reporting dates.

39 Remuneration of the Management Board and the Supervisory Board

The remuneration for members of the Management Board as well as further key management personnel is as follows:

(in EUR thousands)	2022/2023	2021/2022
Short-term benefits	1,031	6,603
Other long-term benefits	0	1,757
Post-employment benefits	90	1,037
Share-based remuneration	217	41
Total remuneration	**1,338**	**9,438**

The Management Board of SCHOTT Pharma Management AG was established with effect from 15 July 2022. SCHOTT Pharma Management AG – the general partner of SCHOTT Pharma KGaA – is responsible for the management of SCHOTT Pharma KGaA. For periods prior to 15 July 2022, the four members of SCHOTT AG´s Management Board and two individuals responsible for the management of the Pharmaceutical Systems division within SCHOTT Group were considered as key management personnel.

In the financial year 2021/2022, the remuneration of the four members of SCHOTT AG's Management Board, which was not charged to SCHOTT Pharma KGaA, comprised short-term benefits of EUR 5,580k, long-term benefits of EUR 1,757k and post employment benefits of EUR 918k.

The remuneration of the members of the Supervisory Board of SCHOTT Pharma KGaA comprises a basic remuneration as well as an additional remuneration for work in committees and amounted to EUR 132k in the financial year 2022/2023 (previous year: EUR 0).

The remuneration of the members of the Supervisory Board of SCHOTT Pharma Management AG exclusively comprises a basic remuneration and amounted to EUR 33k in the financial year 2022/2023 (previous year: EUR 0).

Pursuant to the Memorandum and Articles of Association of SCHOTT Pharma KGaA, SCHOTT Pharma Management AG is refunded all expenses incurred in connection with the management of the company, including the remuneration of its executives. Accordingly, remuneration for the members of SCHOTT Pharma Management AG's Management Board and Supervisory Board was charged to SCHOTT Pharma KGaA.

In addition, in the financial year 2021/2022, the members of the Supervisory Board of SCHOTT AG were also considered as key management personnel until the establishment of the Supervisory Board of SCHOTT Pharma KGaA and the Supervisory Board of SCHOTT Pharma Management AG. The remuneration paid to the members of the Supervisory Board of SCHOTT AG, which was not passed on to SCHOTT Pharma KGaA, amounted to EUR 607k in the financial year 2021/2022.

As of 30 September 2023, outstanding balances for short-term benefits for members of the Management Board amounted to EUR 215k (previous year: EUR 374k), for members of the Supervisory Board of SCHOTT Pharma KGaA to EUR 132k (previous year: EUR 0) and for members of the Supervisory Board of SCHOTT Pharma Management AG to EUR 33k (previous year: EUR 0).

As of 30 September 2023, the DBO for pension commitments to Management Board members amounted to EUR 2,012k (previous year: EUR 2,081k).

The basic principles of the remuneration system and individual remuneration amounts for members of the Management Board and the Supervisory Board are summarised in the Remuneration Report.

There were no other significant business transactions between SCHOTT Pharma Group entities and members of the Management Board and the Supervisory Board of SCHOTT Pharma and their close family members during the financial year 2022/2023 and in the previous year.

40 Members of the Management Board and positions held by Management Board members of SCHOTT Pharma Management AG as general partner of SCHOTT Pharma AG & Co. KGaA

Andreas Reisse

Chairman of the Management Board
of SCHOTT Pharma Management AG
(since 15 July 2022)

Offices held

- SCHOTT Glass Technologies Co. Ltd., Suzhou, China (Member of the Board of Directors)
- SCHOTT Pharmaceutical Packaging Co. Ltd., Zhejiang, China (Chairman and Legal Representative of the Board of Directors)
- SCHOTT Poonawalla Pvt. Ltd., Mumbai, India (Chairman of the Board of Directors)

Dr. Almuth Steinkühler

Member of the Management Board (CFO)
of SCHOTT Pharma Management AG
(since 15 July 2022)

Offices held

- SCHOTT Poonawalla Pvt. Ltd., Mumbai, India (Member of the Board of Directors)

41 Members of the Supervisory Board and positions held by Supervisory Board members of SCHOTT Pharma AG & Co. KGaA

Peter Goldschmidt (since 4 April 2023)

Sociologist
Frankfurt am Main, Germany
Chairman of the Supervisory Board of
SCHOTT Pharma AG & Co. KGaA
(since 27 April 2023)

Offices held

- STADA Arzneimittel AG, Bad Vilbel, Germany (Chief Executive Officer)

Dr. Wolfgang Wienand (since 4 April 2023)

Chemist
Lörrach, Germany
Deputy Chairman of the Supervisory
Board of SCHOTT Pharma AG & Co. KGaA
(since 27 April 2023)

Offices held

- Siegfried Holding AG, Zofingen, Switzerland (Chairman of the Board of Directors)

Ann-Kristin Erkens (since 4 April 2023)

Graduate in Industrial Engineering
Cologne, Germany
Member of the Supervisory Board of
SCHOTT Pharma AG & Co. KGaA

Offices held

- SIG Group AG, Neuhausen, Switzerland (Chief Financial Officer)

Eva Kienle (since 4 April 2023)

Graduate in Business Administration
Göttingen, Germany
Member of the Supervisory Board of
SCHOTT Pharma AG & Co. KGaA

Offices held

- KWS Saat SE & Co. KGaA, Einbeck, Germany (Member of the Management Board)
- Zumtobel Group AG, Dornbirn, Austria (Member of the Supervisory Board)

Christine Wening (since 19 April 2023)

Ginsheim, Germany
Employee representative
Member of the Supervisory Board of
SCHOTT Pharma AG & Co. KGaA

Mario Just (since 19 April 2023)

Heitersheim, Germany
Employee representative
Member of the Supervisory Board of
SCHOTT Pharma AG & Co. KGaA

Dr. Jörg Flatten (until 4 April 2023)

Head of Compliance and Legal,
SCHOTT AG, Mainz
Wiesbaden, Germany
Chairman of the Supervisory Board
of SCHOTT Pharma AG & Co. KGaA
(until 4 April 2023)

Thomas Schöning (until 4 April 2023)

Head of Finance, SCHOTT AG, Mainz
Mainz, Germany
Deputy Chairman of
SCHOTT Pharma AG & Co. KGaA
(until 4 April 2023)

Oliver Spika (until 4 April 2023)

Head of Purchasing, SCHOTT AG, Mainz
Wiesbaden, Germany
Member of the Supervisory Board
of SCHOTT Pharma AG & Co. KGaA

Kai Olbricht (until 4 April 2023)

Head of BU Home Tech, SCHOTT AG, Mainz
Mainz, Germany
Member of the Supervisory Board
of SCHOTT Pharma AG & Co. KGaA

Audit Committee

- **Eva Kienle, Chairwoman (since 16 July 2023)**
- **Ann-Kristin Erkens (since 16 July 2023)**
- **Christine Wening (since 16 July 2023)**

42 Events after the reporting date

No additional events occurred between the reporting date of 30 September 2023 and the date of preparing the Consolidated Financial Statements (18 December 2023) which would have had a material effect on the financial position and financial performance of SCHOTT Pharma Group.

Mainz, 18 December 2023

SCHOTT Pharma AG & Co. KGaA
Represented by the Management Board of SCHOTT Pharma Management AG

Andreas Reisse

Dr. Almuth Steinkühler

Additional information

Responsibility Statement pursuant to sections 297(2) sentence 4 and 315(1) sentence 5 of the HGB

To the best of our knowledge and in accordance with the applicable reporting principles, the Consolidated Financial Statements of SCHOTT Pharma AG & Co. KGaA give a true and fair view of the Group's assets, liabilities, financial position and financial performance, and the Combined 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.

Mainz, 18 December 2023

SCHOTT Pharma AG & Co. KGaA

Represented by the Management Board of SCHOTT Pharma Management AG

Andreas Reisse Dr. Almuth Steinkühler

Independent Auditor's Report

To SCHOTT Pharma AG & Co. KGaA

Report on the audit of the consolidated financial statements and of the combined management report

Opinions

We have audited the consolidated financial statements of SCHOTT Pharma AG & Co. KGaA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from October 1, 2022 to September 30, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of SCHOTT Pharma AG & Co. KGaA, which is combined with the management report of the Company ("combined management report") for the fiscal year from October 1, 2022 to September 30, 2023. In accordance with the German legal requirements, we have not audited the content of the non-financial statement included in the combined management report or the statement on corporate governance, which is published on the website stated in the combined management report and is part of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at September 30, 2023 and of its financial performance for the fiscal year from October 1, 2022 to September 30, 2023 and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the content of the non-financial statement referred to above or the content of the statement on corporate governance referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from October 1, 2022 to September 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Revenue recognition, in particular with regard to correct revenue recognition as of the reporting date

Reasons why the matter was determined to be a key audit matter

In the consolidated financial statements of SCHOTT Pharma KGaA, revenue from the sale of products is recognized when control of the products has been transferred. This is usually the case when risks have been transferred in accordance with the agreed Incoterms.

Due to the large number of customers, the different types of products and the resulting large number of different contractual arrangements, including those governing the transfer of risk, particular care is required when accounting for transactions, especially with regard to the correct application of the accrual basis of accounting. Furthermore, customer-specific products without alternative use require the use of judgment regarding compliance with the requirements of IFRS 15.35c.

Against this background, revenue recognition, in particular with regard to correct revenue recognition as of the reporting date, was a key audit matter.

Auditor's response

During our audit, we considered, based on the requirements of IFRS 15, the recognition and measurement requirements applied in the consolidated financial statements of SCHOTT Pharma KGaA for the recognition of revenue. Furthermore, we obtained an understanding of the design of the underlying business processes and tested the design and operating effectiveness of selected controls of the accounting-related internal control system, in particular with regard to changes in Incoterms and the correct application of the accrual basis of accounting for revenue. We analyzed the recognition of revenue based on the contractual arrangements on a sample basis in view of the requirements of IFRS 15. To substantiate the existence of revenue, we examined whether it led to trade receivables and, in turn, whether payments were received to settle these receivables. In addition, applying analytical and substantive audit procedures, we analyzed whether the revenue for fiscal year 2022/2023 was recognized on an accrual basis, e.g., by obtaining external balance confirmations for trade receivables and reviewing credit notes issued after the reporting date.

Overall, our procedures on the recognition of revenue from the sale of products, in particular with regard to correct revenue recognition as of the reporting date, did not lead to any reservations.

Reference to related disclosures

With regard to the recognition and measurement policies applied for the recognition of revenue from the sale of products, refer to the disclosure on the recognition of revenue in note "4 Significant accounting policies and methods of consolidation" and note "5 Revenue" of the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board pursuant to Sec. 171 (2) AktG ["Aktiengesetz": German Stock Corporation Act]. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG on the German Corporate Governance Code, which is part of the statement on corporate governance, and for the remuneration report pursuant to Sec. 162 AktG. In all other respects, the executive directors are responsible for the other information. The other information comprises the non-financial statement referred to above and the statement on corporate governance referred to above, which is part of the combined management report. The other information also comprises additional parts to be included in the annual report, of which we obtained a copy prior to issuing this auditor's report, in particular:

- Performance indicators at a glance
- Letter from the Management Board
- Report of the Supervisory Board
- Responsibility statement
- Remuneration report
- Glossary
- Multi-year overview
- Financial calendar

but not the consolidated financial statements, not the disclosures in the combined management report whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the combined management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up

to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

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

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in 529900TU48UE99NHEY88-2023-09-30-de (1).zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the file identified above and prepared for publication purposes complies in all

material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying combined management report for the fiscal year from October 1, 2022 to September 30, 2023 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (06.2022)). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on April 4, 2023 and, since no group auditor was appointed, we are thus group auditor pursuant to Sec. 318 (2) HGB. We were engaged by the Supervisory Board on July 27, 2023. We have been the auditor of SCHOTT Pharma KGaA without interruption since the abbreviated fiscal year from March 22, 2022.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the statutory audit of the annual financial statements and the consolidated financial statements of SCHOTT Pharma KGaA, we also performed the audit of the combined financial statements for fiscal years 2019/2020, 2020/2021 and 2021/2022. Audit-related services mainly comprise assurance services relating to the issue of the comfort letter and in relation to the non-financial statement, the remuneration report under German stock corporation law and the EMIR assurance engagement in accordance with Sec. 20 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act].

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format – including the versions to be published in the **Unternehmensregister** [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christian Baur.

Eschborn/Frankfurt am Main, December 18, 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Baur	Behr
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Independent auditor's report on a limited assurance engagement

To SCHOTT Pharma AG & Co. KGaA, Mainz

We have performed a limited assurance engagement on the non-financial statement of SCHOTT Pharma AG & Co. KGaA, Mainz (hereinafter the "Company"), which is combined with the non financial statement of the Group, which comprises the "Non-financial statement" section and the "About the Group" section of the combined management report incorporated by reference, for the period from October 1, 2022 to September 30, 2023 (hereinafter the "non financial statement").

Not subject to our assurance engagement were other references to disclosures made outside the non-financial statement. Prior-year and base-year disclosures were also not subject to our assurance engagement.

Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the non-financial statement in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder as well as in accordance with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as set out in the section "Information on the EU Taxonomy Regulation (EU) 2020/852" of the non-financial statement.

These responsibilities of the Company's executive directors include the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a non-financial statement that is free from material misstatement, whether due to fraud (manipulation of the non-financial statement) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in the section "Information on the EU Taxonomy Regulation 2020/852" of the non financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties

Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements – in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors]) in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a limited assurance conclusion on the non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's non-financial statement is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in the section "Information on the EU Taxonomy Regulation 2020/852" of the non-financial statement. Not subject to our assurance engagement were other references to disclosures made outside the non-financial statement as well as prior-year and base-year disclosures.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the sustainability organization and stakeholder engagement
- Inquiries of relevant employees of the Company regarding the performance of the materiality analysis and the definition of topics for the non-financial statement, the risk assessment and the policies of the Company for the topics identified as material
- Inquiries of relevant employees responsible for data capture and consolidation as well as the preparation of the non-financial statement, to evaluate the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the disclosures in the non-financial statement
- Identification of likely risks of material misstatement in the non-financial statement
- Analytical procedures on selected disclosures in the non-financial statement at the level of the Company and the Group
- Inquiries and inspection of documents relating to the collection and reporting of selected qualitative disclosures and data
- Reconciliation of selected disclosures with the corresponding data in the annual financial statements and management report
- Evaluation of the process to identify the taxonomy-eligible and taxonomy-compliant economic activities and the corresponding disclosures in the non-financial statement
- Evaluation of the presentation of the non-financial statement

In determining the disclosures in accordance with Art. 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial statement of the Company for the period from October 1, 2022 to September 30, 2023 is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors as disclosed in the section "Information on the EU Taxonomy Regulation 2020/852" of the non-financial statement.

We do not express an assurance opinion on the other references to disclosures made outside the non-financial statement or on prior-year and base-year disclosures.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General Engagement Terms and Liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated January 1, 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Stuttgart, December 18, 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Storz	Welz
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Remuneration Report

Introduction

With this Remuneration Report, SCHOTT Pharma AG & Co. KGaA, Mainz, Germany ("SCHOTT Pharma KGaA"), discloses the remuneration granted and owed to the members of the Management Board of SCHOTT Pharma Management AG, Mainz ("SCHOTT Pharma Management AG"), for the first time. SCHOTT Pharma Management AG is the General Partner of SCHOTT Pharma KGaA.

In addition, the Remuneration Report also provides details on the remuneration granted and owed to members of the Supervisory Boards of SCHOTT Pharma KGaA and SCHOTT Pharma Management AG.

The Remuneration Report outlines the fundamental principles of the remuneration system for members of the Management Board and the Supervisory Boards; it complies with the regulatory requirements of the AktG. Moreover, the Remuneration Report is also oriented upon the provisions of the German Corporate Governance Code ("GCGC").

The presentation of remuneration granted and owed in the Remuneration Report is in accordance with the provisions of section 162(1) of the AktG. Accordingly, the report comprises all remuneration components actually paid to members of the Management Board and the Supervisory Boards in the reporting year (granted remuneration) and all remuneration components legally due but not yet paid (owed remuneration). This means that remuneration granted and owed is allocated to the correct period on an accrual basis, even though payout may occur at a later date.

For the past financial year 2022/2023, remuneration granted and owed was determined in accordance with the respective Management Board service contracts and the provisions of agreements underlying other remuneration elements. Although the Company was only listed for three calendar days during the reporting period (28 to 30 September 2023), the voluntary Remuneration Report outlines remuneration for the full financial year 2022/2023.

Against the background of the IPO at the end of September 2023, a new remuneration system for Management Board members has been in effect since 1 October 2023. This system applies (or will apply) to all existing Management Board service contracts, extensions as well as to new service contracts being entered into.

Remuneration of the Management Board

Remuneration in the financial year 2022/2023

Both the CEO, Mr Andreas Reisse, and Dr. Almuth Steinkühler, member of the Management Board (CFO), were appointed as members of the Management Board of SCHOTT Pharma Management AG throughout the reporting period.

Since SCHOTT Pharma KGaA was not a listed public limited company during most of the financial year 2022/2023, remuneration was in line with SCHOTT Group's remuneration policies and practices. The appropriateness of remuneration was assessed based on the tasks of the individual Management Board members as well as the economic situation of SCHOTT Pharma Group and SCHOTT Group, and the market environment. The appropriateness of remuneration was also assessed based on the performance shown but also on the ratio of remuneration for the Management Board to remuneration for the Company's top management level and SCHOTT Pharma KGaA's employees in Germany.

The maximum remuneration of EUR 871,000 for Dr. Almuth Steinkühler and EUR 1,393,600 for Andreas Reisse, which is stipulated in the respective Management Board service contract and assumes maximum payout of all remuneration elements, was not exceeded during the reporting period.

Remuneration for the financial year 2022/2023 includes non-performance-related components such as a fixed annual salary, fringe benefits and pension contributions as well as a performance-related short-term variable remuneration ("STI"). The remuneration package also includes elements granted or owed in connection with inflation or the IPO; these remuneration elements are referred to as "other remuneration" below. A variable remuneration element geared towards the Company's long-term development (the "LTI" programme) has been introduced with the new remuneration system, with effect from 1 October 2023, and therefore had not come into effect in the financial year 2022/2023. In this respect, please refer to the outlook for the new remuneration system from the new financial year 2023/2024 onwards, which is included in this Remuneration Report.

The share of variable remuneration in the remuneration granted and owed during the reporting period stood at 20.5 % for Andreas Reisse and 15.9 % for Dr. Almuth Steinkühler.

In accordance with the provisions of the respective Management Board service contract, both members of the Management Board are entitled to a severance payment in the event of early termination of their respective appointments. This severance payment is capped at two years' remuneration; where the remaining term of the contract is less than two years, the severance payment is reduced to the remuneration for the regular remaining term. For the period prior to the IPO, annual remuneration was calculated, for the purposes of calculating severance pay, as the sum of the fixed annual salary and the target amount of short-term variable remuneration, without non-cash benefits and other fringe benefits being taken into account. For the period following the IPO, annual remuneration is determined, for the purposes of calculating severance pay, as the total remuneration for the past financial year or, in the Supervisory Board's reasonable discretion, as the expected total remuneration for the current financial year – in each case excluding pension benefits, non-cash benefits and other fringe benefits. This provision was not applied in the reporting period.

Fixed remuneration

Fixed annual salary

Each member of the Management Board received a fixed annual salary for their work, paid in twelve equal monthly instalments.

Fringe benefits

Each member of the Management Board received fringe benefits in line with common market practice, such as a company car (including for private use), accident, D&O and private liability insurance cover, payment of costs for a health check, as well as subsidies for health and long-term care insurance.

Pension benefits

During the reporting period, Andreas Reisse was entitled to two defined contribution plans, structured as a direct commitment. Both commitments determine a pension benefit for each financial year, which increases the previous entitlement; besides a pension payment, this also entails benefits to surviving dependants in the event of death or disability. After 30 September 2023, both pension commitments will be maintained as a statutory non-forfeitable entitlement.

Defined benefit obligations (DBO) for these pension commitments, measured in accordance with IFRS, totalled EUR 2,011,943 as of 30 September 2023 (previous year: EUR 2,080,672); the service cost incurred in the reporting period was EUR 109,555.

Andreas Reisse has been entitled to a pension payment from 1 October 2023 onwards. Dr. Almuth Steinkühler was already entitled to a pension payment in the reporting period, which is paid out in the form of a monthly cash payment for free disposal.

Variable remuneration

Short-term variable remuneration (STI)

The members of the Management Board were included in SCHOTT Group's variable remuneration system in the financial year 2022/2023. This system defines targets for an assessment period covering one financial year. Four targets were defined for each of the two Management Board members, which are based on the development of SCHOTT Group and of SCHOTT Pharma Group in equal proportions.

Financial targets for profitable growth of SCHOTT Group were set by reference to the key financial indicators of "percentage revenue growth compared to the previous year" ("revenue growth") and "return on capital employed" ("ROCE"). Both targets determine variable remuneration with a weighting of 25 % each. The target values as well as the threshold values and caps for revenue growth and ROCE were set for a multi-year period; they were derived directly from SCHOTT Group's medium-term expected business development.

Individual targets were determined with both Management Board members for SCHOTT Pharma Group. The key financial indicator EBITDA was determined to track the profitable growth of SCHOTT Pharma Group; this target determines 30 % of Andreas Reisse's and 25 % of Dr. Almuth Steinkühler's variable remuneration.

The target structure for variable remuneration of the two Management Board members differs in terms of the second individual target. For Andreas Reisse, the key financial indicator of SCHOTT Pharma Group net productivity was determined with a weighting of 20 %. For Dr. Almuth Steinkühler, a non-financial target (with a 25 % weighting) was set, which focuses on the establishment and expansion of all processes and structures required to ascertain a timely and successful execution of SCHOTT Pharma KGaA's IPO ("IPO readiness").

If achieved, the target value for each performance target leads to a target achievement level of 100 %. If performance falls below the target value as well as below a defined threshold value, target achievement is 0 % whilst excess performance beyond the respective target value (and beyond a defined cap) leads to target achievement of 200 %. Except for the non-financial target of "IPO readiness", target achievement values between the threshold value and the cap are determined by way of linear interpolation. The threshold values and caps are equidistant to the respective target values.

The amount disbursed is determined by multiplying the aggregate target achievement values by the target amount. The maximum disbursement is capped at 150 % of the target amount.

The key financial indicator of SCHOTT Group revenue growth is defined as the revenue increase for a given financial year compared to the previous year. When determining this value, revenues for each financial year are adjusted for the effects of changes in the scope of consolidation. SCHOTT Group's revenues rose by 3.5 % in the financial year 2022/2023. Adjusting for changes in the scope of consolidation in the financial year 2021/2022 (amounting to EUR 18.3m), revenue growth totalled 4.2 %.

The key financial indicator of SCHOTT Group ROCE is defined as the ratio (expressed as a percentage) of operating income (EBIT) to average capital employed, which represents the capital tied up in operations to achieve the Company's objectives. It largely comprises current and non-current assets, less trade payables and advance payments received on orders. The average is determined as the arithmetic mean of the twelve monthly values during the financial year. When determining ROCE, operating income (EBIT) is adjusted for material effects from mergers & acquisitions activities or disposals of partial operations during the financial year under review. Based on an EBIT of EUR 412.9m and average capital employed of EUR 2,843.6m, SCHOTT Group's ROCE for the financial year 2022/2023 was 14.5 %. Taking the adjustment of operating income (EBIT) by EUR 21.4m in performance-related expenses related to the IPO of the Pharma division into account, ROCE stood at 15.3 %.

EBITDA (earnings before interest, taxes, depreciation and amortisation) of SCHOTT Pharma Group is defined as operating income (EBIT) before depreciation, amortisation, impairment losses and reversals of impairment losses on intangible assets and property, plant and equipment. SCHOTT Pharma Group's EBITDA for the financial year 2022/2023 totalled EUR 239.0m.

The key financial indicator of SCHOTT Pharma Group's net productivity is defined as the change in average selling prices relative to the change in average production costs in a given financial year. The change in average selling prices is defined as the change in average selling prices for a financial year compared to the previous year, multiplied by the volume of sales for the current financial year. The change in production costs is defined as the change in average production costs for a financial year compared to the previous year, multiplied by the volume of sales for the current financial year. Net productivity of SCHOTT Pharma Group for the financial year 2022/2023 totalled EUR 6.3m.

The criteria defined for Dr. Almuth Steinkühler's non-financial target are the establishment of regular reporting, the establishment of an internal control system (ICS) and the establishment of a standalone IT environment. Full and timely achievement of performance criteria at the time of the planned IPO at the end of September 2023 amounted to 100 % target achievement. In each case of failure to achieve all or some performance criteria on time, target achievement was 0 %. In the event of early achievement of all performance criteria for a potential earlier IPO in the summer of 2023, the target achievement was agreed at 200 %. All criteria were met in full and on time for the IPO executed on 28 September 2023, and a target achievement of 100 % determined.

Relative to the set targets, these actual values yielded the following target achievement levels:

STI (variable remuneration) 2022/2023

Andreas Reisse
Member of the Management Board (CEO)

							Target achievement		
	Target	Unit	Weighting	Threshold value	Target value	Cap	in absolute terms	in relative terms	weighted
Financial targets									
SCHOTT Group	Revenue growth	year on year	25 %	+2.0	+5.0	+8.0	+4.2	73.6 %	18.4 %
SCHOTT Group	ROCE	%	25 %	11.0	13.0	15.0	15.3	200.0 %	50.0 %
Individual targets									
SCHOTT Pharma Group	EBITDA	EUR million	30 %	246.0	273.5	301.0	239.0	0.0 %	0.0 %
SCHOTT Pharma Group	Net productivity	EUR million	20 %	-6	4	14	6.3	123.0 %	24.6 %
Total in %			**100 %**						**93.0 %**
Total in EUR			**160,669**						**149,422**

STI (variable remuneration) 2022/2023

Dr. Almuth Steinkühler
Member of the Management Board (CFO)

	Target	Unit	Weighting	Threshold value	Target value	Cap	Target achievement in absolute terms	Target achievement in relative terms	Target achievement weighted
Financial targets									
SCHOTT Group	Revenue growth	year on year	25 %	+2.0	+5.0	+8.0	+4.2	73.6 %	18.4 %
SCHOTT Group	ROCE	%	25 %	11.0	13.0	15.0	15.3	200.0 %	50.0 %
Individual targets									
SCHOTT Pharma Group	EBITDA	EUR million	25 %	246.0	273.5	301.0	239.0	0.0 %	0.0 %
SCHOTT Pharma Group	IPO readiness	–	25 %	Project completion after IPO	Project completion at the time of the IPO	Early project completion	Project completion at the time of the IPO	100.0 %	25.0 %
Total in %			**100 %**						**93.4 %**
Total in EUR			**70,000**						**65,380**

Other remuneration

IPO Incentive Programme

Agreements were entered into with both members of the Management Board that provide for bonus payments in the event of a successful IPO. The agreements comprise two elements: an IPO bonus which incentivises a successful IPO execution, and a retention bonus which creates incentives to remain with the Company after the IPO. These agreements commenced on 1 March 2022 and will terminate at the end of the month that is twelve months after the first exchange trading day, i.e. on 30 September 2024.

Bonus payments are based on a defined plan amount of EUR 200,000 for Andreas Reisse and EUR 100,000 for Dr. Almuth Steinkühler.

IPO bonus

Under the IPO bonus, the members of the Management Board may receive a bonus amounting to up to three plan amounts (i.e. a maximum of EUR 600,000 for Andreas Reisse and EUR 300,000 for Dr. Almuth Steinkühler). A bonus payment equivalent to the plan amount was agreed for execution of the IPO, irrespective of its success. Depending on the success of the IPO, the IPO bonus may increase by up to two further plan amounts.

The enterprise value of SCHOTT Pharma KGaA was chosen as the reference for determining the success of the IPO, with a multiplier used to determine the number of plan amounts resulting from enterprise value achieved. This multiplier defines the ratio of enterprise value to an agreed EBITDA figure of EUR 200m.

The target value for a successful IPO was set at an enterprise value of EUR 4bn, translating into a multiplier of 20x. In this case, the IPO bonus would increase by a further plan amount for IPO success, on top of the plan amount for IPO execution, bringing the bonus to a total of two plan amounts. A multiplier of 10x was set as the threshold value for IPO success, with a cap at a multiplier of 30x, with multiplier values of more than 10 and less than 30 being rounded commercially, to one decimal place.

The market value at the time of the IPO was EUR 4.2bn, yielding a multiplier of 21 and 1.1 plan amounts, respectively. Together with the plan amount for IPO execution, the total IPO bonus thus amounts to 2.1 plan amounts, equivalent to a bonus amount of EUR 420,000 for Andreas Reisse and EUR 210,000 for Dr. Almuth Steinkühler.

The agreements provide for 50 % of the IPO bonus to be paid out with the payroll date following the IPO, i.e. October 2023. The remaining 50 % will be disbursed with the payroll twelve months after the IPO, i.e. September 2024. Disbursement is subject, however, to both individuals being duly appointed as members of the Management Board of SCHOTT Pharma Management AG on the last day of the respective payment months, and that their respective service contracts are still in force.

Taking these conditions into account, EUR 210,000 were paid to Andreas Reisse and EUR 105,000 to Dr. Almuth Steinkühler in October 2023. For the purposes of this Remuneration Report, these payments were considered as remuneration owed for the reporting period.

Retention bonus

As the second element of the agreement, the retention bonus is focused on retaining the Management Board members for the Company. It will be disbursed with the payroll twelve months after the IPO, i.e. September 2024. The retention bonus provides for one additional payment equivalent to the plan amounts set out above. Likewise, disbursement is subject to both individuals being duly appointed as members of the Management Board of SCHOTT Pharma Management AG on the last day of the respective payment month, and that their respective service contracts are still in force.

Provided that both members are duly appointed as members of the Management Board of SCHOTT Pharma Management AG on 30 September 2024 and that their respective service contracts are still in force, the remaining 50 % of the IPO bonus will be paid together with the retention bonus, translating into a payment of EUR 410,000 for Andreas Reisse and EUR 205,000 for Dr. Almuth Steinkühler.

Inflation adjustment

Both members of the Management Board received a one-off inflation adjustment payment of EUR 1,500 each during the reporting period.

The following tables provide an overview of remuneration granted and owed to the members of the Management Board in the reporting year. It also shows the maximum remuneration pursuant to section 87a of the AktG.

Total remuneration

Andreas Reisse
Member of the Management Board (CEO) since 8/2022

	2022/2023			2021/2022	
	Euro	%		Euro	%
Fixed remuneration					
Fixed annual salary	355,839	48.8		331,996	50.1
Fringe benefits	12,295	1.7		15,614	2.4
Pension benefits	0	0.0		0	0.0
Total	**368,134**	**50.5**		**347,610**	**52.5**
Variable remuneration					
STI (variable remuneration)	149,422	20.5		270,321	40.8
Other remuneration				44,116	6.7
IPO Incentive Programme	210,000	28.8		0	0.0
Inflation adjustment	1,500	0.2		0	0.0
			Maximum remuneration		
Remuneration granted and owed	**729,056**	**100.0**	**1.393.600**	**662,047**	**100.0**
Pension expenses	109,555			131,212	
Total remuneration	**838,611**			**793,259**	

Dr. Almuth Steinkühler
Member of the Management Board (CFO) since 8/2022

	2022/2023			2021/2022[1]	
	Euro	%		Euro	%
Fixed remuneration					
Fixed annual salary	207,400	50.5		125,500	62.5
Fringe benefits	22,415	5.5		14,609	7.3
Pension benefits	9,000	2.2		0	0.0
Total	**238,815**	**58.1**		**140,109**	**69.8**
Variable remuneration					
STI (variable remuneration)	65,380	15.9		60,666	30.2
Other remuneration					
IPO Incentive Programme	105,000	25.6		0	0.0
Inflation adjustment	1,500	0.4		0	0.0
			Maximum remuneration		
Remuneration granted and owed	**410,695**	**100.0**	**871.000**	**200,775**	**100.0**
Pension expenses	0			0	
Total remuneration	**410,695**			**200,775**	

[1] Joined SCHOTT Group on 1 Feb 2022.

Supervisory Board remuneration

The Annual General Meeting of SCHOTT Pharma KGaA on 4 April 2023 approved the remuneration of the Supervisory Board of SCHOTT Pharma Management AG (as General Partner of SCHOTT Pharma KGaA) as well as the remuneration of the Supervisory Board of SCHOTT Pharma KGaA.

Considering the responsibilities of members of both boards, due care was taken when determining the remuneration system to ensure that remuneration adequately reflects the demands placed upon Supervisory Board members, both in terms of requirements and the time spent, and that it is deemed appropriate relative to prevailing market terms.

In line with this objective, Supervisory Board members receive a fixed remuneration plus an additional remuneration for membership of a Supervisory Board committee.

In addition, all Supervisory Board members are reimbursed for expenses incurred in connection with exercising their office, as well as any value added tax which may be payable on their fees.

Fixed remuneration amounts to EUR 40,000 per financial year for each member of the Supervisory Board; the Chair of the Supervisory Board receives twice this amount, the Deputy Chair one and a half times.

Each member of the Audit Committee of SCHOTT Pharma KGaA's Supervisory Board receives an additional committee remuneration of EUR 10,000 for each financial year. The Chair of the Audit Committee of SCHOTT Pharma KGaA's Supervisory Board receives a further EUR 10,000 per financial year.

All amounts apply to a full financial year; where a member has not served for the full financial year, the amounts are reduced pro rata temporis (in full months).

Payment of committee remuneration is subject to the respective committee having fulfilled its duties at a meeting during the respective reporting period.

As of 30 September 2023, the members of the Supervisory Board of SCHOTT Pharma Management AG are Dr. Frank Heinricht (Chairman), Dr. Jens Schulte (Deputy Chairman), Peter Goldschmidt and Dr. Wolfgang Wienand. Dr. Frank Heinricht and Dr. Jens Schulte served as members throughout the entire reporting period; Peter Goldschmidt and Dr. Wolfgang Wienand were members since April 2023.

During the reporting period and exclusively prior to the IPO, members also included Hermann Ditz (January to March 2023), Dr. Heinz Kaiser (December 2022 to April 2023) and Dr. Jörg Flatten (January to December 2022). All individuals mentioned above are, or were, employees of SCHOTT AG, Mainz, and did not receive any separate remuneration for their activities on the Supervisory Board of SCHOTT Pharma Management AG.

As of 30 September 2023, the members of the Supervisory Board of SCHOTT Pharma KGaA are Peter Goldschmidt (Chairman), Dr. Wolfgang Wienand (Deputy Chairman), Ann-Kristin Erkens, Eva Kienle, Christine Wening (employee representative) and Mario Just (employee representative). All of these Supervisory Board members were appointed in April 2023. Peter Goldschmidt and Dr. Wolfgang Wienand are also members of the Supervisory Board of SCHOTT Pharma Management AG.

During the reporting period and exclusively prior to the IPO, members also included Dr. Jörg Flatten, Thomas Volker Schöning, Oliver Spika (each from November 2022 to April 2023), Kai Olbricht (February to April 2023) as well as Dr. Heinz Kaiser, Salvatore Ruggiero and Dr. Patrick Markschläger (each from March to November 2022). All individuals mentioned above are employees of SCHOTT AG, Mainz, and did not receive any separate remuneration for their activities on the Supervisory Board of SCHOTT Pharma KGaA.

Overview of remuneration for Supervisory Board members in the financial year 2022/2023:

(in EUR)		Fixed remuneration	Remuneration for committee membership	Total remuneration
SCHOTT Pharma Management AG				
Dr. Frank Heinricht[1]	Chairman	–	–	–
Dr. Jens Schulte[1]	Deputy Chairman	–	–	–
Peter Goldschmidt		16,667	–	16,667
Dr. Wolfgang Wienand		16,667	–	16,667
SCHOTT Pharma AG & Co. KGaA				
Peter Goldschmidt	Chairman	33,333	–	33,333
Dr. Wolfgang Wienand	Deputy Chairman	25,000	–	25,000
Eva Kienle		16,667	3,333	20,000
Ann-Kristin Erkens		16,667	1,667	18,334
Christine Wening		16,667	1,667	18,334
Mario Just		16,667	–	16,667

[1] Dr. Frank Heinricht and Dr. Jens Schulte, members of the Management Board of SCHOTT AG, do not receive any remuneration for their membership of the Supervisory Board of SCHOTT Pharma Management AG.

Change in remuneration for the Management Board compared to remuneration for employees and the Supervisory Board

Pursuant to section 162(1) sentence 2 no. 2 AktG, the following table provides an overview of the annual change in the remuneration granted and owed to members of the Management Board and the Supervisory Boards, as well as the development of average remuneration paid to employees and the earnings development of the Company and SCHOTT Pharma Group.

Employee remuneration is based on SCHOTT Pharma KGaA's total workforce comprising all employees in Germany below the Management Board, including all tariff and non-tariff employees as well as senior executives ("leitende Angestellte"), but excluding apprentices. For employees who did not work for SCHOTT Pharma KGaA in Germany throughout the financial year, remuneration is extrapolated to twelve months. Remuneration is determined based on full-time equivalents.

The limitation to only include staff employed in Germany is due to different salary levels worldwide; it also reflects the fact that the two members of the Management Board have their place of work in Germany and are resident there.

Besides the base salary, average remuneration of the total workforce includes fringe benefits, add-on payments, bonuses and variable remuneration which may fluctuate due to their very nature, depending on actual target achievement.

Earnings development is presented based on revenues and EBITDA of SCHOTT Pharma Group as well as profit for the period (in accordance with the HGB) of SCHOTT Pharma KGaA – key performance indicators for SCHOTT Pharma KGaA and SCHOTT Pharma Group. Furthermore, revenues and EBITDA form part of financial targets to determine variable remuneration for members of the Management Board and numerous employees within the overall workforce. These indicators therefore have a material impact upon the level of remuneration. Revenues of SCHOTT Pharma Group are shown below. In the financial year 2022/2023, revenues of SCHOTT Group were relevant for remuneration of the Management Board members.

Change in earnings performance compared to change in remuneration for the Management Board, employees and the Supervisory Board	2022/2023		2021/2022	
		Change in %		Change in %
Earnings performance (in EUR m)				
SCHOTT Pharma Group revenues	898.6	9.4	821.1	–
SCHOTT Pharma Group EBITDA	239.0	8.8	219.7	–
SCHOTT Pharma KGaA profit for the period (HGB)	43.5	71.3	25.4	–
Average employee remuneration (in EUR)				
Total workforce in Germany (excluding the Management Board)	68,194	7.3	63,556	–
Current members of the Management Board (in EUR)				
Andreas Reisse	729,056	10.1	662,047	–
Dr. Almuth Steinkühler[1]	410,695	104.6	200,775	–
Current members of the Supervisory Board[3] (in EUR)				
Dr. Frank Heinricht[2]	–	–	–	–
Dr. Jens Schulte[2]	–	–	–	–
Peter Goldschmidt	50,000	–	–	–
Dr. Wolfgang Wienand	41,667	–	–	–
Eva Kienle	20,000	–	–	–
Ann-Kristin Erkens	18,334	–	–	–
Christine Wening	18,334	–	–	–
Mario Just	16,667	–	–	–

[1] Joined SCHOTT Group on 1 Feb 2022.
[2] Dr. Frank Heinricht and Dr. Jens Schulte, members of the Management Board of SCHOTT AG, do not receive any remuneration for their membership of the Supervisory Board of SCHOTT Pharma Management AG.
[3] The former members of the Supervisory Boards named in the Remuneration Report are, or were, employees of SCHOTT AG and did not receive any separate remuneration for their activities on the Supervisory Boards. Accordingly, these persons are not shown in the overview.

Outlook: new remuneration system from the financial year 2023/2024

The new remuneration system for the Management Board was approved by the Supervisory Board of SCHOTT Pharma Management AG and duly acknowledged by the Supervisory Board of SCHOTT Pharma KGaA on 27 July 2023. It will be submitted to limited liability shareholders for approval at the Annual General Meeting on 18 March 2024.

The new remuneration system for the Management Board of SCHOTT Pharma Management AG is based on the following principles:

Implement the corporate strategy	The remuneration of Management Board members creates incentives for the implementation of SCHOTT Pharma Group's worldwide corporate strategy.
Generate profitable growth	Management Board members' variable remuneration depends upon SCHOTT Pharma Group's growth and profitability to a significant extent.
Create long-term value	Key factors for Management Board remuneration are value creation and sustainability, especially over the long term.
Remuneration linked to performance	Remuneration is directly linked to Management Board members' performance. A high share of variable components means that remuneration is geared towards the Company's success.
Foster sustainable action	Remuneration of Management Board members underscores SCHOTT Pharma Group's commitment to environmental, social and governance (ESG) aspects.
Safeguard regulatory compliance	The remuneration of Management Board members is designed to comply with legal provisions for listed companies as well as with the recommendations of the GCGC as amended.

The new remuneration system comprises both external (horizontal) and internal (vertical) comparisons to assess whether remuneration is appropriate.

The new remuneration system for the Management Board will comprise both fixed and variable remuneration components. Besides the STI component, which will exclusively relate to the performance of SCHOTT Pharma Group in the future, a remuneration component providing long-term incentives will be introduced (LTI component).

Furthermore, the remuneration system includes provisions for reducing or reclaiming variable remuneration (malus and clawback regulations) as well as rules governing permitted maximum remuneration and transactions relevant to remuneration.

Total remuneration for members of the Management Board has comprised the following components since 1 October 2023.

Structure of total Management Board remuneration				
Maximum remuneration pursuant to section 87a AktG				
Malus and clawback rules				
	30 %	LTI	Term: 4 years	Focus: · Create long-term value · Foster sustainable action
Variable remuneration	20 %	STI	Term: 1 year	Focus: · Generate profitable growth
Fixed remuneration	50 %	· Fixed annual salary · Fringe benefits · Pension benefits		

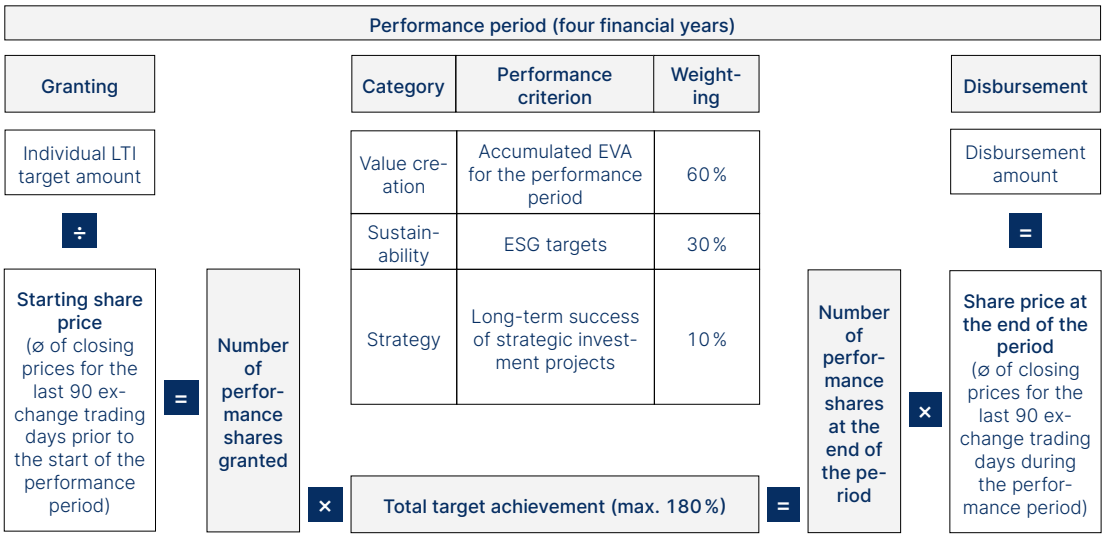
For periods starting after 1 October 2023, the STI plan for Management Board members will relate exclusively to the performance of SCHOTT Pharma Group. For this purpose, the Supervisory Board of SCHOTT Pharma Management AG sets ambitious target values, threshold values and caps. Oriented on the expected medium-term business development of SCHOTT Pharma Group, these indicators foster the Company's long-term business performance.

Overview of the STI plan		
Category	Performance criterion	Weighting
Growth	Revenue growth	40 %
	ROCE	30 %
Profitability	EBITDA	30 %
Disbursement	✓ Target achievement capped at 200 % for individual targets ✓ Disbursement capped at 150 % of target amount	
Malus & Clawback	✓ Malus and clawback rules have been defined.	

The LTI plan for members of the Management Board has been newly introduced in the format of a performance share plan for periods starting after 1 October 2023. For this purpose, the Supervisory Board of SCHOTT Pharma Management AG sets ambitious target values each year, together with corresponding threshold values and caps, to foster the Company's long-term business performance with a focus on value creation, sustainability and the strategic orientation of SCHOTT Pharma Group.

Deviating from the manner set out below, the starting share price for the first tranche is determined by reference to the arithmetic mean for the first 90 exchange trading days, starting with the listing date of 28 September 2023.

Overview of the LTI plan



Disbursement	✓ Total target achievement capped at 180 % ✓ Disbursement capped at 180 % of target amount
Malus/clawbacks	✓ Malus and clawback rules have been defined.

Mainz, Germany, 18 December 2023

SCHOTT Pharma AG & Co. KGaA

For the Supervisory Board

Peter Goldschmidt

For the Management Board

Andreas Reisse Dr. Almuth Steinkühler

Report of the independent auditor on the audit of the remuneration report pursuant to Sec. 162 AktG

To SCHOTT Pharma AG & Co. KGaA

We have audited the attached remuneration report of SCHOTT Pharma AG & Co. KGaA, Mainz, prepared to comply with Sec. 162 AktG ("Aktiengesetz": German Stock Corporation Act) for the fiscal year from October 1, 2022 to September 30, 2023 and the related disclosures.

Responsibilities of the executive directors and the supervisory board

The executive directors and supervisory board of SCHOTT Pharma AG & Co. KGaA are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, the executive directors and supervisory board are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on this remuneration report and the related disclosures based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report and the related disclosures are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the remuneration report and the related disclosures. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the remuneration report and the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report and the related disclosures in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report and the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the fiscal year from October 1, 2022 to September 30, 2023 and the related disclosures comply, in all material respects, with the financial reporting provisions of Sec. 162 AktG.

Other matter – formal audit of the remuneration report

The audit of the content of the remuneration report described in this auditor's report comprises the formal audit of the remuneration report required by Sec. 162 (3) AktG and the issue of a report on this audit. As we are issuing an unqualified opinion on the audit of the content of the remuneration report, this also includes the opinion that the disclosures pursuant to Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects.

Limitation of liability

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” as issued by the IDW on January 1, 2017, which are attached to this report, are applicable to this engagement and also govern our responsibility and liability to third parties in the context of this engagement.

Eschborn/Frankfurt am Main, December 18, 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Baur	Behr
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Glossary

Aluminium crimp seal

Aluminium cap for securely closing cartridges or vials. Once the seal is opened, the vial/cartridge cannot be closed again.

Biologics

Biologics (also: biologicals, biopharmaceuticals) are drugs with an active ingredient that has been produced or isolated from biological raw material. Active ingredients are usually complex protein or glycoprotein molecules that cannot be produced synthetically in a chemical process due to their size. Biologics are a fast-growing area of medicine spanning vaccines, blood components and gene therapies. Biotechnologically manufactured follow-on products of previously patented biologics are called biosimilars.

Biosimilars, biosimilar drugs

A biosimilar is the successor to a biologic with an expired patent. It is the equal of the original product in terms of quality, safety and effectiveness.

Borosilicate glass

Invented by SCHOTT's founder Otto Schott in 1887, this glass is used in a variety of drug containers and laboratory glassware. Mainly produced from silica and boron trioxide, its low coefficient of thermal expansion and high chemical and thermal resistance make it the first choice for pharmaceutical packaging. It can be re-melted and is completely recyclable.

Cartridges

Glass cylinders that are inserted into injection devices (e.g. autoinjectors, injection pens, wearable injection devices) to dispense simple or complex drugs in accurate doses. They are a simple and safe form of drug delivery. Main applications are cartridges used to facilitate self-administration for diabetes patients or cartridges containing dental anaesthetics.

Cryogenic

Special form of cooling. Cryogenic cooling means rapidly and effectively cooling materials down to ultra-low temperatures using liquefied gases. Drugs and biological samples are often stored at ultra-low temperatures, for example to preserve their effectiveness and stability or extend their shelf life.

Core

Proven standard containment solutions made of hot-moulded glass for safely storing drugs; SCHOTT Pharma is the market leader in this product category across all major geographies and ensures high delivery quality and reliability through regional production.

DCS, Drug Containment Solutions

One of SCHOTT Pharma's two segments, the other one being DDS (Drug Delivery Systems). Products from the Core category currently make up the largest part of the DCS product portfolio.

DDS, Drug Delivery Systems

One of SCHOTT Pharma's two segments, the other one being DCS (Drug Containment Solutions). High-margin DDS products are characterised by improved product functionality and belong to the HVS product portfolio.

EMEA

Europe, Middle East and Africa.

Employee Commitment Index

Index measuring employee satisfaction, determined using an employee survey conducted every two years.

EVERIC® pure

Brand name for SCHOTT Pharma's ready-to-use vials, specifically developed for complex biologics. The vials have a high-quality inner surface to minimise potential interactions between the drug and parts of the vial.

FDA

US Food and Drug Administration. The FDA is responsible for the approval, control and monitoring of drugs, vaccines and medical devices in the United States of America.

Fill-and-finish system

In the pharmaceutical industry, fill-and-finish refers to the filling of vials with vaccines, biologics or synthetic drugs and the finishing of the packaging process.

GLP-1

GLP-1 (as in GLP-1 receptor agonist, an incretin mimetic) refers to a hormone in the human intestine that plays a major role in sugar metabolism. GLP-1 receptor agonists mimic GLP-1's mechanism of action and increase insulin secretion in the pancreas, while inhibiting glucagon secretion (CHECK). They lower blood glucose and are used to treat type 2 diabetes and, more recently, overweight and obesity. They are experiencing a surge in demand.

High-tech polymer

Specific category of polymers suitable for various healthcare applications; they are characterised by high chemical stability, strong barrier properties and design flexibility, making them a valuable alternative to glass packaging. One example of a high-tech polymer is COC (cyclic olefin copolymer), which is used by SCHOTT Pharma for its PFS. Polymer syringes can be used where glass syringes do not meet requirements, for example for deep-cold medications.

HVS, High-Value Solutions

Based on proprietary know-how, HVS are characterised by improved product functionality, and include washed and sterilised prefillable syringes, specialty products, vials and cartridges in ready-to-use configurations that can be filled by SCHOTT Pharma customers with minimal preparation. We strive for the revenue contribution of our high-margin HVS products to grow from 48 % (2022/2023) to around 60 % in the medium term.

Injection pen

Single-use prefilled pen with a dose of medication. A pen makes self-injections easier: it is simply placed onto the skin and does not require that the needle be inserted correctly as is the case with syringes. SCHOTT Pharma supplies glass cartridges for these pens. A typical application is insulin therapy for diabetes mellitus.

mRNA-based therapy

Therapy based on the use of messenger ribonucleic acid (mRNA). mRNA is a molecule that serves as a blueprint for the production of proteins. mRNA-based therapies introduce modified mRNA into the body, which then produces the desired proteins. This promising treatment approach is being studied for various diseases, including cancer and cardiovascular and infectious diseases. Another medical application of mRNA is mRNA-based vaccine.

mRNA-based vaccine

Vaccine whose mechanism of action is based on ribonucleic acid (RNA) or modified RNA. mRNA (messenger RNA) vaccines are genetic vaccines because they contain genetic information. The body uses this information to produce proteins that resemble virus components. The immune system detects these foreign proteins, triggering an immune reaction and the production of antibodies. When the body is later confronted with the real virus, the immune system recognises the virus and can fight it.

PFS

Abbreviation for prefillable syringe(s). PFS offer a highly stable, long-term primary packaging solution for complex and sensitive drugs and enable precise medication dosing, which improves effectiveness while lowering the risk of administration errors. Patients may also use PFS at home.

SCHOTT FIOLAX®

Brand name referring to glass tubes used in the production of drug containers. In 1911, SCHOTT's founder Otto Schott developed a borosilicate glass tube uniquely suitable for manufacturing pharmaceutical glassware such as syringes, cartridges, vials and ampoules. SCHOTT FIOLAX® has excellent chemical resistance, can provide UV protection and is safe for use in ampoules, vials, syringes and cartridges, even for the most sensitive biotech products.

SCHOTT TopLyo®

Brand name referring to glass vials that feature a chemically uniform hydrophobic coating. This prevents fogging (which increases rejects) when particularly sensitive drugs are lyophilised.

SCHOTT TOPPAC® freeze

Brand name referring to prefillable polymer syringes that are particularly suitable for drugs that must be stored at temperatures as low as -100 °C; the syringes are made from a high-tech polymer.

SCHOTT Type I plus®

Brand name referring to vials that are suitable for storing sensitive drugs; the vials are made of high-quality SCHOTT FIOLAX® borosilicate glass and feature an ion barrier film that reduces adsorption and ensures low leachability for pharmaceutical products.

Multi-Year Overview

Results of operations		2022/2023	2021/2022	2020/2021	2019/2020
Revenues[1]	in EUR m	899	821	649	584
Organic revenue growth	in %	8	21	15	n/a[2]
HVS revenue share	in %	48	39	33	30
EBITDA[1]	in EUR m	239	220	164	132
EBITDA margin	in %	26.6	26.8	25.3	22.6
EBIT[1]	in EUR m	192	164	128	98
Profit for the period[1]	in EUR m	152	126	101	78
Earnings per share[1]	in EUR	1.01	0.83	0.67	0.51
Dividend per share	in EUR	0.15[3]	0.13	n/a[2]	n/a[2]
ROCE	in %	23	24	25	22

Financial position		2022/2023	2021/2022	2020/2021	2019/2020
Cash flow from operating activities (A)[1]	in EUR m	182	182	132	104
Cash flow from investing activities (B)[1]	in EUR m	-171	-142	-96	-81
Free cash flow (A–B)	in EUR m	10	40	36	23

Net assets		30 Sep 2023	30 Sep 2022	30 Sep 2021	30 Sep 2020
Working Capital	in EUR m	186	174	142	125
Working Capital in % of revenue	in %	20.7	21.2	22.0	21.3
Equity ratio[1]	in %	56.2	59.3	56.7	53.0
Capital employed	in EUR m	912	804	570	472
Net debt[1]	in EUR m	148	3	53	63

Employees		30 Sep 2023	30 Sep 2022	30 Sep 2021	30 Sep 2020
Headcount (as of the reporting date)		4,646	4,848	n/a[2]	n/a[2]

[1] In preparation for the listing of SCHOTT Pharma AG & Co. KGaA at the Frankfurt Stock Exchange, combined financial statements were prepared for the SCHOTT Pharma business for the financial years ending on 30 September 2022, 2021 and 2020. The comparative figures presented for the financial years 2021/2022, 2020/2021 and 2019/2020 are in line with the figures presented in the combined financial statements.
[2] Not applicable
[3] Dividend proposal for the financial year 2022/2023

Financial Calendar

29 February 2024	Quarterly statement as of 31 December 2023
14 March 2024	Annual General Meeting
27 June 2024	Half-yearly financial report as of 31 March 2024
29 August 2024	Quarterly statement as of 30 June 2024
December 2024	Annual Report 2023/2024

Disclaimer/forward-looking statements

This Annual Report contains numerous forward-looking statements which are based on the Company's assumptions, expectations and intentions. Such statements are indicated by words like "expect", "assume", "intend" or similar wording. These statements are based on the information currently available to management, and on the prevailing framework conditions. These may change at any time. The Company accepts no liability that the expectations and assumptions expressed in this report will in fact turn out to be correct in the future. The Company also undertakes no obligation to update any of its forward-looking statements, to adjust them to developments after publication of this Annual Report.

Publication

This Annual Report was published on 26 January 2024. The document is also available in German. In the event of any discrepancies, the German version shall be authoritative and prevail over the English translation.

The Company's annual and interim reports as well as the financial statements are not available in printed form, for reasons of sustainability. We provide all annual and interim reports online as well as for download in PDF format.

Rounding, language and formatting

Due to rounding, individual figures in this document and in other documents may not correspond exactly to the totals stated and percentages shown may not exactly reflect the absolute values to which they relate.

For technical reasons, there may be differences in formatting between the financial reporting documents contained in this document and those published in accordance with legal requirements.

Where the masculine form is used in this document, the information nevertheless refers to all persons (male, female, diverse).

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