

**Combined Financial Statements
as of and for the fiscal years ended
September 30, 2022, 2021 and 2020
in accordance with
International Financial Reporting Standards,
as adopted by the European Union (“IFRS”)
SCHOTT Pharma AG & Co. KGaA, Mainz**

The logo for SCHOTT PHARMA, featuring the company name in white capital letters on a blue rectangular background.

**SCHOTT
PHARMA**

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COMBINED STATEMENTS OF INCOME

(in EUR thousands)	Notes	2021/2022	2020/2021	2019/2020
REVENUE	4	821,144	648,668	584,229
Cost of sales		-524,717	-422,499	-388,221
GROSS PROFIT		296,427	226,169	196,008
Selling expenses	5	-76,805	-64,005	-60,552
General administrative expenses	5	-33,405	-28,005	-28,674
Research and development costs	6	-23,527	-22,289	-23,581
Other operating income	7	11,550	11,177	15,992
Other operating expenses	8	-22,855	-9,092	-6,531
Share of profit from investments accounted for using the equity method	9	12,990	13,702	5,553
OPERATING PROFIT (EBIT)		164,375	127,657	98,216
Interest income	10	2,140	557	555
Interest expense	10	-2,686	-1,674	-1,920
Other financial expense, net	10	-5,541	-3,255	-1,555
FINANCIAL RESULT		-6,087	-4,372	-2,920
PROFIT BEFORE TAX		158,288	123,284	95,296
Income tax expense	11	-32,441	-22,117	-17,669
PROFIT FOR THE PERIOD		125,848	101,167	77,627
thereof attributable to non-controlling interests		469	414	147
thereof attributable to SCHOTT Group		125,379	100,753	77,480
Earnings per share (in EUR) for profit for the period attributable to shareholders on the current capital structure SCHOTT Pharma KGaA	22			
Basic		0.83	0.67	0.51
Diluted		0.83	0.67	0.51

The notes are an integral part of these Combined Financial Statements

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

(in EUR thousands)	Notes	2021/2022	2020/2021	2019/2020
PROFIT FOR THE PERIOD		125,848	101,167	77,627
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
Remeasurement gain on defined benefit plans	22	26,266	11,557	3,846
Deferred taxes	22	-4,829	-1,752	-688
		21,437	9,805	3,158
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
Foreign currency translation differences	14	51,729	15,640	-25,694
Foreign currency translation differences relating to non-controlling interests		13	59	-203
Foreign currency translation differences relating to at equity		4,576	422	-3,878
		56,318	16,120	-29,775
OTHER COMPREHENSIVE INCOME/LOSS, NET OF TAX		77,755	25,925	-26,617
TOTAL COMPREHENSIVE INCOME		203,603	127,092	51,009
thereof attributable to non-controlling interests		482	472	-56
thereof attributable to SCHOTT Group		203,121	126,620	51,066

The notes are an integral part of these Combined Financial Statements

COMBINED STATEMENTS OF FINANCIAL POSITION

ASSETS

(in EUR thousands)	Notes	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
NON-CURRENT ASSETS				
Intangible assets	12	32,873	31,052	30,999
Property, plant and equipment	13	517,209	334,139	266,999
Investments accounted for using the equity method	14	79,821	62,255	49,458
Deferred tax assets	11	11,748	10,110	9,484
Other financial assets	15	4	6	22
Other non-financial assets	16	329	176	78
		641,984	437,738	357,040
CURRENT ASSETS				
Inventories	17	128,936	83,517	63,217
Contract assets	18	52,622	33,323	31,240
Trade receivables	18	128,943	110,645	96,832
Trade receivables - SCHOTT Group	35	17,485	6,971	2,687
Financial receivables - SCHOTT Group	35	161,810	19,801	9,460
Current income tax assets	11	5,340	2,641	2,540
Other financial assets	19	3,633	1,012	1,275
Other non-financial assets	20	26,952	16,388	13,121
Cash and cash equivalents	21	28,795	27,859	18,606
		554,516	302,157	238,978
TOTAL ASSETS		1,196,500	739,894	596,018

The notes are an integral part of these Combined Financial Statements

EQUITY AND LIABILITIES

(in EUR thousands)		SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
EQUITY	22			
Invested equity attributable to SCHOTT Group		681,907	448,897	361,516
Other components of equity		25,370	-30,935	-46,996
EQUITY ATTRIBUTABLE TO SCHOTT GROUP		707,278	417,963	314,520
Non-controlling interests		1,766	1,455	1,138
		709,044	419,418	315,657
NON-CURRENT LIABILITIES				
Net employee defined benefit liabilities	23	14,625	34,160	44,160
Provisions for income taxes		11,910	2,979	3,343
Other provisions	24	5,750	5,290	4,546
Deferred tax liabilities	11	20,704	11,749	8,074
Other financial liabilities	27	71,499	2,242	3,471
Other non-financial liabilities	28	39,949	19,849	6,910
		164,437	76,270	70,504
CURRENT LIABILITIES				
Other provisions	24	9,802	10,099	7,441
Accrued liabilities	25	52,434	39,332	32,229
Trade payables	26	63,895	40,668	42,945
Trade payables - SCHOTT Group	35	35,701	22,708	18,605
Financial payables - SCHOTT Group	35	120,569	96,979	86,367
Income tax liabilities	11	12,648	16,300	14,479
Other financial liabilities	27	5,404	2,339	2,418
Other non-financial liabilities	28	22,567	15,782	5,373
		323,019	244,207	209,857
TOTAL EQUITY AND LIABILITIES		1,196,500	739,894	596,018

The notes are an integral part of these Combined Financial Statements

COMBINED STATEMENTS OF CASH FLOWS

(in EUR thousands)	2021/2022	2020/2021	2019/2020
Profit for the period	125,848	101,167	77,627
Depreciation and amortization/impairment on non-current assets	55,357	36,444	33,728
Increase/(decrease) in provisions and accrued liabilities	25,715	15,995	11,414
Other non-cash (expenses) and income	831	-5,842	-7,045
(Gain)/loss from the disposal of intangible assets and property, plant and equipment	-1,511	-298	-722
(Increase)/decrease in inventories and advance payments made on inventories	-30,637	-19,057	-12,121
(Increase)/decrease in contract assets	-19,299	-2,083	-7,071
(Increase)/decrease in trade receivables	-7,800	-12,436	-11,200
(Increase)/decrease in other assets	-10,821	-3,161	-4,087
Increase/(decrease) in advance payments received	25,422	20,665	7,141
Increase/(decrease) in trade payables	19,493	-2,716	12,593
Increase/(decrease) in other liabilities	-4,767	2,193	5,219
(Increase)/decrease from trade receivables - SCHOTT Group	-8,473	-3,976	-1,404
Increase/(decrease) from trade payables - SCHOTT Group	9,619	3,589	1,766
Increase/(decrease) in deferred taxes	3,148	1,731	-1,440
CASH FLOWS FROM OPERATING ACTIVITIES	182,123	132,213	104,397
Proceeds from the sale of property, plant and equipment	12,359	1,206	2,840
Proceeds from the sale of intangible assets	-	202	1
Purchase of property, plant and equipment	-152,011	-98,072	-85,173
Purchase of intangible assets	-677	-556	-137
Purchase of financial assets	-1,806	-1,349	-
Dividends received	-	2,675	1,250
CASH FLOWS FROM INVESTING ACTIVITIES	-142,136	-95,893	-81,219
Dividends paid to SCHOTT Group	-11,456	-39,824	-44,041
Dividends paid to non-controlling interests	-171	-155	-167
Other transactions with SCHOTT Group	97,650	16,647	28,813
Repayments of financial receivables - SCHOTT Group	-136,431	-9,730	-663
Proceeds from financial payables - SCHOTT Group	12,959	10,605	6,792
Proceeds from borrowings	18	-	650
Repayment of borrowings	-	-606	-
Allocation of plan assets	-4,509	-3,790	-4,613
Proceeds/(repayment) of financial receivables	77	333	-326
Proceeds/(repayment) of financial liabilities	1,018	-89	-103
Payment of principal portion of lease liabilities	-1,537	-896	-788
CASH FLOWS FROM FINANCING ACTIVITIES	-42,382	-27,505	-14,447
CHANGE IN CASH AND CASH EQUIVALENTS	-2,394	8,816	8,731
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	27,859	18,606	15,658
- Checks, cash on hand	15	218	23
- Bank deposits	27,844	18,389	15,634
Change in cash and cash equivalents due to foreign exchange rates	3,330	437	-5,783
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	28,795	27,859	18,606
- Checks, cash on hand	7	15	218
- Bank deposits	28,787	27,844	18,389
ADDITIONAL NOTES TO THE COMBINED STATEMENT OF CASH FLOWS*			
Interest paid	-1,795	-1,156	-1,529
Interest received	2,140	557	555
Income taxes paid	-29,773	-21,404	-15,120

*Included in cash flows from operating activities

The notes are an integral part of these Combined Financial Statements

COMBINED STATEMENTS OF CHANGES IN EQUITY

(in EUR thousands)	Invested equity attributable to SCHOTT Group	Foreign currency translation differences	Total invested equity attributable to SCHOTT Group	Non-controlling interests	Total invested equity
BALANCE AS OF OCT. 1, 2019	296,107	-17,425	278,682	1,361	280,043
Profit for the period	77,480		77,480	147	77,627
Other comprehensive income/loss, net of tax	3,158	-29,571	-26,414	-203	-26,617
TOTAL COMPREHENSIVE INCOME	80,637	-29,571	51,066	-56	51,009
Dividends	-44,041		-44,041	-167	-44,208
Other transactions with SCHOTT Group	28,813		28,813		28,813
BALANCE AS OF SEPT. 30, 2020	361,516	-46,996	314,520	1,138	315,657
BALANCE AS OF OCT. 1, 2020	361,516	-46,996	314,520	1,138	315,657
Profit for the period	100,753		100,753	414	101,167
Other comprehensive income/loss, net of tax	9,805	16,062	25,867	59	25,925
TOTAL COMPREHENSIVE INCOME	110,558	16,062	126,620	472	127,092
Dividends	-39,824		-39,824	-155	-39,978
Other transactions with SCHOTT Group	16,647		16,647		16,647
BALANCE AS OF SEPT. 30, 2021	448,897	-30,935	417,963	1,455	419,418
BALANCE AS OF OCT. 1, 2021	448,897	-30,935	417,963	1,455	419,418
Profit for the period	125,379		125,379	469	125,848
Other comprehensive income/loss, net of tax	21,437	56,305	77,742	13	77,755
TOTAL COMPREHENSIVE INCOME	146,816	56,305	203,121	482	203,603
Dividends	-11,456		-11,456	-171	-11,626
Other transactions with SCHOTT Group	97,650		97,650		97,650
BALANCE AS OF SEPT. 30, 2022	681,907	25,370	707,278	1,766	709,044

The notes are an integral part of these Combined Financial Statements

NOTES TO THE COMBINED FINANCIAL STATEMENTS

GENERAL INFORMATION

1 BASIS OF PREPARATION

1.1 Purpose and content of the Combined Financial Statements

On August 1, 2022, SCHOTT AG, Mainz (“SCHOTT AG”, together with its subsidiaries also referred to as “SCHOTT” or “SCHOTT Group”) announced its plans to carve out its pharmaceutical business into a newly formed subgroup (referred to hereafter as “SCHOTT Pharma”). SCHOTT AG plans to offer shares in SCHOTT Pharma to external investors by way of an initial public offering (“IPO”). The parent company of SCHOTT Pharma is SCHOTT Pharma AG & Co. KGaA, Mainz (“the Company” or “SCHOTT Pharma KGaA”). SCHOTT Pharma KGaA is a company incorporated under German law, founded with notarial deed of March 22, 2022, and entered in the commercial register of the local court in Mainz under HRB 51230 on May 10, 2022. The registered office of the Company is at Hattenbergstraße 10, 55122 Mainz, Germany.

SCHOTT Pharma is being separated from SCHOTT Group in several steps as part of a legal reorganization under common control of SCHOTT AG. Certain separation steps have already been completed as of the date of issuance of these financial statements, with remaining intended steps expected to be completed before the anticipated offering of shares in SCHOTT Pharma. Initially as part of the separation process, the German SCHOTT Pharma business was transferred to SCHOTT Pharma KGaA via a chain hive down from SCHOTT AG into its fully owned subsidiary SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz (“SGBE”) and immediately thereafter into SCHOTT Pharma KGaA. The foreign activities that had not been conducted within separate companies were transferred to separate legal entities by either carving out the foreign SCHOTT Pharma business to newly established legal entities or by carving out the foreign non- SCHOTT Pharma businesses to legal entities that remain with SCHOTT Group. All foreign operations of SCHOTT Pharma including the foreign legal entities that solely conduct SCHOTT Pharma business will be transferred to SCHOTT Pharma KGaA either by contribution in kind against the issue of new shares or via a sale transaction. For further details on the legal reorganization subsequent to September 30, 2022, please refer to Note 37.

According to the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, Annex I, item 18.1.1., supplementing Regulation (EU) 2017/1129, an issuer must present audited historical financial information covering the latest three fiscal years in its securities prospectus for the contemplated listing of shares on the stock exchange. Since the legal reorganization has not been completed in fiscal year 2021/2022, the SCHOTT Pharma IPO perimeter was not a group in accordance with IFRS 10 *Consolidated Financial Statements*. Hence, SCHOTT Pharma KGaA has a “Complex Financial History” as no financial information for SCHOTT Pharma as of and for the fiscal years ended September 30, 2022, 2021 and 2020 exists that reflects the entire operations of SCHOTT Pharma.

Therefore, SCHOTT Pharma prepared Combined Financial Statements covering the entire SCHOTT Pharma IPO perimeter for the fiscal years ended September 30, 2022, 2021 and 2020 (the “Combined Financial Statements”).

The Combined Financial Statements consist of Combined Statements of Income, Combined Statements of Comprehensive Income, Combined Statements of Financial Position, Combined Statements of Cash Flows, Combined Statements of Changes in Equity and Notes to the Combined Financial Statements as of and for the fiscal years ended September 30, 2022, 2021 and 2020, respectively, prepared on a going concern basis.

The Combined Financial Statements are presented in euros. Amounts are stated in thousands of euros (EUR thousands), unless otherwise stated. Rounding differences may occur when individual amounts or percentages are added up.

The Combined Financial Statements were prepared and authorized for issue by the Managing Board of SCHOTT Pharma on June 23, 2023.

For further details regarding the basis of the Combined Financial Statements refer to Note 1.3.

1.2 Definition of the Pharma business

SCHOTT Pharma comprises a broad product portfolio of pharmaceutical primary packaging and operates as a global leader in high-value Pharma solutions.

SCHOTT Pharma is acting globally in the field of development and production of a wide range of advanced drug containment solutions and delivery systems for injectable drugs supplied to the pharmaceutical and biotechnology industries. For the safe storage and transport of injectable drugs, SCHOTT Pharma supplies customers worldwide with drug containment solutions and delivery systems in pre-sterilized or non-sterilized form, depending on the customers' needs. Furthermore, SCHOTT Pharma provides services and analytics for the pharmaceutical and biotechnology industries in the area of drug containment and delivery. The services range from developing novel drug containment solutions and delivery systems, to performing analytical tests, and optimizing fill-and-finish processes, as well as providing sustainability and regulatory support.

1.3 Basis of Combined Financial Statements

The Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS"), based on the SCHOTT AG date of transition to IFRS (October 1, 2005/2006), unless otherwise stated.

Since IFRS does not provide any specific guidelines for the preparation of Combined Financial Statements, IAS 8.12 has been applied, which requires the consideration of the most recent pronouncements of other standard-setting bodies, other financial requirements, and recognized industry practices. Following these requirements, the predecessor accounting approach has been applied in the Combined Financial Statements of SCHOTT Pharma.

As a result, the same accounting policies and measurement principles as used by the SCHOTT Pharma entities and operations in preparing the financial information for inclusion in the consolidated financial statements of SCHOTT AG as of and for the fiscal years ended September 30, 2022, 2021 and 2020 ("Consolidated Financial Statements") have been applied in preparing the Combined Financial Statements. New accounting standards have been applied in the Combined Financial Statements of SCHOTT Pharma in accordance with the same respective dates of first-time adoption of SCHOTT AG for the fiscal years presented. Accounting estimates originally used in the Consolidated Financial Statements of SCHOTT AG have not been adjusted to reflect potential new knowledge before being included in the Combined Financial Statements.

The financial information included in the Combined Financial Statements has been derived based on historical financial information ("as is- basis") within the Consolidated Financial Statements of SCHOTT AG for the periods presented, reflecting the legal transfer of assets and liabilities. Thus, the SCHOTT Pharma business is presented using the carrying amounts and historical costs that are also included in the Consolidated Financial Statements of SCHOTT AG.

Entities fully dedicated to SCHOTT Pharma ("Fully dedicated" entities) generally have been reflected in the Combined Financial Statements in their entirety. For entities that were not fully dedicated to SCHOTT Pharma ("Mixed Entities"), the attribution of long-lived assets and liabilities is based on the legal transfer concept as of September 30, 2022. Short-term assets and liabilities were presented in the Combined Financial Statements if they were directly attributable to SCHOTT Pharma, i.e., based on the economic ownership. Short-term assets and liabilities not directly attributable to SCHOTT Pharma were excluded unless such items were expected to be legally transferred to SCHOTT Pharma. Income and expenses for entities not fully dedicated to SCHOTT Pharma are presented based on the concept of reflecting all costs of doing business by direct attribution or allocation of the costs historically incurred for SCHOTT Pharma. To allocate such costs reasonable keys have been used and applied consistently during the periods presented to reflect the cost of doing business for Mixed Entities.

To reflect the assets, liabilities, income, and expenses within the scope of combination of SCHOTT Pharma, the combination rules described in Note 1.5 to 1.9 have been applied. As the determination of such combination rules requires significant judgement, the Combined Financial Statements do not necessarily reflect the financial position, cash flows or results of operations that would have occurred if SCHOTT Pharma had existed as a separate group as defined in IFRS 10 *Consolidated Financial Statements* during the periods presented.

1.4 Scope of Combination

The scope of combination for the Combined Financial Statements of SCHOTT Pharma was determined based on the concept of legal reorganization and thus generally reflects all entities, operations, assets, and liabilities which, as a result of the legal reorganization under common control of SCHOTT AG, will be part of SCHOTT Pharma by the date of the IPO. This approach is based on the fact that the economic activities forming SCHOTT Pharma will be legally bound together through the reorganization steps as described in Note 1.1.

Entities and businesses that will be directly or indirectly and fully or partially owned by SCHOTT Pharma after the reorganization of SCHOTT Pharma is completed, are included within the scope of combination. This comprises entities

that were controlled by SCHOTT AG during the periods presented within these Combined Financial Statements and for which a legal transfer to SCHOTT Pharma KGaA was executed before and after September 30, 2022. Businesses in accordance with IFRS 3 *Business Combinations* under common control that were transferred to SCHOTT Pharma during the legal reorganization are included with their respective assets and liabilities as well as income and expenses in the Combined Financial Statements for the periods during which SCHOTT AG controlled these entities.

For legal entities transferring to SCHOTT Pharma KGaA that had already been fully dedicated to the SCHOTT Pharma business and for which no carve-out was required, the Combined Financial Statements also comprise any non-business assets, liabilities, income, and expenses of the legal entity.

For Mixed Entities requiring a legal separation, certain assets and liabilities or obligations transferred to SCHOTT Pharma that historically have not been part of SCHOTT Pharma are recognized in the Combined Financial Statements at the time of the separation as further detailed in Note 1.5 to 1.9.

The following entities are included within the scope of combination during the periods presented:

Entity Name	Fiscal year 2021/2022	Fiscal year 2020/2021	Fiscal year 2019/2020
SCHOTT AG, Mainz/Germany ¹	n/a	Mixed Entity	Mixed Entity
SCHOTT Pharma AG & Co. KGaA, Mainz/Germany ¹	Fully dedicated	n/a	n/a
SCHOTT Pharma Mexico GmbH, Mainz/Germany	Fully dedicated starting August 1, 2022	n/a	n/a
SCHOTT Envases Argentina S.A., Buenos Aires/Argentina	Fully dedicated	Fully dedicated	Fully dedicated
SCHOTT Brasil Ltda., São Paulo/Brazil ²	Mixed Entity	Mixed Entity	Mixed Entity
SCHOTT Glass Technologies (Suzhou) Co., Ltd., Suzhou/China ³	Mixed Entity	Mixed Entity	Mixed Entity
SCHOTT (Shanghai) Precision Materials & Equipment International Trading Co., Ltd., Shanghai/China ³	Mixed Entity	Mixed Entity	Mixed Entity
SCHOTT Pharmaceutical Packaging (Zhejiang) Co., Ltd., Huzhen Town/China ³	Fully dedicated	Fully dedicated	Fully dedicated
SCHOTT France Pharma Systems SAS, Pont-sur-Yonne/France	Fully dedicated	Fully dedicated	Fully dedicated
SCHOTT France SAS, Colombes/France ⁴	Mixed Entity	Mixed Entity	Mixed Entity
SCHOTT France Pharma SAS, Colombes/France ⁴	Fully dedicated starting September 30, 2022	n/a	n/a
PT. SCHOTT Igar Glass, Bekasi/Indonesia	Fully dedicated	Fully dedicated	Fully dedicated
SCHOTT Envases Farmaceuticos SAS, Bogotá/Colombia	Fully dedicated	Fully dedicated	Fully dedicated
SCHOTT de México, S.A. de C.V., Cordoba/Mexico ⁵	Mixed Entity	Mixed Entity	Mixed Entity
SCHOTT Pharmaceutical Packaging OOO, Zavolzhye/Russia ⁶	Fully dedicated	Fully dedicated	Fully dedicated
SCHOTT forma vitrum holding ag, St. Gallen/Switzerland	Fully dedicated	Fully dedicated	Fully dedicated
SCHOTT Pharma Schweiz AG, St. Gallen/Switzerland (former SCHOTT Switzerland AG, St. Gallen/Switzerland (ex SFV)) ⁷	Mixed Entity	Mixed Entity	Mixed Entity
SCHOTT Hungary Kft., Lukácsháza/Hungary	Fully dedicated	Fully dedicated	Fully dedicated
SCHOTT North America Inc., Rye Brook/USA ⁸	Mixed Entity	Mixed Entity	Mixed Entity
SCHOTT Pharma USA, Inc., Lebanon/USA ⁸	Fully dedicated starting August 1, 2022	n/a	n/a
SCHOTT Poonawalla Pvt. Ltd., Mumbai/India ⁹	At equity	At equity	At equity
Empha SPA, Turin/Italy	At equity	At equity	At equity
Smart Skin Technologies Inc., Fredericton/Canada	At equity	At equity	At equity

¹ The German SCHOTT Pharma business was transferred to SCHOTT Pharma KGaA via a chain hive down from SCHOTT AG into SCHOTT Glaswerke Beteiligungs- und Export GmbH and immediately thereafter into SCHOTT Pharma KGaA effectively as of October 1, 2021 ("traditional carve-out").

² The Non-Pharma business of SCHOTT Brasil Ltda. was spun off to a newly established SCHOTT entity effectively as of August 1, 2022. SCHOTT Brasil Ltda. remains with SCHOTT Pharma during the periods presented ("reverse carve-out").

³ Starting October 1, 2022, SCHOTT Pharmaceutical Packaging (Zhejiang) Co., Ltd. will act as distributor for products manufactured by SCHOTT Glass Technologies (Suzhou) Co., Ltd. The sales office business and the respective employees of SCHOTT (Shanghai) Precision Materials & Equipment International Trading Co., Ltd. were transferred to a branch office within SCHOTT Pharmaceutical Packaging (Zhejiang) Co., Ltd. effectively as of October 1, 2022.

⁴ SCHOTT Pharma business was transferred via an asset purchase and transfer agreement from SCHOTT France SAS to SCHOTT France Pharma SAS effective as of September 30, 2022.

⁵ The Non-Pharma business of SCHOTT de México, S.A. de C.V. was transferred via an asset purchase and transfer agreement to a newly established SCHOTT entity effectively as of August 1, 2022. SCHOTT de México, S.A. de C.V. remains with SCHOTT Pharma during the periods presented ("reverse carve-out").

⁶ The shares in SCHOTT Pharmaceutical Packaging OOO will be sold to SCHOTT forma vitrum holding ag and SCHOTT Pharma Schweiz AG after September 30, 2022. For further details on the legal reorganization subsequent to September 30, 2022, please refer to Note 37.

⁷ The Non-Pharma business of Switzerland AG was spun off to a newly established SCHOTT entity effectively as of July 31, 2022. SCHOTT Switzerland AG remains with SCHOTT Pharma during the periods presented ("reverse carve-out").

⁸ The SCHOTT Pharma business was transferred via a contribution and transfer agreement from SCHOTT North America, Inc. to SCHOTT Pharma USA, Inc. effective as of August 1, 2022 ("traditional carve-out"). Therefore, ten months of Pharma business is reported by SCHOTT North America, Inc. in fiscal year 2021/2022.

⁹ The shares in SCHOTT Poonawalla Pvt. Ltd. will be sold to SCHOTT Pharma Schweiz AG after September 30, 2022, however, before the intended IPO.

1.5 Combined Statements of Income

Revenue and cost of sales

Revenue as well as cost of sales have generally been attributed directly based on profit center information for purposes of the Combined Financial Statements. Indirect production costs have also been attributed directly based on profit center information.

Selling expenses, general administrative expenses, research and development costs, other operating income and expenses

In general, operating income and expenses incurred and specifically identified as pertaining to SCHOTT Pharma business were historically attributed to SCHOTT Pharma business by profit center accounting. Operating income and expenses that were not historically attributed to SCHOTT Pharma business have been directly attributed, if they were specifically identifiable as pertaining to SCHOTT Pharma business. If no specific identification was possible, reasonable allocation keys (e.g., product related information, headcount, revenues, functional costs) have been applied for purposes of the Combined Financial Statements to appropriately reflect historical cost of doing business.

Financial result

In general, interest and other financial income and expenses have been attributed following the attribution of the respective underlying financial asset or liability, or non-current provision for purposes of the Combined Financial Statements.

Financing effects relating to debt and cash pooling receivables or liabilities with SCHOTT Group (i.e., intercompany debt and cash pooling from SCHOTT Group's perspective) and deemed to be dedicated as financing the business in general have been fully included for Mixed Entities subject to reverse carve-out.

Interest expenses on leases and such related to net employee defined benefit liabilities, are attributed in the same way as the attribution of related liabilities within the Combined Statements of Financial Position.

Services provided and charged by centrally managed functions

Services provided by centrally managed functions from SCHOTT Group to SCHOTT Pharma have been included in the Combined Financial Statements for all periods presented as historically charged to the SCHOTT Pharma business. For employees previously employed by such centrally managed functions of SCHOTT Group that have been transferred to the SCHOTT Pharma business in line with the reorganization, employee-related expenses, assets, and liabilities (including net employee defined benefit liabilities) have been included in the Combined Financial Statements.

Treatment of corporate costs

SCHOTT AG, as well as other entities within SCHOTT Group, such as SCHOTT North America, provided various central services such as but not limited to information technology services to SCHOTT Pharma which have either been transferred to SCHOTT Pharma as part of the legal reorganization or have been provided as a service under transitional service agreements after the legal reorganization. The respective costs for such services that historically

have been already recharged to the SCHOTT Pharma entities, have been included in profit or loss with their historical amounts. Costs for such services that historically have not been recharged to SCHOTT Pharma entities are allocated to the Combined Financial Statements using reasonable allocation keys, the most prominent of which is the headcount key. Allocation is based on historical costs incurred and allocated amounts are deemed to be settled immediately by parent and as such accounted for as a contribution. Accordingly, the impact of the expense allocated through profit or loss, net of tax, is recorded directly in equity as “Other transactions with SCHOTT Group”. Management considers allocations to be a reasonable reflection of the utilization of services provided, but not necessarily indicative of future costs for such services.

1.6 Combined Statements of Financial Position

When applying predecessor accounting, it is generally accepted to apply the method retrospectively for all periods presented as there was common control. Management chose to apply the retrospective method, i.e., to present the Combined Financial Statements of SCHOTT Pharma as if the new legal structure had always existed in the past, except for the application of hyperinflation in accordance with IAS 29 *Financial reporting in hyperinflationary economies* which has been initially applied within the Combined Financial Statements as of October 1, 2019. For further details, please refer to Note 3.3. The comparative information in the Combined Statements of Financial Position include the carrying amounts as previously included in the Consolidated Financial Statements of SCHOTT AG, except for any impacts related to the application of IAS 29 *Financial reporting in hyperinflationary economies* which has not been considered as significant.

The following assumptions, attributions and allocation methods were used for significant line items comprised in the Combined Statements of Financial Position:

Intangible assets

Intangible assets were attributed to SCHOTT Pharma based on a profit center identification. If an item was not specifically identifiable, appropriate allocation keys (e.g., licenses or headcount for software) have been applied for the preparation of the Combined Financial Statements.

The goodwill included in the Combined Financial Statements is based on the goodwill attributable to the entities or business transferred to SCHOTT Pharma.

During fiscal year 2019/2020 and 2020/2021, goodwill was allocated and tested for impairment based on the cash-generating unit (“CGU”) structure used at that time by SCHOTT Group to monitor goodwill at the reporting level of SCHOTT Pharma, while in fiscal year 2021/2022 goodwill was allocated and tested for impairment based on the new structure of SCHOTT Pharma with the CGUs corresponding to the operating segments of SCHOTT Pharma. For further details of goodwill allocation and level of impairment testing, please also refer to Note 12.

Property, plant and equipment

Property, plant and equipment was generally attributed based on a profit center identification to determine the assets to be legally transferred. As a result, those assets were fully attributed to the Combined Statements of Financial Position.

Right-of-use assets in accordance with IFRS 16 *Leases* are presented within property, plant and equipment. Lease contracts in scope for the SCHOTT Pharma business including existing lease agreements as well as lease agreements to be transferred to SCHOTT Pharma as part of the legal reorganization were identified and the respective right-of-use asset was attributed to SCHOTT Pharma. Lease agreements between SCHOTT Pharma and remaining SCHOTT Group are initially accounted for in accordance with IFRS 16 *Leases* as of October 1, 2019, and subsequently measured for the fiscal years ended September 30, 2020, 2021 and 2022, respectively. Accounting for leases is discussed in Note 3.5. Explanations and disclosures on transactions with remaining SCHOTT Group are provided in Note 35.

Inventories

Inventories, as well as inventory reserves, have been attributed to the SCHOTT Pharma based on the specific product groups pertaining to SCHOTT Pharma.

Trade receivables and contract assets

Trade receivables and contract assets including loss allowances have been primarily attributed based on customer accounts, i.e., if customers have historically been allocated to SCHOTT Pharma, the respective trade receivables or contract assets are fully attributed to SCHOTT Pharma for the purpose of the Combined Financial Statements. An analysis of open items of SCHOTT Pharma and attribution of respective foreign-currency adjustments on respective

trade receivables or contract assets related to SCHOTT Pharma was performed, ensuring that the relevant profit or loss effect is in line with the accounting treatment in the Combined Statements of Financial Position.

Other financial and non-financial assets

Other financial and non-financial assets have been primarily attributed based on the specific identifiers of the underlying transaction, i.e., if the asset arose by doing SCHOTT Pharma business the respective asset is fully dedicated to the SCHOTT Pharma for the purpose of the Combined Financial Statements. If an item that was not specifically identifiable, appropriate allocation keys (e.g., headcount key) have been applied for the preparation of the Combined Financial Statements.

Cash and cash equivalents

For purposes of the Combined Financial Statements, cash and cash equivalents have been fully attributed to SCHOTT Pharma for Mixed Entities subject to reverse carve-out.

Presentation of equity

The Combined Statements of Changes in Equity presents the changes in equity attributable to SCHOTT Group and attributable to non-controlling interests with respect to SCHOTT Pharma. During the fiscal years 2021/2022, 2020/2021 and 2019/2020, respectively, SCHOTT Pharma did not constitute a group with a parent company in accordance with IFRS 10 *Consolidated Financial Statements*. Therefore, invested equity attributable to SCHOTT Group (comprising actuarial gains and losses from remeasurement of net employee defined benefit liabilities and related taxes) is shown in lieu of share capital, reserves and retained earnings, and non-controlling interests is presented accordingly, while no further legal-form-specific classification of equity is required in this context. Exchange differences on currency translation of foreign operations and other comprehensive income/loss ("OCI") from equity are reported separately under Other components of equity in accordance with IAS 1 *Presentation of Financial Statements*.

Dividend distributions to remaining SCHOTT Group are presented within Dividends in the Combined Financial Statements of Changes in Equity.

The changes in invested equity attributable to SCHOTT Group that result from transactions deemed to be immediately settled through equity and as such treated as contribution or withdrawal by shareholders are also included in the line item Other transactions with SCHOTT Group, net of tax. Those contributions or withdrawals relate to carve-out specific considerations, such as the allocation of corporate costs, tax expenses calculated on separate tax return basis, and the attribution of assets and liabilities (net assets) for Mixed Entities.

For further information on changes in equity refer to Note 22.

Net employee defined benefit liabilities

The Combined Financial Statements comprise the net employee defined benefit liabilities and corresponding plan assets attributable to SCHOTT Pharma based on the legal reorganization concept.

The net employee defined benefit liabilities that will be legally transferred to SCHOTT Pharma for active employees, as well as for certain non-active employees are included within the Combined Statements of Financial Position. Hence, for entities that are fully dedicated for the periods under consideration historically reported figures for net employee defined benefit liabilities as well as the respective plan assets are also used for the purpose of the Combined Financial Statements. For Mixed Entities net employee defined benefit liabilities and plan assets are principally derived based on active employees dedicated to SCHOTT Pharma according to a historical list of employees and actuarial reports comprising assumptions specific for SCHOTT Pharma.

The net employee defined benefit liabilities have been transferred during fiscal year 2021/2022.

The net employee defined benefit liabilities may change in some countries considering specific requirements when the separation into SCHOTT Pharma legal entities becomes effective. For further details please also refer to Note 23.

Other provisions and accrued liabilities

Other provisions and other accrued liabilities have been primarily attributed based on the underlying transaction, i.e., if the liability arose by doing SCHOTT Pharma business the respective liability is fully dedicated to SCHOTT Pharma for the purpose of the Combined Financial Statements.

Only such other employee-related provisions and accrued liabilities have been included, that relate to employees that transferred to SCHOTT Pharma based on the employee target structure and include fully dedicated employees.

Trade payables

Trade payables have been primarily attributed based on supplier accounts, i.e., if suppliers have historically been allocated to SCHOTT Pharma, the respective trade payables were fully attributed to SCHOTT Pharma for the purpose of the Combined Financial Statements. An analysis of open items of SCHOTT Pharma and an attribution of respective foreign-currency adjustments on respective trade payables related to SCHOTT Pharma was performed.

Other financial and non-financial liabilities

Other financial and non-financial liabilities have been primarily attributed based on the underlying transactions, i.e., if the liability arose by doing SCHOTT Pharma business the respective liability is fully dedicated to SCHOTT Pharma for the purpose of the Combined Financial Statements. If an item was not specifically identifiable, appropriate allocation keys (e.g., headcount key) have been applied for the preparation of the Combined Financial Statements. Any financial liabilities related to leases have been attributed in line with the related right-of-use asset, please see also section Property, plant and equipment in this Note.

Current and deferred taxes

Current and deferred taxes are recognized for the purposes of the Combined Financial Statements in accordance with IAS 12 *Income Taxes* taking into consideration local tax requirements. Current and deferred taxes are determined using the separate tax return approach under the assumption that the entities and operations of SCHOTT Pharma constitute separate taxable entities. The underlying assumption therefore is, that current and deferred taxes for all entities and operations as well as tax groups within SCHOTT Pharma are calculated on a separate basis and assessed for recoverability. Deferred tax assets were recognized within the Combined Statements of Financial Position in the Combined Financial Statements to the extent offsetting with future taxable income from respective SCHOTT Pharma entities is probable.

Current tax assets and tax liabilities as well as deferred tax assets on tax loss carryforwards of SCHOTT Pharma entities and operations that did not constitute a separate taxpayer in previous years were treated as contributions or transfers from reserves by shareholders and are not included in the Combined Financial Statements of SCHOTT Pharma.

1.7 Combined Statements of Cash Flows

According to IAS 7 *Cash Flow Statements*, the Combined Statements of Cash Flows of SCHOTT Pharma contain operating, investing and financing activities. Cash transactions resulting from the central cash management operated by SCHOTT Group throughout the periods presented as well as cash transactions with other SCHOTT Group entities in connection with the formation of the group of entities have been included in Proceeds from financing transactions - SCHOTT Group and Other transactions – SCHOTT Group and have been used to finance the ongoing business activities of SCHOTT Pharma. Thus, these cash transaction have the character of financing and are presented in the Cash Flows from Financing Activities in the Combined Statements of Cash Flows.

1.8 Financing of SCHOTT Pharma

Historically, SCHOTT managed the financing of the SCHOTT Pharma business and utilized a centralized approach to cash management. In addition to cash and cash equivalents balances held directly at various locations, SCHOTT Pharma pools cash balances, cash deposits and funding directly with the centralized SCHOTT Treasury function. As a result, cash and cash equivalents, cash pool receivables and liabilities, and related interest expense and income are excluded from the accompanying Combined Financial Statements for traditional carve-out locations but are included for reverse carve-out locations, relating to both, SCHOTT Pharma and Non-Pharma business. Corporate level debt or related interest expenses were not allocated to SCHOTT Pharma, as they were not deemed to be attributable. For the preparation of these Combined Financial Statements, financing activities for traditional carve-out locations are reflected in total invested equity attributable to SCHOTT Group as deemed contribution from or distribution to the shareholder. The financing presented in the Combined Financial Statements may differ significantly from the future financing requirements of the future SCHOTT Pharma business.

Except for cash and cash equivalents, cash pooling receivables and liabilities at reverse carve-out locations, the capital structure attributed to SCHOTT Pharma in connection with the preparation of these Combined Financial Statements is presented as total invested equity attributable to SCHOTT Group, and as such, is not indicative of the capital structure that SCHOTT Pharma would have required had it been a separate group in accordance with IFRS 10 *Consolidated Financial Statements* during the comparative periods presented.

From October 1, 2019 until July 14, 2022, SCHOTT Pharma was ultimately centrally managed by the Managing Board of SCHOTT AG as well as by the Head of Business Unit Pharma and by the Head of Financing and Controlling of

Business Unit Pharma, and since July 14, 2022, by the Managing Board of SCHOTT Pharma Management AG, Mainz ("SCHOTT Pharma Management AG"), the general partner of SCHOTT Pharma.

1.9 Related Party Transactions

Transactions between SCHOTT Pharma and the remaining SCHOTT Group are accounted for in accordance with IFRS and classified as related party transactions. For further details please also refer to Note 35.

2 CHANGES IN ACCOUNTING STANDARDS AND APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

2.1 Standards and interpretations to be applied in the current fiscal year

The following new and amended standards and interpretations, which were to be mandatorily applied for the first time in fiscal year 2021/2022, have been published by the International Accounting Standards Board (IASB).

STANDARDS		Application mandatory for fiscal years beginning on or after	Revised /expanded notes disclosures
IFRS 4	Amendments to IFRS 4: Extension of the Temporary Exemption from the Application of IFRS 9	January 1, 2021	No
IFRS 9, IAS 39, IFRS 7, IFRS 16	Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform - Phase 2	January 1, 2021	No
IFRS 16	Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond June 30, 2021	April 1, 2021	No

The application of these new standards did not result in any material impact on the figures presented in these Combined Financial Statements but could affect the accounting for future transactions.

2.2 Published standards and interpretations that have not yet been applied

Besides the mandatory IFRS mentioned in Note 2.1, the IASB published other IFRS that have already been endorsed by the EU in part but will only become mandatory at a later date.

STANDARDS		Mandatory application for fiscal years starting on	Adoption by the EU Commission
IFRS 17	Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023	September 8, 2022
IAS 12	Amendments to IAS 12: Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction	January 1, 2023	August 11, 2022
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Guidance Document 2)	January 1, 2023	March 2, 2022
IAS 8	Amendments to IAS 8: Definition of Accounting Estimates	January 1, 2023	March 2, 2022
IFRS 17	Insurance Contracts, including Amendments to IFRS 17 (issued on June 25, 2020)	January 1, 2023	November 19, 2021
Various	Amendments to IFRS 3, IAS 16 and IAS 37, Annual Improvements 2018-2020	January 1, 2022	June 28, 2021
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of the Effective Date	January 1, 2023	No
IFRS 16	Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	January 1, 2024	No

SCHOTT Pharma does not make use of any existing options for early application. According to current estimates, the new or amended regulations mentioned above do not have any significant effects.

3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The following policies should be read in conjunction with Note 1.

Unless stated otherwise, the accounting principles set out below have been applied consistently for all periods presented in these Combined Financial Statements.

3.1 Key Accounting Estimates and Judgments

The preparation of the Combined Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expenses, assets, and liabilities. Actual results may differ from management's estimates. Estimates and assumptions are reviewed on an on-going basis, and changes in estimates and assumptions are recognized in the period in which the changes occur and in future periods impacted by the changes. The estimates in accordance with the basis of preparation made

in these Combined Financial Statements are consistent with estimates made for the same date in accordance with the reporting requirements under IFRS as part of the Consolidated Financial Statements of SCHOTT AG, unless otherwise stated, see also Note 1. In addition, the areas involving a high degree of judgment or where estimates and assumptions are significant to the Combined Financial Statements, are disclosed in Note 3.4.

3.2 Currency translation

The separate financial statements of the foreign companies comprised in the scope of combination were 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 local currency, since all their economic, financial, and organizational operations are carried out independently in their local currencies.

Foreign currency receivables and payables in the separate financial statements of companies comprised in the scope of combination are translated at the currency rates applicable on the balance sheet date. Translation differences arising therefrom are recognized in the Combined Statement of Income under other operating expenses or other operating income as appropriate.

The assets and liabilities of companies comprised in the scope of combination whose functional currency is not the euro are translated at the closing rate at the balance sheet date. The expenses and income of entities fully dedicated to SCHOTT Pharma are translated at the average exchange rate of the month in which the transaction took place, except for companies in scope of IAS 29 *Financial Reporting in Hyperinflationary Economies*, please also refer to Note 3.3. Expenses and income of Mixed Entities are translated at the average exchange rate of the respective fiscal year. Equity of fully dedicated entities is translated at historic rates of exchange. Resulting translation differences are recognized within equity.

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

1 euro =	Closing rate as of SEPT. 30,			Average rate for the fiscal years		
	2022	2021	2020	2021/2022	2020/2021	2019/2020
Chinese renminbi	6.94	7.49	7.97	7.16	7.82	7.83
Brazilian real	5.28	6.29	6.61	5.80	6.42	5.24
Hungarian forint	421.38	359.87	364.86	374.32	358.45	341.39
Mexican peso	19.60	23.76	26.09	22.48	24.38	23.34
Russian ruble	59.13	84.46	91.20	81.58	89.51	75.85
Swiss franc	0.96	1.08	1.08	1.03	1.09	1.08
US dollar	0.97	1.16	1.17	1.10	1.20	1.11

3.3 Hyperinflation Accounting

The functional currency of SCHOTT Envases Argentina S.A., Buenos Aires/Argentina ("SCHOTT Envases Argentina S.A.") is the Argentine peso, which is hyperinflationary within the meaning of IAS 29 *Financial Reporting in Hyperinflationary Economies*. According to IAS 21.43, the financial statement of SCHOTT Envases Argentina S.A. must be restated in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies* to reflect the current purchasing power at the end of the reporting period before being included in the Combined Financial Statements of SCHOTT Pharma. Hyperinflationary accounting is applied to all the entity's assets and liabilities before translation. All amounts in the entity's financial statements have been translated at the closing rate at the balance sheet date.

Non-monetary assets and liabilities, shareholders' equity, and comprehensive income in the financial statements of SCHOTT Envases Argentina S.A. must be restated to reflect the development of the respective price index. There is no restatement necessary for monetary assets and liabilities because they represent money held, to be received or to be paid and are therefore already expressed in current purchasing power at the balance sheet date. A general price index, which reflects changes in the purchasing power and should be used by all entities that report in the currency of the same economy, must be determined for the restatement. SCHOTT Pharma follows the approach proposed by the Federación Argentina de Consejos Profesionales de Ciencias Económicas ("FACPCE") in Resolution JG 539/18, which prescribes the indices to be used by entities with a functional currency of the Argentine peso for the application of the restatement procedures. These indices are largely based on the Wholesale Price Index for periods up to December 31, 2016, and the Retail Price Index thereafter. The detailed table of indices is published monthly by FACPCE.

The index and corresponding conversion factors for the last years were as follows:

	Index	Conversion Factor
SEPT. 30, 2022	FACPCE	1.83
SEPT. 30, 2021	FACPCE	1.52
SEPT. 30, 2020	FACPCE	1.37
OCT. 1, 2019	FACPCE	1.54

For the restatement of non-monetary items (excluding shareholders' equity), SCHOTT Pharma used the increase in the general price index from the transaction date when they first recognized (e.g., date of acquisition for property, plant and equipment) to the end of the reporting period. No restatement is required for non-monetary assets and liabilities carried at amounts current at the end of the reporting period, such as net realizable value or fair value. Restated non-monetary assets following the guidance in IAS 29 *Financial Reporting in Hyperinflationary Economies* are still subject to impairment assessment in accordance with the relevant guidance. If an asset's recoverable amount is less than its restated amount, an impairment loss must be recognized in the profit or loss despite no impairment of the asset in the historical cost financial statement was apparent.

At the beginning of the first period when IAS 29 *Financial Reporting in Hyperinflationary Economies* is applied, the components of equity, excluding retained earnings and any revaluation surplus, are restated by applying a general price index from the dates on which the items were contributed or otherwise arose. This includes reserves created by amounts recognized in other comprehensive income. Any revaluation surplus that arose in previous periods is eliminated. Retained earnings are restated for the balancing figure derived from the other amounts in the restated opening balance sheet. 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.

All items in comprehensive income for the current year are restated by applying the change in the general price index from the dates when the items of income and expense were originally recorded. Current year restated net income is added to the balance of the restated opening retained earnings. Current income tax expenses are restated for movements in the general price index.

As a result of the initial application of IAS 29 *Financial Reporting in Hyperinflationary Economies* an amount of EUR 4,525 thousand has been recognized within equity as of October 1, 2019.

The monetary gain or loss can be calculated as the difference between the historical cost amounts and the result from the restatement of non-monetary items, equity and items in the Combined Statement of Comprehensive Income. For further details please refer to Note 10.

3.4 Key Discretionary Decisions and Estimates

Discretionary judgments in applying accounting and valuation principles

The preparation of the Combined Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Revenue recognition – Recognition of revenue from the sale of order-related products over time vs. at a point in time

SCHOTT Pharma sells a broad variety of customer-specific products which have no alternative use. Judgments needs to be exercised if these products fulfil the requirements of IFRS 15.35c (i.e., if the entity's performance does not create an asset with an alternative use to the entity and if the entity has an enforceable right to payment for performance completed to date).

Determination of lease term

SCHOTT Pharma determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

SCHOTT Pharma has several lease contracts that include extension and termination options. It applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend or terminate the lease.

When determining the term of the lease, all facts and circumstances which represent an economic incentive to exercise extension options or not to exercise termination options are considered.

Other discretionary judgments

For companies in which SCHOTT Pharma holds less than 100 percent of the shares, it may be necessary to exercise discretionary power over whether control, joint control or significant influence exists. With regard to the subsidiary SCHOTT Pharmaceutical Packaging OOO, certain judgements in connection to control in the meaning of IFRS 10 *Consolidated Financial Statements* have been applied.

Use of estimates

The preparation of these Combined Financial Statements in accordance with IFRS requires estimates that affect the measurement of assets and liabilities, the nature and scope of contingent liabilities, and purchase commitments as of the balance sheet date, as well as the amount of income and expenses in the reporting period.

The underlying assumptions and estimates are based on the most current information available at that time. However, assumption and estimates regarding the future development can change due to market fluctuations and conditions outside the sphere of influence of SCHOTT Pharma. Thus, the actual results can differ from the estimates. Changes are recognized in profit or loss when the actual results materialize.

Management's expectations with respect to the development of the business are based on the circumstances prevailing when the Combined Financial Statements were prepared as well as realistic expectations regarding the future development of the industry and the global environment.

The assumptions and estimates mainly relate to:

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

The amortization of intangible assets and depreciation of property, plant and equipment is calculated over the estimated useful lives of the assets which are uniformly determined SCHOTT Pharma as a whole. The estimate of the expected useful lives is based on experience and reviewed at least annually.

Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cashflow ("DCF") model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that SCHOTT Pharma is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Incremental interest rate on leases

As SCHOTT Pharma cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that SCHOTT Pharma would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what SCHOTT Pharma 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). SCHOTT Pharma estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Recoverability of goodwill

SCHOTT Pharma tests whether goodwill has suffered any impairment at least on an annual basis and/or in case of a triggering event. The recoverable amount of the CGU is determined based on value in use calculations, which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the four-year period are extrapolated using the estimated growth rates.

Allowance for expected credit losses of trade receivables and contract assets

SCHOTT Pharma regularly estimates the risk of default on trade receivables and contract assets. Many factors are taken into consideration in this context including historical loss experience, the size and composition of certain portfolios, current economic events and conditions and the estimated fair values and adequacy of collaterals. In addition to historical and current information on losses, appropriate and reliable forward-looking information on factors is also included. This information includes macroeconomic factors (e.g., grand domestic product growth, unemployment rate, cost-performance index) and forecasts of future economic conditions. For trade receivables, these forecasts are determined using a scenario analysis (baseline scenario, optimistic and pessimistic scenario). Further external information, e.g., in connection with the Covid-19 pandemic, which cannot be depicted in the scenarios, is - as far as necessary - included in the assessment through subsequent adjustments. Changes to the estimation and assessment of these factors influence the allowance for expected credit losses with a resulting impact on the SCHOTT Pharma's profit.

Net realizable value of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Management uses assumptions based on historical experience to calculate the net realizable value of inventories.

Recognition and measurement of provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense within the Combined Statements of Income.

Current and deferred taxes

The calculation of current and deferred taxes is based on the legislation and regulations applicable in the various countries. Due to their complexity, tax items presented in the Combined Financial Statements may be subject to different interpretations by taxpayers on the one hand and local tax authorities on the other. Different interpretations can occur especially in connection with the recognition and measurement of Combined Statements of Financial Position items as well as in connection with the judgement of expenses and income. To account for deferred taxes, assumptions have to be made regarding future taxable income and the timing of future tax benefits. 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 realizable tax strategies. As future business developments are uncertain and sometimes beyond SCHOTT Pharma's control, the assumptions made for the accounting of deferred taxes may include a substantial degree of uncertainty. On each balance sheet date, SCHOTT Pharma carries out impairment tests on deferred tax assets to the extent of the planned taxable income in future financial years. Deferred tax assets are only recognized if it is probable that future tax advantages can be realized. Further details on current and deferred taxes are disclosed in Note 3.5 and Note 11.

3.5 Accounting and valuation principles

Recognition of revenue and contract assets

In accordance with IFRS 15 *Revenue from Contracts with Customers*, SCHOTT Pharma recognizes revenue when control of the products has been transferred or the service has been rendered, in other words, when the customer has the ability to control the use of the transferred goods or services and substantially obtains all the remaining benefits. The prerequisite for this is that a contract with enforceable rights and obligations exists and, among other things, the 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 recognized when control is transferred to the buyer, usually upon delivery of the goods. However, in the case of order-related production where a delivery is owed and the final product cannot be sold to any other customer (customer-specific asset without alternative use) but SCHOTT Pharma has an enforceable right to payment for the performance completed to date, revenue is recognized in accordance with IFRS 15.35 (c) over time. Generally, SCHOTT Pharma's production is based on standardized manufacturing processes, which are each handled on an order-by-order basis. As a rule, the production time is short (a few days) and series production (standardized production for customer-specific specifications) takes place. For SCHOTT Pharma, the output for the customer is therefore the most important factor. Accordingly, revenue recognition based on the units produced is generally considered to be suitable for accurately showing the progress of performance. In this case, a

contract asset must be recognized because SCHOTT Pharma has recognized revenue from the fulfillment of the contractual obligation before the conditions for invoicing and thus the recognition of a trade receivable have been met.

A contract asset is the right to receive consideration in exchange for goods or services transferred to a customer. If SCHOTT Pharma meets its contractual obligations by transferring goods or services to a customer before the customer pays the consideration or before the payment becomes due, a contract asset is recognized. Contract assets are recognized as current assets because they arise and are due during the normal operating business cycle. Impairment losses on contract assets follow the rules for financial assets. Further details are provided in Note 29.

In contrast to contract assets, trade receivables represent the unconditional claim to consideration, i.e., the due date occurs automatically as a result of the passage of time.

SCHOTT Pharma agrees on payment terms of up to 90 days, which are customary in the industry, depending on the market and region, and no noteworthy financing components are included in the contracts with customers.

SCHOTT Pharma usually provides statutory warranties for the remedy of defects that existed at the time of sale. These so-called assurance-type warranties are recognized in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

To the extent that SCHOTT Pharma provides services, revenues are recognized over time in accordance with IFRS 15.35 (a). These are recognized 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.

Revenues are recognized net of sales-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 company in exchange for the transfer of the goods to the customer. Discounts are generally allocated to the individual performance obligations based on the relative standalone selling prices. The variable consideration is estimated at the inception of the contract and may only be included in the transaction price if it is highly probable that there will be no significant reversal of the recognized cumulative revenue as soon as the uncertainty associated with the variable consideration cease to exist.

Recognition of expenses

Costs incurred to generate revenue and the purchase prices of trading transactions are reported under cost of sales. This item also includes expenses related to the allocation of provisions to cover warranties.

Besides personnel and material costs and depreciation in the Sales division, 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 attributable to administrative operations.

Taxes chargeable as expenses, such as property tax and motor vehicle tax, are assigned to manufacturing, research and development, sales and administrative expenses based on their nature.

Fair value measurement

SCHOTT Pharma measures certain financial instruments, for example derivatives, at fair value on every balance sheet date. The fair value of financial instruments measured at amortized cost ("AC") and financial instruments measured at fair value through profit or loss ("FVTPL") is presented in Note 29.

The fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants on the measurement date. Fair value is measured based on the assumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the most advantageous market for the asset or liability in the absence of a principal market.

SCHOTT Pharma must have access to the principal or most advantageous market.

The fair value of an asset or liability is assessed based on assumptions that market participants would make in setting the price of the asset or liability. Here, it is assumed that market participants act in their most favorable economic interest.

When measuring the fair value of a non-financial asset, the ability of the market participant is considered by means of the highest and best use of the asset or by means of sale to another market participant who will find the highest and best use for the asset to generate economic benefit.

SCHOTT Pharma uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The use of authoritative observable input factors is to be as high as possible, while the use of input factors not based on observable data should be as low as possible.

All assets and liabilities for which the fair value is determined or presented in the Combined Financial Statements are categorized in the fair value hierarchy described below, based on the input parameters of the lowest level that is significant to the entire fair value measurement:

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

For assets and liabilities that are recognized on a periodic basis in the Combined Financial Statements, SCHOTT Pharma determines whether there have been any reclassifications between the hierarchy levels by reviewing the classification at the balance sheet date (based on the input parameter of the lowest level that is significant to the entire fair value measurement).

External appraisers are brought in as needed for the measurement 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, for example.

To meet the reporting requirements for the fair values, SCHOTT Pharma has established groups of assets and liabilities based on their nature, features, and risks as well as the levels of the fair value hierarchy described above.

Research and development costs

Research costs are expensed as incurred.

Development costs must be capitalized if certain conditions are documented and cumulatively met. For instance, SCHOTT Pharma must have the ability to use or sell the internally generated intangible asset, resulting in an economic benefit flowing to the company. The initial recognition of costs is based on the estimate of technical feasibility and economic realization, which is normally the case if a product development project reaches a certain milestone in an existing project management model. To determine the recognizable amounts, assumptions are made regarding the future cash flow level from assets, applicable discount rates, and the period in which asset-generating cash flows are expected to accrue. SCHOTT Pharma does not capitalize research and development costs as it does not consider the criteria of IAS 38 *Intangible Assets* to be met. In analogy to the pharmaceutical industry, research and development costs for pharmaceutical packaging is only capitalized once approval for the pharmaceutical product to be packaged has been granted. Further details can be found under Note 6.

Development costs that do not meet the recognition criteria are expensed as incurred.

Intangible assets

Intangible assets are recognized if (a) the intangible asset can be identified (this means it can be separated or results from contractual or other rights), (b) it is probable that future economic benefits attributable to the intangible asset will flow to SCHOTT Pharma, and (c) the costs of the intangible asset can be measured reliably. Intangible assets with finite useful lives are recognized at cost and amortized over the estimated useful life or a shorter contract term using the straight-line method. Amortization of intangible assets with finite useful lives is recognized in the Combined Statements of Income under the expense category corresponding to the function of the intangible asset for SCHOTT Pharma.

The useful lives of intangible assets are generally as follows:

	Years
Patents and licenses	2 to 20
Software	3 to 5

Development costs are not capitalized, refer also to section Research and development costs within this Note.

Property, plant and equipment

Property, plant and equipment, except for 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 more than one year. In addition to direct material and labor costs, the production costs of self-constructed property, plant and equipment also include a share of indirect costs as well as borrowing costs if the requirements of IAS 23 *Borrowing Costs* are met. Property, plant and equipment is depreciated over the estimated useful live according to the straight-line method. Additions during the course of the fiscal year are depreciated pro rata temporis. In case of a triggering event, property, plant and equipment is tested for impairment, see also section Impairment of non-financial assets within this Note.

If significant parts of a non-current asset have different useful lives, they are recognized as separate non-current assets and depreciated accordingly (component approach). At SCHOTT Pharma, this affects in particular buildings.

Depreciation is generally based on the following useful lives:

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

Maintenance and repairs are expensed, while investment in replacement and expansion as well as dismantling and waste disposal commitments are capitalized. Gains and losses on the disposal of non-current assets are recognized in the Combined Statements of Income within other operating income and other operating expenses respectively.

Right-of-use assets

SCHOTT Pharma recognizes right-of-use assets on the commencement date (i.e., the date on which the underlying leased asset is ready for use). Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses. Any revaluation of the respective lease liabilities is reflected within the subsequent measurement of the right-of-use asset. The cost of right-of-use assets comprises the recognized lease obligations, the initial direct costs incurred, and the lease payments made at or before the date on which the asset is made available for use, less any incentives received.

The right-of-use assets are also reviewed for impairment in case of a triggering event. For further details also refer to section Leases within this Note.

Government grants

Government grants are not recognized until it is reasonably certain that SCHOTT Pharma will be able to meet the associated terms and conditions and the grant will be approved. Government grants for assets are deducted from their costs. Other government grants are recognized as income over the period that is necessary to allocate the corresponding expenses against which they are to be offset.

Impairment of non-financial assets

Goodwill acquired as part of business combinations is subject to an impairment test at least annually and/or in case of a triggering event. This takes place regardless of whether concrete facts and circumstances indicate that an impairment loss may be needed. For the purposes of this impairment test, the assets are assigned to CGUs that benefit from their use. In accordance with the provisions of IAS 36 *Impairment of Assets*, an impairment loss is recognized if the carrying amount of the CGU to which the goodwill is assigned exceeds its recoverable amount. The recoverable amount of a CGU is the higher of the fair value of the CGU less costs to sell or its value in use. The value in use is determined based on a discounted cash flow method for each CGU. If the carrying amount of a CGU exceeds its recoverable amount, the goodwill is impaired to its recoverable amount. It is prohibited to reverse impairment losses on goodwill.

Other intangible assets as well as property, plant and equipment and right-of-use assets are only subject to an impairment test in case of a triggering event. Other intangible assets, property, plant and equipment and right-of-use assets must be impaired if the carrying amount exceeds the fair value less cost to sell or the value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The value in use is determined based on the expected future cash inflows that the asset is likely to generate over the period of use, assuming no change in use. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. If there are indications that reasons that led to an impairment loss in the past no longer apply the impairment is to be reversed.

The planning period is three years. This planning is based on historical figures 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, as reliable historical figures are not yet available.

The expected cash flows are discounted using the weighted average cost of capital ("WACC"). These capital costs are derived from capital market-oriented models and from the debt-equity ratios and borrowing costs of comparable companies in the industry (peer group).

Further details, including carrying amounts, allocation of goodwill to CGUs and discount rates, can be found under Note 12.

Investments accounted for using the equity method

The carrying amounts of investments in associated companies and joint ventures accounted for using the equity method increase or decrease by the amount of proportionate income, dividends distributed or other changes in equity. Any losses on the part of an associate or joint venture that exceed SCHOTT Pharma's investment in the investee are recognized only to the extent that SCHOTT Pharma has entered into legal or constructive obligations or made payments for the company.

Inventories

Inventories are measured at the lower of cost or net realizable value, that means 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. The costs are determined based on the weighted average cost. Production cost includes directly attributable material and personnel expenses as well as appropriate portions of material and production overheads, including depreciation, determined based on normal capacity utilization of the production facilities. Financing costs are considered in accordance with IAS 23 *Borrowing Costs*.

Current tax assets and tax liabilities

In accordance with IAS 12 *Income Taxes*, current tax assets relate exclusively to claims for refunds of taxes on income and earnings. Current tax assets are recognized if SCHOTT Pharma can expect a corresponding refund based on the applicable legal situation. Conversely, a liability for current taxes is recognized when an obligation has arisen. SCHOTT Pharma regularly assesses individual tax matters to determine whether there is any scope for interpretation considering applicable tax regulations. Tax provisions are recognized for tax audit risks if necessary. Further details can be found under Note 11.

Deferred taxes

Under IAS 12 *Income Taxes*, deferred tax assets and liabilities are recognized 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 realized or a liability is settled. SCHOTT Pharma uses the tax rates and tax laws applicable as of the balance sheet date when calculating deferred tax assets and liabilities. The effects of tax rate changes on deferred taxes are recognized when changes to relevant laws are enacted. Deferred tax assets are recognized 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 considerable discretion 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 basically used for planning, tax planning takes place for accordingly extended periods of up to five years. Further details, including carrying amounts, can be found under Note 11.

Value-added tax

Expenses and assets are recognized net of value-added tax. Except for the following:

- If the value-added tax that is incurred when assets purchased or services utilized cannot be reclaimed by the tax authorities, the value-added tax is recognized as part of the cost of manufacturing the asset or as part of the expenses.
- If assets and liabilities are recognized together with the amount of value-added tax contained therein.
- With companies comprised in the scope of combination, 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 entities within the scope of combination for which no value-added tax refund is possible.

The sales tax amount, which is to be reimbursed by or paid to the tax authorities, is reported in the Combined Statements of Financial Position under other non-financial assets or liabilities.

Other non-financial assets, current

This item includes deferred expenses for goods or services received that have been paid in advance, 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 the lower fair value.

Cash and cash equivalents

SCHOTT Pharma treats checks, cash on hand, deposits with banks and fixed term deposits with original maturities of up to three months as cash and cash equivalents. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. These cash and cash equivalent funds meet the criteria of IAS 7 *Statement of Cash Flows*.

Net employee defined benefit liabilities

Defined contribution plans are expensed in the period in which the payment obligation arises. There is no requirement to recognize 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 income from plan assets without taking net interest into consideration, are recognized immediately in other comprehensive income. Pension commitments within SCHOTT Pharma are determined on the basis of the respective local biometric base.

Past service cost is recognized as an expense either at the time at which the plan adjustment/cut takes place or when the costs associated with the restructuring or termination of employment are recorded. Here the earlier shall prevail. Accordingly, the not yet vested past service costs can no longer be distributed over the future vesting period.

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

The present value of the defined benefit obligation at the end of the fiscal year is compared with the fair value of plan assets (funded status). The asset values are netted with the corresponding obligations. Net employee defined benefit liabilities also include a small amount of employee-financed pension commitments (so-called deferred compensation).

According to the long-term orientation of these plans, such estimates are subject to substantial uncertainties. Further details, including carrying amounts, can be found under Note 23.

Other provisions

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, SCHOTT Pharma recognizes provisions for obligations to third parties if a present obligation as a result of a past event exists, that will result in an outflow of resources embodying economic benefits that will most likely (that means more likely than not) be required to settle the obligation, and a reliable estimate can be made regarding the amount of the obligation. Non-current provisions are discounted.

Warranty provisions

Warranty provisions are reported together with other provisions arising in connection with revenue under sales provisions. Warranty provisions are determined based on known individual cases, historical data, and empirical values. The original estimate of costs related to warranties is reviewed annually. Due to their nature and the maturity of some warranties, provisions for warranties are based on estimates that are fraught with significant uncertainties.

Provisions for litigation risks

Provisions are recognized for risks arising from litigation in which a SCHOTT Pharma entity appears as either the defendant or the plaintiff. The amount recognized 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 compensation

SCHOTT AG has granted a cash-settled share-based compensation program to selected employees of SCHOTT Pharma, which is linked to the entity value as of the date of the envisaged offering of shares (performance indicator) and a services period no longer than twelve months subsequent to that date. The obligation of this program was transferred to SCHOTT Pharma KGaA as part of the hive-down. The provision, presented under Other provisions is revalued at each balance sheet date depending on the expected changes in value. Any resulting income or expense is recognized as functional costs within the Combined Statements of Income. Expenses recognized over the service period and up to the settlement date correspond to the fair value.

Accrued liabilities

An accrued liability is recognized if a current legal or constructive obligation to third parties has arisen that will result in a probable outflow of resources, whereby the timing or the amount of the probable outflow of resources is no longer uncertain (in contrast to provisions). Accrued liabilities are recognized at amortized cost ("AC").

Other non-financial liabilities

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

Leases

The determination of whether an agreement is or contains a lease is made based on the economic substance of the agreement as of the date of the agreement. This requires an estimate of whether satisfaction of the contractual arrangement is dependent on the use of a certain asset or a group of assets and whether the agreement grants a right to use the asset, even if this right is not expressly set forth in the agreement.

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 Combined Statements of Income as a financing transaction, so that the right-of-use asset depreciates on a straight-line basis, and the lease liability is subsequently measured using the effective interest rate method. When measuring the lease liability for the first time, extension, termination, and purchase options are considered to the extent deemed to be reasonably certain. For low value and for short-term leases, the recognition exemption is used and thus, neither right-of-use asset nor lease liability is recognized.

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 recognized.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4 REVENUE

Revenue mainly results from the sale of goods.

An overview of the revenue by segments, by location of the customer and by location of the company can be found in Note 34.

The timing of revenue recognition is determined as follows:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
Revenue recognized at a point in time	653,808	525,040	449,586
Revenue recognized over time	167,336	123,628	134,643
	821,144	648,668	584,229

5 SELLING AND GENERAL ADMINISTRATIVE EXPENSES

Selling expenses include in particular personnel and non-personnel costs, depreciation and impairment losses related to sales functions, logistics, market research, shipping, advertising, certification costs as well license expenses related to trademark. Personnel and non-personnel costs of the management and administrative centers are reported under general administrative expenses unless they have been charged to other functional areas as internal services.

6 RESEARCH AND DEVELOPMENT COSTS

Research and development costs increased by EUR 1,238 thousand in fiscal year 2021/2022 to EUR 23,527 thousand (this equates to 2.9% of revenue, 2020/2021: 3.4%, 2019/2020: 4.0%).

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

7 OTHER OPERATING INCOME

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

(in EUR thousands)	2021/2022	2020/2021	2019/2020
Income from oncharging	4,708	7,002	8,658
Income from commissions	2,044	2,317	2,633
Income from disposals of property, plant and equipment	1,511	298	810
Income from the reversal of provisions/accrued liabilities	939	319	571
Income from grants and reimbursements	640	550	1,121
Income from non-income taxes	504	164	273
Scrap proceeds	339	233	448
Income from insurance payments	104	115	116
Exchange rate gains	-	-	448
Miscellaneous	759	179	915
	11,550	11,177	15,992

Income from oncharging includes mainly income from research and development services for customers as well as from other services provided to SCHOTT Group. Recharges for sales offices from SCHOTT Group are reported within income from commissions. During the periods presented, income from grants and reimbursements related mainly to government grants for which the conditions for collection are finally met. Exchange rate gains of EUR 12,693 thousand were netted with exchange rate losses of EUR 12,245 thousand resulting in net exchange rate gains of EUR 448 thousand in fiscal year 2019/2020.

8 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)	2021/2022	2020/2021	2019/2020
Restructuring expenses	11,570	-	-
Exchange rate losses	7,031	1,446	-
Expenses from the recognition of provisions/accrued liabilities	948	1,574	1,559
Expenses from non-income taxes	842	738	606
Bank charges	316	261	231
Loss allowances on receivables and other assets	118	401	72
Donations	16	15	21
Recharged expenses	-	3,261	3,709
Loss from disposal of fixed assets	-	-	88
Miscellaneous	2,014	1,396	244
	22,855	9,092	6,531

Restructuring expenses relate to impairment losses incurred in Russia. Please refer to Note 13 for further details. Recharged expenses in prior periods mainly comprised such for service charges, while no such recharges were incurred in the current fiscal year. Exchange rate losses of EUR 25,716 thousand (2020/2021: EUR 10,484 thousand) were netted with exchange rate gains of EUR 18,685 thousand (2020/2021: EUR 9,038 thousand) resulting in net exchange rate losses of EUR 7,031 thousand in fiscal year 2021/2022 (2020/2021: EUR 1,446 thousand). During fiscal year 2021/2022, miscellaneous other operating expenses include other personnel related expenses amounting to EUR 1,162 thousand. In fiscal year 2020/2021, miscellaneous other operating expenses include, among others, expenses in connection with the Covid-19 pandemic.

During the periods presented, changes in allowances for expected credit losses on trade receivables and other assets are reported on a net basis within Loss allowances on receivables and other assets.

9 SHARE OF PROFIT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Net income from investments accounted for using the equity method comprise the following:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
SCHOTT Poonawalla Pvt. Ltd., Mumbai/India	10,669	11,419	2,853
Empha SPA, Turin/Italy	2,899	2,206	2,649
Smart Skin Technologies Inc., Fredericton/Canada	-578	76	50
	12,990	13,702	5,553

Please refer also to Note 14 for further disclosures on investments accounted for using the equity method.

10 FINANCIAL RESULT

(in EUR thousands)	2021/2022	2020/2021	2019/2020
Interest and similar income	2,140	557	555
of which from SCHOTT Group	458	207	79
Interest and similar expenses	-2,686	-1,674	-1,920
of which to SCHOTT Group	-1,656	-1,045	-1,161
of which net interest expense from pensions	-572	-488	-408
NET INTEREST EXPENSE	-546	-1,117	-1,365
Gains/losses on net monetary position	-5,991	-3,290	-1,529
Other financial income/expenses	450	36	-26
Other financial expense, net	-5,541	-3,255	-1,555
FINANCIAL RESULT	-6,087	-4,372	-2,920

The loss on net monetary position reflects the effects from purchasing power adjustments of non-monetary financial statement line items included in the Combined Statements of Financial Position as well as from such adjustments relating to the Combined Statements of Income. During the periods presented SCHOTT Pharma faced a negative result from the net position of the monetary financial statement line items and thus a creditor loss.

The net interest expense from net employee defined benefit liabilities includes the interest expense from compounding the net employee defined benefit liabilities 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 net employee defined benefit liabilities.

11 INCOME TAXES

Income tax expenses can be broken down according to their sources as follows:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
Current taxes	-26,889	-15,876	-15,976
Deferred taxes	-5,551	-6,241	-1,693
INCOME TAX EXPENSE	-32,441	-22,117	-17,669

Deferred taxes are calculated on the basis of the tax rates that will apply on the expected realization date, based on the legal environment in the individual countries. With the corporate income tax, trade tax together with the solidarity surcharge, this results in a tax rate totaling 28.4% for German companies (2020/2021: 30.0%, 2019/2020: 30.0%). Tax rates outside Germany ranged between 10.7% and 35.0% (2020/2021: between 13.2% and 34.0%, 2019/2020: between 13.7% and 34.0%).

Deferred tax assets and liabilities can be broken down as follows:

(in EUR thousands)	SEPT. 30, 2022		SEPT. 30, 2021		SEPT. 30, 2020	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Intangible assets	91	100	88	165	54	478
Property, plant and equipment	3,381	12,049	2,184	9,310	2,075	7,624
Inventories	12,729	4,234	7,448	1,176	7,452	1,178
Current and non-current other assets	910	16,990	174	10,104	678	9,544
Net employee defined benefit liabilities	3,187	-	5,635	-	7,130	-
Current and non-current other provisions and accrued liabilities	5,031	594	3,400	636	3,476	587
Current and non-current other liabilities	1,105	785	1,193	370	621	666
Tax loss carry-forwards, equity transaction with SCHOTT Group	-	-	-	-	-	-
Other	-	638	-	-	1	-
DEFERRED TAXES BEFORE OFFSETTING	26,435	35,391	20,121	21,760	21,487	20,077
Offset amounts*	14,687	14,687	10,011	10,011	12,003	12,003
CARRYING AMOUNT	11,748	20,704	10,110	11,749	9,484	8,074

*Amounts offset within individual taxable entities

The change in deferred taxes in the fiscal year 2021/2022, 2020/2021 as well as in 2019/2020 is presented below:

(in EUR thousands)	2021/2022		2020/2021		2019/2020	
	Combined Statements of Income	Recognized in OCI and equity	Combined Statements of Income	Recognized in OCI and equity	Combined Statements of Income	Recognized in OCI and equity
Intangible assets	72	-4	188	-3	324	70
Property, plant and equipment	-22,271	258	-1,179	29	-1,673	90
Inventories	4,700	-1,300	261	150	2,030	22
Current and non-current other assets	-6,662	-670	-1,553	24	-2,167	-12
Net employee defined benefit liabilities	-91	-2,357	495	-1,989	153	-611
Current and non-current other provisions and accrued liabilities	1,323	293	-580	490	1,239	-680
Current and non-current liabilities	19,820	212	454	157	-297	-23
Tax loss carry-forwards after equity transaction with SCHOTT Group	-1,819	1,819	-4,330	4,330	-1,350	1,232
Other	-695	57	-	6	31	-
DEFERRED TAXES BEFORE EXCHANGE RATE EFFECTS	-5,623	-1,693	-6,244	3,194	-1,709	89
Exchange rate effects	72	-	3	-	17	-
DEFERRED TAX EXPENSE	-5,551	-	-6,241	-	-1,693	-

Deferred taxes on deductible temporary differences are recognized insofar as it is probable that the reversal of temporary differences will be recognized in the tax accounts as a result of sufficient future taxable income. The same applies for deferred taxes on tax loss carry-forwards, considering their future application within the statutory tax loss carry-forward period. Due to positive tax result forecasts, a deferred tax asset is recognized for temporary differences totaling EUR 210 thousand (2020/2021: EUR 346 thousand, 2019/2020: EUR 393 thousand) for the tax group SCHOTT France SAS, France. Furthermore, for the past fiscal years a deferred tax asset is recognized due to positive tax result forecasts for temporary differences for SCHOTT Pharma KGaA (2020/2021: EUR 3,146 thousand, 2019/2020: EUR 3,407 thousand). The deferred tax assets are recognized although SCHOTT France SAS, France, and SCHOTT AG, Germany, from which the German SCHOTT Pharma business was transferred to SCHOTT Pharma KGaA via chain hive down, suffered tax losses in the past fiscal year or in the previous year.

An assessment of recoverability in the context of a corresponding planning period resulted in no deferred tax assets being recognized for certain tax loss carry-forwards. Tax loss carry-forwards, interest carry-forwards and tax credits for which no deferred tax assets are recognized existed for corporate income tax and comparable foreign taxes only in fiscal year 2019/2020 in the amount of EUR 2,476 thousand and exist for tax credits in the amount of EUR 49 thousand in the reporting year (2020/2021: EUR 49 thousand, 2019/2020: EUR 49 thousand). The resulting unrecognized deferred tax assets amount to EUR 49 thousand (2020/2021: EUR 49 thousand, 2019/2020: EUR 743 thousand) for tax loss carry-forwards, interest carry-forwards and tax credits. Of the unrecognized tax credits, an amount of EUR 49 thousand expires within the next three years.

In the reporting year, deferred taxes of EUR -1,693 thousand (2020/2021: EUR 3,194 thousand, 2019/2020: EUR 89 thousand) were recognized in OCI and equity. Of this amount, EUR -2,357 thousand (2020/2021: EUR -1,989 thousand, 2019/2020: EUR -611 thousand) related to adjustments in the value of net employee defined benefit liabilities. In addition, EUR 1,819 thousand (2020/2021: EUR 4,330 thousand, 2019/2020: EUR 1,232 thousand) are attributable to tax loss carry-forwards that are treated as contributions or transfers from reserves by shareholders and thus offset through a corresponding equity booking. The remaining balance of deferred taxes recognized in OCI and equity relates to currency translation effects and the effects in connection with the completion of the legal reorganization in the respective countries in the current fiscal year. In the reporting year, deferred tax liabilities of EUR 634 thousand are recognized for retained earnings of foreign subsidiaries to the extent that their realization through planned profit distributions or disposals is probable in the foreseeable future, while none were recognized in the previous years. If, in addition, all profits that are reinvested in the long term and their distribution is not planned were distributed as dividends, an additional tax liability of a maximum of EUR 639 thousand (2020/2021: EUR 9,096 thousand, 2019/2020: EUR 6,642 thousand) could arise if current tax law were to continue to apply.

The following table shows a reconciliation of the expected to the recognized income tax expense. To determine the expected tax rate, the profit before tax is multiplied by a tax rate of 28.4% (2020/2021: 30.0%, 2019/2020: 30.0%). This comprises a tax rate of 15.8% (2020/2021: 15.8%, 2019/2020: 15.8%) for corporate income tax including the solidarity surcharge and 12.6% (2020/2021: 14.2%, 2019/2020: 14.2%) for trade income tax:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
PROFIT BEFORE TAX	158,288	123,284	95,296
Calculated income tax expense at the anticipated tax rate (28.4%, 2020/2021 & 2019/2020: 30.0%)	44,954	36,985	28,589
Effect of tax rate changes	-195	-88	-1,132
Non-deductible expenses	5,812	1,227	413
Tax-exempt components of income	-6,432	-4,485	-1,935
Tax difference due to foreign tax rates	-10,157	-10,413	-7,371
Change in valuation allowances on active deferred tax assets	3,872	968	554
Taxes relating to prior periods	-3,612	-787	-348
Other	-1,801	-1,291	-1,100
INCOME TAX EXPENSE ACCORDING TO THE COMBINED STATEMENTS OF INCOME	32,441	22,117	17,669
Taxation rate according to the combined financial statements	20.5%	17.9%	18.5%

Tax differences due to foreign tax rates result mostly from SCHOTT Hungary Kft., Hungary, in the amount of EUR -1,728 thousand (2020/2021: EUR -1,814 thousand, 2019/2020: EUR -1,158 thousand), SCHOTT forma vitrum holding ag, Switzerland, in the amount of EUR -2,337 thousand (2020/2021: EUR -3,405 thousand, 2019/2020: EUR -3,568 thousand) and SCHOTT Pharma Schweiz AG in the amount of EUR -6,659 thousand (2020/2021: EUR -5,919 thousand, 2019/2020: EUR -4,620 thousand).

The increase in change in valuation allowances on active deferred assets to EUR 3,872 thousand in the reporting year is fully attributable to SCHOTT Pharmaceutical Packaging Russia o.o.o., Russia.

Tax-exempt components of income relate mainly to intragroup dividends of SCHOTT forma vitrum holding ag, Switzerland, in the amount of EUR -2,355 thousand (2020/2021: EUR -3,220 thousand, 2019/2020: EUR -3,289 thousand). In fiscal year 2019/2020, this is offset in particular by consolidation and group matters in the amount of EUR 1,605 thousand. In addition, EUR -4,010 thousand in the reporting year stem from SCHOTT Pharma KGaA, Germany.

The increase in non-deductible expenses in the current fiscal year relates mainly to SCHOTT Envases Argentina S.A., Argentina, in the amount of EUR 3,560 thousand and to SCHOTT Pharma KGaA, Germany, in the amount of EUR 1,854 thousand.

12 INTANGIBLE ASSETS

For impairment testing in fiscal year 2021/2022 goodwill acquired as part of business combinations is allocated to the Bulk Solutions, Polymer Solutions, Sterile Solutions and Glass Syringes CGUs, which are also operating segments of SCHOTT Pharma. For the fiscal years 2019/2020 and 2020/2021 goodwill acquired as part of business combinations was allocated to the Pharmaceutical Systems CGU and tested for impairment on the level of the CGU. The allocation of goodwill compared throughout the periods presented changed due to the legal reorganization of SCHOTT Pharma, for further details on the reorganization please also refer to Note 1.1. If the goodwill is directly attributable to a CGU, the goodwill was completely allocated to the CGU. A goodwill is directly attributable to a CGU when the underlying acquired business only operates within the GCU. If the goodwill is not directly attributable to a CGU, the goodwill was reallocated based on the relative values of the four GCUs.

The annual goodwill impairment test was performed on June 30. The value in use served as the basis for determining the recoverable amount for the CGU to which goodwill is assigned. Further details can be found under Note 3.5.

The following tables show the main goodwill reported in the Combined Statements of Financial Position:

CGU	Period	Growth rate*	WACC after taxes	WACC before taxes	EUR millions
Bulk Solutions	SEPT. 30, 2022	1.0%	5.5%	7.9%	22.1
Polymer Solutions	SEPT. 30, 2022	1.0%	5.5%	7.9%	6.2
Sterile Solutions	SEPT. 30, 2022	1.0%	5.5%	7.9%	0.9
Glass Syringes	SEPT. 30, 2022	1.0%	5.5%	7.9%	1.8
Pharmaceutical Systems	SEPT. 30, 2021	1.0%	7.3%	9.9%	29.3
Pharmaceutical Systems	SEPT. 30, 2020	1.0%	6.2%	8.9%	28.4

*The growth rate that was used to extrapolate the cash flow forecasts

For the CGUs, the recoverable amount exceeds the carrying amount for the periods presented. Key factors in determining the recoverable amount are the WACC and the operating free cash flow following the detailed planning period ("terminal value"). Due to the legal reorganization, the goodwill has been allocated to the four CGUs Bulk Solutions, Polymer Solutions, Sterile Solutions and Glass Syringes in fiscal year 2021/2022.

It is expected that no change considered reasonably possible to one of the basic assumptions used in determining the value in use of the CGU could result in the carrying amount exceeding its recoverable amount.

(in EUR thousands)	Patents, licenses and similar rights	Goodwill	Total
COST			
BALANCE AS OF OCT. 1, 2019	30,139	28,678	58,817
Additions	137	-	137
Disposals	83	-	83
Reclassifications	101	-	101
Hyperinflation adjustment	-	-7	-7
Currency translation	-681	-283	-964
BALANCE AS OF SEPT. 30, 2020	29,612	28,387	58,000
ACCUMULATED AMORTIZATION AND IMPAIRMENT			
BALANCE AS OF OCT. 1, 2019	24,433	-	24,433
Current amortization*	3,028	-	3,028
Disposals	82	-	82
Reclassifications	-	-	-
Currency translation	-378	-	-378
BALANCE AS OF SEPT. 30, 2020	27,001	-	27,001
CARRYING AMOUNT			
BALANCE AS OF SEPT. 30, 2020	2,611	28,387	30,999
COST			
BALANCE AS OF OCT. 1, 2020	29,612	28,387	58,000
Additions	556	-	556
Disposals	18,352	-	18,352
Reclassifications	459	-	459
Hyperinflation adjustment	-	239	239
Currency translation	673	701	1,374
BALANCE AS OF SEPT. 30, 2021	12,948	29,328	42,276
ACCUMULATED AMORTIZATION AND IMPAIRMENT			
BALANCE AS OF OCT. 1, 2020	27,001	-	27,001
Current amortization	1,594	-	1,594
Disposals	18,150	-	18,150
Reclassifications	204	-	204
Currency translation	575	-	575
BALANCE AS OF SEPT. 30, 2021	11,224	-	11,224
CARRYING AMOUNT			
BALANCE AS OF SEPT. 30, 2021	1,724	29,328	31,052
COST			
BALANCE AS OF OCT. 1, 2021	12,948	29,328	42,276
Additions	677	-	677
Disposals	8,070	-	8,070
Reclassifications	715	-	715
Hyperinflation adjustment	-	647	647
Currency translation	883	978	1,861
BALANCE AS OF SEPT. 30, 2022	7,154	30,953	38,106
ACCUMULATED AMORTIZATION AND IMPAIRMENT			
BALANCE AS OF OCT. 1, 2021	11,224	-	11,224
Current amortization*	1,318	-	1,318
Disposals	8,070	-	8,070
Reclassifications	14	-	14
Currency translation	747	-	747
BALANCE AS OF SEPT. 30, 2022	5,233	-	5,233
CARRYING AMOUNT			
BALANCE AS OF SEPT. 30, 2022	1,921	30,953	32,873

*Impairment losses are included in accumulated amortization.

13 PROPERTY, PLANT AND EQUIPMENT

Impairment losses on property, plant and equipment were recognized in the amount of EUR 11,782 thousand (2020/2021: no impairment losses were recognized, 2019/2020: EUR 147 thousand), which relate to the segment Drug Containment Solutions. These impairments can mainly be attributed to full write-downs of property, plant and equipment at the production site in Russia due to the instability in the political development in Russia, which leads to possible restriction in production there, and as a consequence lower expected free cash flows. The recoverable amount derived in the impairment test amounted to EUR 448 thousand with a WACC of 23.42%. Impairment losses attributable to property, plant and equipment include EUR 9,462 thousand (2020/2021: no impairment losses were recognized, 2019/2020: EUR 24 thousand) for technical equipment and machinery, EUR 1,222 thousand (2020/2021: no impairment losses were recognized, 2019/2020: EUR 124 thousand) for land, land rights and buildings, EUR 1,072 thousand (2020/2021 and 2019/2020: no impairment losses were recognized) for other equipment, factory and office equipment and EUR 26 thousand for asset under construction (2020/2021 and 2019/2020: no impairment losses were recognized).

In fiscal year 2021/2022, impairment losses of EUR 11,570 thousand were recognized as restructuring expenses within other operating expenses, and impairment losses of EUR 212 thousand were recognized in cost of sales. In fiscal year 2020/2021 no impairment losses were recognized, while in 2019/2020, total impairment losses (EUR 147 thousand) were recognized in cost of sales.

The development of government grants received, which were deducted from the acquisition costs of the respective assets, is as follows:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
BALANCE AS OF OCT. 1	3,865	975	1,442
Received during the year	5,855	3,265	-
Released to the statement of income	-1,041	-377	-374
Currency translation	-650	2	-93
BALANCE AS OF SEPT. 30	8,029	3,865	975

These grants are mainly attributable to SCHOTT Hungary Kft, Lukácsháza/Hungary, and SCHOTT Pharma KGaA, which received grants for production-related development projects.

Purchase commitments for fixed assets amounted to EUR 88,326 thousand as of the balance sheet date (Sept. 30, 2021: EUR 148,393 thousand, Sept. 30, 2020: EUR 109,040 thousand). No significant borrowing costs as defined under IAS 23 *Borrowing Costs* were capitalized during the periods presented as they are not directly attributable to existing 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 the right-of-use assets in accordance with IFRS 16 *Leases*. Further information on leases in SCHOTT Pharma is provided in Note 30.

The additions in fiscal year 2021/2022 mainly related to additions for new lease agreements with SCHOTT Group and several additions related to extensions of the production sites in Germany and abroad, which is also the reasoning for reclasses of assets under construction in fiscal 2021/2022.

(in EUR thousands)	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Total
COST					
BALANCE AS OF OCT. 1, 2019	118,065	317,854	81,175	55,501	572,595
Initial application of IFRS 16	5,054	39	274	-	5,367
Additions	8,833	10,182	4,265	62,148	85,428
Disposals	1,314	7,669	3,338	3	12,323
Reclassifications	9,068	14,731	4,978	-28,808	-32
Hyperinflation Adjustment	569	-330	37	-368	-93
Currency translation	-7,084	-21,555	-2,794	-2,123	-33,555
BALANCE AS OF SEPT. 30, 2020	133,191	313,252	84,597	86,347	617,386
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
BALANCE AS OF OCT. 1, 2019	66,751	222,267	59,947	-	348,964
Current depreciation*	4,777	19,074	6,850	-	30,701
Disposals	187	6,149	2,861	-	9,197
Reclassifications	-2	37	4	-	39
Hyperinflation Adjustment	161	-222	41	-	-20
Currency translation	-2,994	-15,320	-1,786	-	-20,099
BALANCE AS OF SEPT. 30, 2020	68,506	219,687	62,195	-	350,387
CARRYING AMOUNT					
BALANCE AS OF SEPT. 30, 2020	64,685	93,566	22,402	86,347	266,999
COST					
BALANCE AS OF OCT. 1, 2020	133,191	313,252	84,597	86,347	617,386
Additions	3,160	12,195	3,394	79,776	98,525
Disposals	405	10,361	6,605	-	17,371
Reclassifications	5,031	31,858	8,206	-45,037	57
Hyperinflation Adjustment	758	1,145	335	77	2,316
Currency translation	1,826	4,755	615	957	8,152
BALANCE AS OF SEPT. 30, 2021	143,560	352,843	90,542	122,120	709,066
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
BALANCE AS OF OCT. 1, 2020	68,506	219,687	62,195	-	350,387
Current depreciation	5,763	21,549	7,538	-	34,850
Disposals	291	9,890	6,282	-	16,463
Reclassifications	-1	-13	26	-	13
Hyperinflation Adjustment	520	1,078	242	-	1,840
Currency translation	630	3,310	359	-	4,299
BALANCE AS OF SEPT. 30, 2021	75,127	235,722	64,078	-	374,926
CARRYING AMOUNT					
BALANCE AS OF SEPT. 30, 2021	68,433	117,122	26,464	122,120	334,139
COST					
BALANCE AS OF OCT. 1, 2021	143,560	352,843	90,542	122,120	709,065
Additions	81,121	31,415	9,867	102,600	225,002
Disposals	2,047	6,080	1,820	9,856	19,804
Reclassifications	2,997	37,846	9,122	-50,680	-715
Hyperinflation Adjustment	2,079	2,544	484	147	5,253
Currency translation	12,780	29,339	9,273	9,144	60,536
BALANCE AS OF SEPT. 30, 2022	240,491	447,906	117,467	173,474	979,338
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
BALANCE AS OF OCT. 1, 2021	75,127	235,722	64,078	-	374,926
Current depreciation*	8,530	34,899	10,337	273	54,039
Reversal of impairment losses	-	-	-	-	-
Disposals	1,440	5,028	1,677	247	8,391
Reclassifications	54	-7	-61	-	-14
Hyperinflation Adjustment	1,402	2,032	360	-	3,794
Currency translation	6,833	23,609	6,967	366	37,775
BALANCE AS OF SEPT. 30, 2022	90,506	291,227	80,003	393	462,128
CARRYING AMOUNT					
BALANCE AS OF SEPT. 30, 2022	149,985	156,679	37,464	173,082	517,209

*Impairment losses are included in current depreciation.

14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments accounted for using the equity method are shown in the following table:

Company	Country	Primary activity	Share in the capital		
			SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
SCHOTT Poonawalla Pvt. Ltd.	Mumbai, India	Pharmaceutical Systems	50%	50%	50%
Empha SPA	Turin, Italy	Holding	50%	50%	50%
Smart Skin Technologies Inc.	Fredericton, Canada	Pharmaceutical Systems	20%	20%	21%

The following overview summarizes the financial information on investments accounted for using the equity method as of September 30 (basis of calculation: 100%):

2021/2022

(in EUR thousands)	Assets as of SEPT. 30	Liabilities as of SEPT. 30	Equity as of SEPT. 30	Revenues	Result after taxes
SCHOTT Poonawalla Pvt. Ltd.	163,713	51,546	112,167	109,425	21,338
Empha SPA*	15,581	34	15,547	-	3,976
Smart Skin Technologies Inc.*	17,304	7,232	10,072	3,972	-82
	196,598	58,812	137,786	113,397	25,232

*The latest available financial statements are as of December 31, 2021.

2020/2021

(in EUR thousands)	Assets as of SEPT. 30	Liabilities as of SEPT. 30	Equity as of SEPT. 30	Revenues	Result after taxes
SCHOTT Poonawalla Pvt. Ltd.	130,406	47,456	82,950	94,877	22,839
Empha SPA*	15,597	25	15,572	-	2,702
Smart Skin Technologies Inc.*	7,235	4,767	2,467	3,196	734
	153,238	52,248	100,989	98,073	26,275

*The latest available financial statements are as of December 31, 2020.

2019/2020

(in EUR thousands)	Assets as of SEPT. 30	Liabilities as of SEPT. 30	Equity as of SEPT. 30	Revenues	Result after taxes
SCHOTT Poonawalla Pvt. Ltd.	112,747	53,237	59,510	74,367	5,706
Empha SPA*	15,593	23	15,570	-	2,307
Smart Skin Technologies Inc.*	7,062	5,367	1,695	1,851	-466
	135,402	58,627	76,775	76,218	7,547

*The latest available financial statements are as of December 31, 2019.

The following table illustrates the reconciliation of the above summarized financial information of SCHOTT Poonawalla Pvt. Ltd. to the carrying amount recognized in the Combined Financial Statements:

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Assets	163,713	130,406	112,747
Liabilities	-51,546	-47,456	-53,237
Equity	112,167	82,950	59,510
SCHOTT Pharma's share in equity - 50%	56,084	41,475	29,755
Goodwill	4,501	4,168	4,161
SCHOTT Pharma's carrying amount of the investment	60,585	45,643	33,916

The change in equity recognized directly in equity due to currency differences at SCHOTT Poonawalla Pvt. Ltd. amounts to EUR 3,940 thousand (2020/2021: EUR 300 thousand, 2019/2020: EUR -3,250 thousand), and at Smart Skin Technologies Inc. amounts to EUR 173 thousand (2020/2021: EUR 36 thousand, 2019/2020: EUR -34 thousand) and due to currency related changes to goodwill at SCHOTT Poonawalla Pvt. Ltd. to EUR 333 thousand (2020/2021: EUR 7 thousand, 2019/2020: EUR -486 thousand), and at Smart Skin Technologies Inc. amounts to EUR 129 thousand (2020/2021: EUR 78 thousand, 2019/2020: EUR -108 thousand).

The development of the carrying amount of the investments is summarized in the following table:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
BALANCE AS OF OCT. 1	62,255	49,458	49,033
Income from investments accounted for using the equity method	12,990	13,702	5,553
Dividend distributions	-	-2,675	-1,250
Exchange rate-related changes OCI	4,576	422	-3,878
Increase in interest in shares	-	1,349	-
BALANCE AS OF SEPT. 30	79,821	62,255	49,458

15 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets include loans to third parties and employees and are measured at amortized cost amounting to EUR 4 thousand (Sept. 30, 2021: EUR 6 thousand, Sept. 30, 2020: 22 thousand), see also Note 29.

There are no non-current financial assets whose terms have been renegotiated and which would otherwise be past due or impaired.

16 OTHER NON-CURRENT NON-FINANCIAL ASSETS

Other non-current non-financial assets consist of prepaid expenses amounting to EUR 329 thousand (Sept. 30, 2021: EUR 176 thousand, Sept. 30, 2020: EUR 78 thousand).

17 INVENTORIES

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Raw materials and supplies	86,261	56,659	45,358
Finished goods and merchandise	40,124	26,293	20,945
Work in progress	20,152	11,932	7,934
Write-downs	-17,601	-11,367	-11,019
	128,936	83,517	63,217

During the period presented, write-downs of inventories to their net realizable value amounting to EUR 9,160 thousand (2020/2021: EUR 1,145 thousand, 2019/2020: EUR 1,257 thousand) and reversals of write-downs due to changes in estimates of future sales volumes amounting to EUR 114 thousand (2020/2021: EUR 502 thousand, 2019/2020: EUR 801 thousand) were recognized. The carrying amount of inventories recognized at fair value less costs to sell is EUR 40,813 thousand (Sept. 30, 2021: EUR 38,731 thousand, Sept. 30, 2020: EUR 40,605 thousand). The amount of inventories recognized as an expense in fiscal year 2021/2022 is EUR 456 million (2020/2021: EUR 397 million, 2019/2020: EUR 362 million).

No inventory was pledged as collateral for liabilities during the periods presented apart from the usual retentions of title.

18 TRADE RECEIVABLES AND CONTRACT ASSETS

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Trade receivables from third parties	124,438	105,387	91,607
Notes receivable from third parties	3,263	4,569	4,726
Trade receivables from joint ventures	1,242	689	499
TRADE RECEIVABLES (AFTER LOSS ALLOWANCES)	128,943	110,645	96,832
Contract assets	52,622	33,323	31,240
TRADE RECEIVABLES AND CONTRACT ASSETS (AFTER LOSS ALLOWANCES)	181,564	143,968	128,072

All trade receivables have a maturity of less than one year. The fair value of the trade receivables therefore corresponds to the carrying amount.

The increase in contract asset in the financial year 2021/2022 is due to the ramp-up in production capacity.

The loss allowances on trade receivables developed as follows compared to the previous years:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
BALANCE AS OF OCT. 1	1,068	1,245	1,657
Currency translation	68	-16	-119
Additions	947	691	1,027
Utilization	-46	-69	-412
Reversals	-803	-783	-907
BALANCE AS OF SEPT. 30	1,234	1,068	1,245

An overview of the maturities of trade receivables, including the loss rate and allowance rates, is provided in the risk management report in Note 29.

The trade receivables portfolio does not include any trade receivables whose conditions have been renegotiated and which would otherwise be overdue or impaired. Except for the retention of title customary in the industry, there is no loan collateral for trade receivables. Of the trade receivables, EUR 7,927 thousand (Sept. 30, 2021: EUR 9,849 thousand, Sept. 30, 2020: EUR 10,362 thousand) are secured by credit insurance with a coverage of 95%.

19 OTHER CURRENT FINANCIAL ASSETS

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Derivatives	1,044	-	-
Other marketable securities	1,489	-	-
Loan receivables	801	629	590
Creditors with debit balances	224	291	589
Impairment losses	-46	-	-
Miscellaneous other financial receivables	122	92	96
	3,633	1,012	1,275

During the period presented, results from impairment losses and derecognitions of other financial assets are reported on a net basis in other operating expenses as expenses from loss allowances on receivables and other assets.

In the case of other current financial assets, there were no assets in the reporting periods whose conditions were renegotiated, and which would otherwise be overdue or impaired.

20 OTHER CURRENT NON-FINANCIAL ASSETS

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Receivables from value-added tax	17,948	13,032	10,072
Investment grant receivables	4,202	-	-
Prepaid expenses	2,936	1,881	1,075
Advance payments made	828	466	614
Miscellaneous other non-financial assets	1,038	1,010	1,360
	26,952	16,388	13,121

Investment grant receivables mainly comprise such in Germany and are related to the production of vials.

21 CASH AND CASH EQUIVALENTS

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Deposits with banks (terms up to 90 days)	28,786	27,202	18,164
Fixed term deposits (terms up to 90 days)	2	641	224
Checks, cash-on-hand	7	15	218
	28,795	27,859	18,606

The effective interest rates for deposits with banks and fixed term deposits with terms of up to 90 days range from close to zero to around 1% (close to zero in previous years) in the Euro region. The fair value of cash and cash equivalents corresponds to the carrying amount. No restricted cash balances exist during the periods presented.

22 EQUITY

SCHOTT Pharma was not a legal group in accordance with IFRS 10 *Consolidated Financial Statements* in the periods presented. The invested equity of SCHOTT Pharma consists of the total invested equity attributed to SCHOTT Group and invested equity attributable to non-controlling interests.

The invested equity attributable to SCHOTT Group was derived by aggregating the net assets of the SCHOTT Pharma business operating activities that were or are being conducted by direct and indirect subsidiaries of SCHOTT AG.

As of September 30, 2022, the subscribed capital of SCHOTT Pharma KGaA amounts to EUR 25,517 thousand and statutory capital reserves to EUR 131,301 thousand. Subscribed capital consists of 25,517,123 registered shares with a nominal value of EUR 1.00 each. Each share has one voting right and is entitled to dividends. The subscribed capital was increased by EUR 125,098 thousand and the statutory capital reserves were increased by EUR 360,634 thousand effectively on November 4, 2022, when the capital increase was entered into the commercial register.

Income and expenses recognized directly in other comprehensive income (excluding non-controlling interests) developed as follows:

(in EUR thousands)	Profit/loss from revaluation of defined benefit pension plans	Foreign currency translation differences	Total income and expenses recognized in other comprehensive income
BALANCE AS OF OCT. 1, 2019	-18,260	-17,425	-35,685
Changes recognized in other comprehensive income	3,846	-29,571	-25,725
Deferred taxes	-688	-	-688
BALANCE AS OF SEPT. 30, 2020	-15,102	-46,996	-62,099
BALANCE AS OF OCT. 1, 2020	-15,102	-46,996	-62,099
Changes recognized in other comprehensive income	11,557	16,062	27,619
Deferred taxes	-1,752	-	-1,752
BALANCE AS OF SEPT. 30, 2021	-5,298	-30,935	-36,232
BALANCE AS OF OCT. 1, 2021	-5,298	-30,935	-36,232
Changes recognized in other comprehensive income	26,266	56,305	82,571
Deferred taxes	-4,829	-	-4,829
BALANCE AS OF SEPT. 30, 2022	16,140	25,370	41,510

Non-controlling interests

Non-controlling interests relate to externally held shares in SCHOTT Envases Farmaceuticos SAS, Colombia.

Capital management

The purpose of capital management is to maximize the SCHOTT Pharma's income by optimizing the relationship between equity and liabilities. It also ensures that all entities within the scope of combination can operate under the premise of continuing as a going concern.

At SCHOTT Pharma, capital management measures in accordance with IAS 1 *Presentation of Financial Statements* include in particular the optimization of investment activities, optimization of net working capital, and capital increases and reductions.

All strategic and operating activities are assessed based on the objective of increasing the value of SCHOTT Pharma. SCHOTT Pharma seeks to successfully utilize its business assets and create value in excess of the SCHOTT Pharma's capital costs.

SCHOTT Pharma's managerial planning and monthly planning both include the continuous calculation of net liquidity and operational free cash flow. Net liquidity includes all cash and cash equivalents as well as term deposits less any financial liabilities. Net liquidity provides information on the financial status. Operating free cash flow identifies the capital surplus remaining after deducting investments in fixed assets. Surplus funds could be used, for example, to finance investments without drawing on external sources. In this way, measures needed to influence the capital structure can be identified early.

In addition, the capital structure is constantly reviewed. This review includes an assessment of the equity ratio. The equity ratio corresponds to the ratio of equity to total assets in the Combined Statements of Financial Position. As of September 30, 2022, the equity ratio is 59.3% (Sept. 30, 2021: 56.7%, Sept. 30, 2020: 53.0%).

Net liquidity, which represents an important internal key figure for the financial management of SCHOTT Pharma, comprises the following:

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Cash and cash equivalents	28,795	27,859	18,606
Other marketable securities	1,489	-	-
Financial receivables - SCHOTT Group	161,810	19,801	9,460
Financial payables - SCHOTT Group	-120,569	-96,979	-86,367
Lease liabilities	-74,808	-3,599	-4,234
Liabilities to banks	-	-	-584
Net liquidity	-3,283	-52,918	-63,119

Earnings per share

During the periods presented, SCHOTT Pharma has not existed as a legal group since the legal reorganization has not been completed, see also Note 1.1.

For the purpose of the Combined Financial Statements, SCHOTT Pharma has determined the current number of ordinary shares registered with the commercial register as of November 4, 2022 (in total: 150,614,616 shares), which corresponds to the envisaged number of shares at the time of the IPO, as the basis for the calculation of earnings per share ("EPS") according to IAS 33 *Earnings Per Share* for the periods presented.

Basic EPS is calculated by dividing the profit for the period attributable to SCHOTT Group as presented in the Combined Statements of Income by the current number of ordinary shares of SCHOTT Pharma KGaA. Diluted EPS is calculated by dividing the profit for the period attributable to SCHOTT Group as presented in the Combined Statements of Income by the current number of ordinary shares of SCHOTT Pharma KGaA adjusted for the weighted average number of ordinary shares, which would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Currently, there are no instruments outstanding or planned with a potential dilutive effect on the earnings per share. As the result, for the periods presented, the basic EPS corresponds to the diluted EPS.

The following table presents the numerator and denominator for the calculation of the EPS:

	2021/2022	2020/2021	2019/2020
Profit for the period – attributable to SCHOTT Group (in EUR thousands)	125,379	100,753	77,480
Weighted average number of shares outstanding – basic and diluted (in thousands of shares)	150,615	150,615	150,615
Earnings per share – basic (in EUR)	0.83	0.67	0.51
Earnings per share – diluted (in EUR)	0.83	0.67	0.51

23 NET EMPLOYEE DEFINED BENEFIT LIABILITIES

For defined contribution plans abroad, EUR 3,605 thousand (2020/2021: EUR 2,536 thousand, 2019/2020: EUR 2,367 thousand) and in Germany EUR 2,933 thousand (2020/2021: EUR 4,229 thousand, 2019/2020: EUR 4,033 thousand) were recognized as expenses, thereof EUR 4,809 thousand (2020/2021: EUR 5,235 thousand, 2019/2020: EUR 4,988 thousand) to state pension insurance institutions. Pension provisions in Germany also include employee-financed pension commitments (so-called deferred compensation) in the amount of EUR 525 thousand (Sept. 30, 2021: EUR 519 thousand, Sept. 30, 2020: EUR 463 thousand). The asset values were netted against the corresponding obligations. The net employee defined benefit liabilities from defined benefit obligations include current pensions as well as company- and employee-funded pension entitlements. In Germany, a distinction is made between three major pension commitments:

The "P 82 old" and "P 82 new" Pension Charters are remuneration-dependent pension schemes. In these schemes, the pension benefit increases by a percentage of pensionable remuneration for each year of eligible service, whereby salary components in excess of the basis of calculation are more heavily weighted. The defined benefit obligation ("DBO") is calculated proportionately.

The pension scheme "VO 2015" as well as the previously applicable pension scheme "VO 2000" which was replaced on October 1, 2015, are defined contribution plans with a dynamic benefit contribution in which the defined benefit commitment 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 income and on SCHOTT's pre-tax profits.

The currently valid "VO 2015 NEW," which has been valid for new entrants since November 1, 2015, is a contribution-oriented benefit scheme with a dynamic pension contribution. The calculation of the pension contribution is similar to

that of the "VO 2015." This is awarded to the employee as a minimum capital payment and credited to an individualized account within the framework of a Contractual Trust Arrangement ("CTA").

As of October 1, 2025, the "VO 2015 NEW" pension scheme, including transitional arrangements, will also apply for employees who were employed by SCHOTT by November 1, 2015, when "VO 2015 NEW" came into effect.

Pension commitments in Germany are determined on the basis of the biometric bases of calculation set forth in the Heubeck Mortality Tables 2018 G.

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 shaped by requirements that pension commitments be covered by plan assets as well as tax regulations regarding the deductible amounts.

The assumptions that calculation of the DBO are based on with respect to interest rates, wage and pension trends, but also mortality rates, vary depending on the economic and other parameters of the respective country in which the plans exist. The interest rates are calculated as of a certain balance sheet date in a company-specific manner depending on the average weighted duration of the pension commitments, matching maturities, and currencies.

Pension commitments in Switzerland are determined on the basis of the biometric bases of calculation set forth in the BVG 2020 Generationentafeln.

The calculation of the benefit commitments as well as the accompanying plan assets in certain cases is based on the following actuarial parameters (weighted average):

(in %)	SEPT. 30, 2022			SEPT. 30, 2021			SEPT. 30, 2020		
	Total	Domestic	Abroad	Total	Domestic	Abroad	Total	Domestic	Abroad
Discount rate	2.96	4.10	2.70	0.84	1.58	0.62	0.64	1.40	0.44
Future salary increases	2.03	3.00	1.81	1.56	2.50	1.29	1.50	2.50	1.24
Future pension increases	0.44	2.25	0.00	0.35	1.50	0.00	0.32	1.50	0.00
Expected rate of inflation	1.45	2.25	1.26	0.93	1.50	0.77	0.94	1.50	0.79

The following actuarial parameters apply for the units based outside of Germany for each country or region:

(in %)	SEPT. 30, 2022				SEPT. 30, 2021				SEPT. 30, 2020			
	Discount rate	Future salary increases	Future pension increases	Expected rate of inflation	Discount rate	Future salary increases	Future pension increases	Expected rate of inflation	Discount rate	Future salary increases	Future pension increases	Expected rate of inflation
France	3.60	2.24	0.00	2.20	1.10	2.24	0.00	1.80	1.30	2.24	0.00	1.60
Indonesia	7.30	10.00	N/A	N/A	7.00	10.00	N/A	N/A	7.75	10.00	N/A	3.00
Mexico	9.26	8.50	0.00	7.80	8.03	5.50	0.00	4.00	7.47	5.50	0.00	4.00
Switzerland	2.40	1.40	0.00	1.10	0.35	1.00	0.00	0.70	0.20	1.00	0.00	0.70

Based on IAS 19 *Employee Benefits*, the defined benefit pension commitments exhibit the following financing status. The table also contains the employee-financed pension commitments:

(in EUR thousands)	SEPT. 30, 2022			SEPT. 30, 2021			SEPT. 30, 2020		
	Total	Domestic	Abroad	Total	Domestic	Abroad	Total	Domestic	Abroad
Present value of obligations not financed by a fund	4,996	39	4,957	4,509	57	4,452	4,071	59	4,012
Present value of obligations wholly or partly financed by a fund	88,147	17,404	70,743	102,582	24,104	78,478	107,562	23,468	84,094
TOTAL PRESENT VALUE OF BENEFIT OBLIGATIONS	93,143	17,443	75,700	107,091	24,161	82,930	111,633	23,527	88,106
BENEFIT OBLIGATIONS RECOGNIZED IN THE COMBINED STATEMENT OF FINANCIAL POSITION	93,143	17,443	75,700	107,091	24,161	82,930	111,633	23,527	88,106
PLAN ASSETS RECOGNIZED IN THE COMBINED STATEMENT OF FINANCIAL POSITION	78,518	9,508	69,010	72,931	9,345	63,586	67,473	8,025	59,448
FUNDED STATUS	14,625	7,935	6,690	34,160	14,816	19,344	44,160	15,502	28,658
NET EMPLOYEE DEFINED BENEFIT LIABILITIES	14,625	7,935	6,690	34,160	14,816	19,344	44,160	15,502	28,658

Net pension expense can be broken down as follows:

(in EUR thousands)	2021/2022			2020/2021			2019/2020		
	Total	Domestic	Abroad	Total	Domestic	Abroad	Total	Domestic	Abroad
Service cost	6,292	1,522	4,770	6,211	1,420	4,791	5,927	1,280	4,647
Net interest expense	572	230	342	488	213	275	408	188	220
TOTAL EXPENSES RECOGNIZED IN THE COMBINED STATEMENT OF INCOME	6,864	1,752	5,112	6,699	1,633	5,066	6,335	1,468	4,867

Net interest expense is included in interest expense and interest income, respectively. Service costs recognized in the Combined Statements of Income are presented under the corresponding functional area under operating profit (EBIT).

The following table presents the development of defined benefit obligations:

(in EUR thousands)	2021/2022			2020/2021			2019/2020		
	Total	Domestic	Abroad	Total	Domestic	Abroad	Total	Domestic	Abroad
DEFINED BENEFIT OBLIGATION AT THE BEGINNING OF THE FISCAL YEAR	107,091	24,161	82,930	111,633	23,527	88,106	107,568	23,199	84,369
Changes in exchange rates	10,605	-	10,605	-3	-	-3	123	-	123
Service cost	6,292	1,522	4,770	6,211	1,420	4,791	6,042	1,280	4,762
Past service cost	-	-	-	-	-	-	-	-	-115
Interest expense	980	381	599	725	329	396	550	274	276
Actuarial gains (-) or losses (+) from changes in financial assumptions	-34,149	-8,846	-25,303	-3,219	-1,024	-2,195	-3,056	-1,308	-1,748
Actuarial gains (-) or losses (+) from changes in demographic assumptions	-1,891	-	-1,891	-6,590	-	-6,590	-613	-	-613
Actuarial gains (-) or losses (+) from experience adjustments	4,679	215	4,464	-2,817	-117	-2,700	477	49	428
Participants contribution net of payments	-398	10	-408	1,154	26	1,128	656	33	623
Other changes	-66	-	-66	-3	-	-3	1	-	1
DEFINED BENEFIT OBLIGATION AT THE END OF THE FISCAL YEAR	93,143	17,443	75,700	107,091	24,161	82,930	111,633	23,527	88,106

Plan assets developed as follows in the fiscal year:

(in EUR thousands)	2021/2022			2020/2021			2019/2020		
	Total	Domestic	Abroad	Total	Domestic	Abroad	Total	Domestic	Abroad
PLAN ASSETS AT THE BEGINNING OF THE FISCAL YEAR	72,931	9,345	63,586	67,473	8,025	59,448	61,439	7,620	53,819
Interest income from plan assets	408	151	257	237	116	121	142	86	56
Changes in exchange rates	8,352	-	8,352	-126	-	-126	329	-	329
Actuarial gains (+) and losses (-)	-7,276	-810	-6,466	404	452	-48	293	-397	690
Employer contribution	4,509	812	3,697	3,790	725	3,065	4,613	683	3,930
Participants contribution net of payments	-398	10	-408	1,154	26	1,128	656	33	623
Other changes	-8	-	-8	-1	1	-2	1	-	1
FAIR VALUE OF PLAN ASSETS	78,518	9,508	69,010	72,931	9,345	63,586	67,473	8,025	59,448
Overfunding of plan assets	-	-	-	-	-	-	-	-	-
PLAN ASSETS RECOGNIZED IN THE BALANCE SHEET AT THE END OF THE FISCAL YEAR	78,518	9,508	69,010	72,931	9,345	63,586	67,473	8,025	59,448
Actual return (+) and loss (-) on plan assets	-6,868	-658	-6,210	641	568	73	435	-311	746

Plan assets in Germany were managed mainly in the form of CTAs.

In connection with the hive down also interests in the CTA were transferred to SCHOTT Pharma KGaA. This organization is obliged to manage and invest the funds it receives solely for the company in accordance with an administrative agreement. The investment takes place via special fund mandates with external asset managers. This is a mixed fund that deals with stocks and bonds and is managed by asset managers in accordance with prescribed investment guidelines, including a defined value protection strategy.

The plan assets in Switzerland are managed by a collective foundation.

Portfolio structure of plan assets:

(%)	SEPT. 30, 2022			SEPT. 30, 2021			SEPT. 30, 2020		
	Total	Domestic	Abroad	Total	Domestic	Abroad	Total	Domestic	Abroad
Securities quoted on active markets	32	25	32	37	45	36	28	8	31
Fixed-interest securities quoted on active markets	36	45	34	34	40	33	40	62	37
Qualifying insurance policies	1	6	0	1	11	0	0	4	0
Cash and cash equivalents	3	18	1	3	3	3	4	23	2
Real estate	23	0	26	20	0	22	20	0	23
Other	5	6	7	6	1	7	7	3	8
	100	100	100	100	100	100	100	100	100

Allocations to plan assets are as follows:

(in EUR thousands)	2021/2022			2020/2021			2019/2020		
	Total	Domestic	Abroad	Total	Domestic	Abroad	Total	Domestic	Abroad
TOTAL ALLOCATION	4,509	812	3,697	3,790	725	3,065	4,613	683	3,930

At least EUR 4,579 thousand in contributions to plan assets are expected for the following fiscal year.

A change in the principle actuarial assumptions would have the following effects on pension obligations, whereby the vast share pertains to Switzerland:

	Increase by		Decrease by	
	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands
	SEPT. 30, 2022			
Discount rate	+ 50 basis points	-5,826	- 50 basis points	7,091
Future change in salary	+ 50 basis points	2,301	- 50 basis points	-2,138
Future change in pensions	+ 50 basis points	3,099	- 50 basis points	-744
Life expectancy	+ 1 year	1,261	- 1 year	-1,229
	SEPT. 30, 2021			
Discount rate	+ 50 basis points	-9,496	- 50 basis points	11,047
Future change in salary	+ 50 basis points	2,914	- 50 basis points	-2,862
Future change in pensions	+ 50 basis points	4,968	- 50 basis points	-1,119
Life expectancy	+ 1 year	2,404	- 1 year	-2,379
	SEPT. 30, 2020			
Discount rate	+ 50 basis points	-11,121	- 50 basis points	13,054
Future change in salary	+ 50 basis points	3,195	- 50 basis points	-3,120
Future change in pensions	+ 50 basis points	5,769	- 50 basis points	-1,131
Life expectancy	+ 1 year	2,616	- 1 year	-2,613

The above sensitivity analysis was carried out by means of a procedure that extrapolates the impact of realistic changes in the most important assumptions at the end of the reporting period on the performance-oriented obligation.

The following amounts will most likely be paid out over the next few years as part of defined benefit obligations:

(in EUR thousands)	2023	2024	2025	2026	2027	2028 - 2032
Domestic	61	162	255	336	495	4,969
Abroad	3,865	3,848	4,325	4,577	3,926	16,890
TOTAL	3,926	4,010	4,580	4,913	4,421	21,859

The average duration of the defined benefit obligation was 15 years (Sept. 30, 2021: 22 years, Sept. 30, 2020: 22 years) at the end of the reporting period. The duration is an expression of the commitment period of the invested

capital for the pension obligations and depends on the payout profile as well as the interest rate level. The decrease in duration is related to the development of the interest rate level.

24 OTHER PROVISIONS

(in EUR thousands)	SEPT. 30, 2022		SEPT. 30, 2021		SEPT. 30, 2020	
	up to 1 year	over 1 year	up to 1 year	over 1 year	up to 1 year	over 1 year
Sales	3,599	-	5,069	-	2,758	-
Personnel costs	88	1,285	21	1,367	31	1,176
Miscellaneous	6,114	4,465	5,009	3,923	4,652	3,369
	9,802	5,750	10,099	5,290	7,441	4,546

(in EUR thousands)	Balance on OCT. 1, 2021	Utilization	Reversal	Addition	Currency changes	Balance on SEPT. 30, 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	3,861	6,039	8,048	2,014	15,552

(in EUR thousands)	Balance on OCT. 1, 2020	Utilization	Reversal	Addition	Currency changes	Balance on SEPT. 30, 2021
Sales	2,758	2,030	173	4,500	14	5,069
Personnel costs	1,207	31	8	232	-11	1,388
Miscellaneous	8,021	3,183	555	4,311	337	8,932
	11,986	5,243	736	9,043	340	15,389

(in EUR thousands)	Balance on OCT. 1, 2019	Utilization	Reversal	Addition	Currency changes	Balance on SEPT. 30, 2020
Sales	4,708	3,611	424	2,108	-23	2,758
Personnel costs	1,226	69	45	129	-35	1,207
Miscellaneous	8,334	3,223	771	5,240	-1,559	8,021
	14,268	6,903	1,239	7,477	-1,616	11,986

The sales provisions comprise warranty provisions of EUR 3.6 million (Sept. 30, 2021: EUR 5.1 million, Sept. 30, 2020: EUR 2.8 million).

The anniversary obligations shown under personnel provisions in the amount of EUR 1.2 million (Sept. 30, 2021: EUR 1.2 million, Sept. 30, 2020: EUR 1.1 million) were measured at an actuarial interest rate of 3.6% (Sept. 30, 2021: 1.1%, Sept. 30, 2020: 1.3%) for domestic obligations in the amount of EUR 0.6 million (Sept. 30, 2021: EUR 0.7 million, Sept. 30, 2020: EUR 0.6 million). Obligations stemming from partial retirement in the amount of EUR 0.2 million (Sept. 30, 2021: EUR 0.2 million, Sept. 30, 2020: EUR 0.1 million) are determined on the basis of actuarial calculations based on biometric calculation bases in accordance with the 2018 G mortality tables by Klaus Heubeck applying an actuarial interest rate of 2.64% (Sept. 30, 2021: -0.16%, Sept. 30, 2020: -0.05%) according to the projected unit credit method. The obligations for partial retirement are secured by means of a capital preservation amount in the form of a notarial trust account in the amount of EUR 259 thousand (Sept. 30, 2021: EUR 304 thousand, Sept. 30, 2020: EUR 90 thousand), whereby the obligations are netted against the value protection balance.

A share-based compensation program for selected employees of the SCHOTT Pharma group was transferred from SCHOTT AG to SCHOTT Pharma KGaA, which is in connection with the envisaged IPO of SCHOTT Pharma and effective since March 1, 2022. The program is cash-settled and measured at its respective fair value at each balance sheet date. The compensation is paid out in two equal tranches, one of them following the month of the IPO, the other one after a waiting period of twelve months subsequently to the IPO, but latest March 2025.

The precondition for payment is that the beneficiary employee is in an untermiated employment relationship with SCHOTT Pharma KGaA or its affiliated companies within the meaning of para. 15 of German Stock Corporation Act (Aktiengesetz) at the time of payment. If this condition is not met, the entitlement under the program lapses without compensation.

The actual payout is determined by the value of SCHOTT Pharma KGaA at the IPO date and is based on an Earnings before interest, taxes, depreciation and amortization ("EBITDA") "Multiple". The value of SCHOTT Pharma KGaA at

the IPO date is determined by a Monte-Carlo-Simulation based on the expected value of SCHOTT Pharma KGaA at the balance sheet date and the volatility of a peer group.

For fiscal year 2021/2022, expenses resulting from rights granted to current selected employees of SCHOTT Pharma KGaA or its affiliated companies amounted to EUR 335 thousand. As of September 30, 2022, share-based compensation provision amounted to EUR 107 thousand, thereof EUR 38 thousand as non-current other provision. Disclosed amounts above do not represent any paid remuneration.

Miscellaneous other provisions include, among other items, provisions for litigation risks of EUR 1.7 million (Sept. 30, 2021: EUR 1.1 million, Sept. 30, 2020: EUR 1.1 million) and a large number of individually small amounts.

Interest impacts on non-current provisions included within additions mainly related to personnel costs and were immaterial in the periods presented.

25 ACCRUED LIABILITIES

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Other personnel commitments	21,877	18,649	15,488
Christmas bonuses	13,443	10,041	8,146
Outstanding invoices	12,117	6,025	4,859
Commission/bonuses	2,604	3,902	3,021
Annual audit fees	1,177	245	191
Other accrued liabilities	1,216	471	525
	52,434	39,332	32,229

26 TRADE PAYABLES

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Trade payables to third parties	63,895	40,666	42,924
Trade payables to joint ventures	-	2	21
	63,895	40,668	42,945

27 OTHER FINANCIAL LIABILITIES, NON-CURRENT AND CURRENT

(in EUR thousands)	SEPT. 30, 2022		SEPT. 30, 2021		SEPT. 30, 2020	
	up to 1 year	over 1 year	up to 1 year	over 1 year	up to 1 year	over 1 year
Liabilities to banks	-	-	-	-	584	-
Lease liabilities	3,375	71,433	1,387	2,212	851	3,382
Negative fair values from derivatives	28	-	-	-	-	-
Debtors with credit balances	1,975	-	926	-	960	-
Miscellaneous financial liabilities	25	66	26	29	22	89
	5,404	71,499	2,339	2,242	2,418	3,471

An overview of the contractual remaining maturity of undiscounted financial liabilities is included in the section on risk management under Note 29.

There were no delays in redemption or interest payments during the periods presented.

The changes in lease liabilities are discussed in more detail in Note 30.

28 OTHER NON-FINANCIAL LIABILITIES, NON-CURRENT AND CURRENT

(in EUR thousands)	SEPT. 30, 2022		SEPT. 30, 2021		SEPT. 30, 2020	
	up to 1 year	over 1 year	up to 1 year	over 1 year	up to 1 year	over 1 year
Advanced payments received on orders	14,764	39,949	8,842	19,849	822	6,905
Liabilities from wages and salaries	1,536	-	1,432	-	1,080	-
Liabilities due to tax authorities	1,710	-	2,268	-	870	-
Social security liabilities	2,931	-	1,973	-	1,594	-
Income tax withheld from salaries and wages	968	-	853	-	546	-
Dividends to national stakeholders	-	-	57	-	111	-
Miscellaneous other non-financial liabilities	657	-	357	-	350	4
	22,567	39,949	15,782	19,849	5,373	6,910

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 September 30, 2020, led to revenues in fiscal year 2020/2021, while all current advance payments received on orders reported as of September 30, 2021, led to revenues in fiscal year 2021/2022. It is expected that the advance payments received on orders with a term of more than one year will lead to sales revenues in fiscal years 2022/2023 to 2035/2036. The increase compared to the prior year is mainly due to two major series supply contracts with long-term terms concluded in the fiscal year for which advance payments were received. The long-term advance payments received recognized as of September 30, 2022, are expected to generate total revenues of EUR 853 million in the period starting in fiscal year 2022/2023.

FURTHER INFORMATION

29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Assets and Financial Liabilities

In accordance with IFRS 9 *Financial Instruments: Recognition and Measurement*, financial assets in SCHOTT Pharma are divided into the following categories:

- Measured at amortized cost (AC)
- Financial assets at fair value through profit or loss (FVTPL)

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and SCHOTT Pharma'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 amortized cost**. At SCHOTT Pharma, 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 receiving the agreed cash flows, they are measured **at fair value through profit or loss (FVTPL)**. At SCHOTT Pharma, this includes derivative financial instruments that are not designated in hedge accounting. Derivative financial instruments are measured at fair value. This corresponds to the market value and can be either positive or negative. The fair value is calculated using present value or option price models. For the valuation of options, the Black-Scholes model is used and for all valuations, 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 balance sheet date and obtained from recognized sources are used as input parameters for the models. Any gain or loss resulting from subsequent measurement is recognized in other net financial income/expenses in the Combined Statements of Income.

For equity instruments, IFRS 9 *Financial Instruments: Recognition and Measurement* optionally permits measurement at fair value through other comprehensive income. SCHOTT Pharma has not applied this option in these Combined Financial Statements.

Financial liabilities are generally allocated to the measurement category **at amortized cost (AC)** and are carried at amortized cost using the effective interest method. At SCHOTT Pharma, this includes mainly trade payables, financial payables - SCHOTT Group and accrued liabilities.

At SCHOTT Pharma, normal market purchases and sales are recognized as of the settlement date, regardless of their categorization. Financial assets and liabilities are generally not netted unless SCHOTT Pharma has a right of set-off and intends to settle on a net basis. Financial assets and liabilities were not netted in these Combined Financial Statements.

Financial assets are initially recognized 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. The fair values recognized in the Combined Statements of Financial Position regularly correspond to market prices. If these cannot be determined directly by recourse to an active market, they are measured – as far as possible – using standard market valuation models based on input factors observable on the market.

Impairment of financial assets

The impairment model under IFRS 9 *Financial Instruments: Recognition and Measurement* is based on expected credit losses and applies to all financial assets (debt instruments) measured either at amortized cost (AC) or at fair value through profit or loss (FVTPL). In addition to losses already incurred, the model also includes expectations for the future with regard to the impairment of financial assets. IFRS 9 *Financial Instruments: Recognition and Measurement* provides for a three-step procedure for allocating impairment losses in determining expected credit losses, which can be summarized as follows:

Level 1: All financial assets are allocated to Level 1 at initial recognition. An allowance is recognized for expected credit losses within the next twelve months.

Level 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 Level 1 to Level 2. The expected credit losses over the entire term of the financial asset are recorded as value adjustments. Overdue payments of more than 30 days are considered an indication of deterioration.

Level 3: If the creditworthiness of a financial asset is impaired or if it defaults, it is transferred to Level 3. The expected credit losses over the entire term of the financial asset are recorded as value adjustments. The effective interest income is calculated based on the net amount (gross amount less provision for possible loan losses). Objective evidence that the creditworthiness of a financial asset has been impaired includes overdue payments of 120 days or more and other information about significant financial difficulties of the debtor.

Cash and cash equivalents as well as fixed term deposits are allocated to Level 1, as cash and cash equivalents are essentially invested only with banks and financial institutions with a low default risk.

The simplified approach is applied to trade receivables and contract assets. It is not necessary to estimate any significant increase in credit risk. As soon as a receivable has demonstrably 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 derecognized when one of the three following requirements is met:

- The contractual rights to derive cash flows from a financial asset have expired.
- SCHOTT Pharma may retain the rights to derive cash flows from financial assets, but is obligated to immediately remit these cash flows to a third party under an agreement fulfilling the requirements of IFRS 9.3.2.5 (“pass-through arrangement”).
- SCHOTT Pharma has assigned its contractual rights to derive cash flows from a financial asset and has either (a) assigned essentially all risks and opportunities associated with the ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, yet has assigned the control of the asset.

A financial liability is derecognized 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 recognized through profit or loss.

Disclosures on financial instruments

SCHOTT Pharma assumes that for any asset and/or 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 carrying amounts and fair values according to measurement categories and classes of financial instruments as of September 30, 2022, September 30, 2021 and September 30, 2020:

CLASSIFICATION, MEASUREMENT CATEGORIES AND RECONCILIATION OF COMBINED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2022

Measurement:

Measurement category:	At amortized cost				At fair value				
	Financial assets measured at amortized cost (AC)				Financial assets at fair value through profit or loss (FVTPL)				
Class:	Loans and receivables				Derivatives and securities				Financial assets not subject to IFRS 7
Combined Statement of Financial Position items	Total carrying amounts	Total fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	
(in EUR thousands)									
ASSETS									
NON-CURRENT ASSETS									
Investments accounted for using the equity method	79,821	n.a. ¹	-	-	-	-	79,821	n.a. ¹	
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	2,533	2,533	-	-	
Cash and cash equivalents	28,795	28,795	28,795	28,795	-	-	-	-	
	420,490	340,670	338,136	338,136	2,533	2,533	79,821	-	

¹ Not applicable

Measurement:

Measurement category:	At amortized cost				At fair value				
	Financial liabilities measured at amortized cost (AC)				Financial assets at fair value through profit or loss (FVTPL)				
Class:	Liabilities				Lease liabilities				Derivatives
Combined Statement of Financial Position items	Total carrying amounts	Total fair values	Carrying amount	Fair value	Carrying amount	Fair value ²	Carrying amount	Fair value	
(in EUR thousands)									
EQUITY AND LIABILITIES									
NON-CURRENT LIABILITIES									
Other financial liabilities	71,499	66	66	66	71,433	n.a. ¹	-	-	
CURRENT LIABILITIES									
Accrued liabilities	52,434	52,434	52,434	52,434	-	-	-	-	
Trade payables	63,895	63,895	63,895	63,895	-	-	-	-	
Trade payables - 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	5,404	2,028	2,000	2,000	3,375	n.a. ¹	28	28	
	349,501	274,693	274,665	274,665	74,808	-	28	28	

¹ Not applicable

² No fair value is stated for lease liabilities according to IFRS 16.

The derivatives included within other financial assets amounting to EUR 1,044 thousand are related to SCHOTT Pharma KGaA.

CLASSIFICATION, MEASUREMENT CATEGORIES AND RECONCILIATION OF COMBINED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2021

Measurement:

Measurement category:	At amortized cost				At fair value			
	Financial assets measured at amortized cost (AC)				Financial assets at fair value through profit or loss (FVTPL)			
Class:	Loans and receivables				Derivatives and securities			
Combined Statement of Financial Position items					Financial assets not subject to IFRS 7			
(in EUR thousands)	Total carrying amounts	Total fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS								
NON-CURRENT ASSETS								
Investments accounted for using the equity method	62,255	n.a. ¹	-	-	-	-	62,255	n.a. ¹
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	-	-	62,255	-

¹ Not applicable

Measurement:

Measurement category:	At amortized cost				At fair value			
	Financial liabilities measured at amortized cost (AC)				Financial assets at fair value through profit or loss (FVTPL)			
Class:	Liabilities				Derivatives			
Combined Statement of Financial Position items								
(in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	Carrying amount	Fair value ²	Carrying amount	Fair value
EQUITY AND LIABILITIES								
NON-CURRENT LIABILITIES								
Other financial liabilities	2,242	29	29	29	2,212	n.a. ¹	-	-
CURRENT LIABILITIES								
Accrued liabilities	39,332	39,332	39,332	39,332	-	-	-	-
Trade payables	40,668	40,668	40,668	40,668	-	-	-	-
Trade payables - 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	1,387	n.a. ¹	-	-
	204,268	200,669	200,669	200,669	3,599	-	-	-

¹ Not applicable

² No fair value is stated for lease liabilities according to IFRS 16.

CLASSIFICATION, MEASUREMENT CATEGORIES AND RECONCILIATION OF COMBINED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2020

Measurement:

Measurement category:	At amortized cost				At fair value			
	Financial assets measured at amortized cost (AC)				Financial assets at fair value through profit or loss (FVTPL)			
Class:	Loans and receivables				Derivatives and securities			
Combined Statement of Financial Position items					Financial assets not subject to IFRS 7			
(in EUR thousands)	Total carrying amounts	Total fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS								
NON-CURRENT ASSETS								
Investments accounted for using the equity method	49,458	n.a. ¹	-	-	-	-	49,458	n.a. ¹
Other financial assets	22	22	22	22	-	-	-	-
CURRENT ASSETS								
Trade receivables	96,832	96,832	96,832	96,832	-	-	-	-
Trade receivables - SCHOTT Group	2,687	2,687	2,687	2,687	-	-	-	-
Financial receivables - SCHOTT Group	9,460	9,460	9,460	9,460	-	-	-	-
Other financial assets	1,275	1,275	1,275	1,275	-	-	-	-
Cash and cash equivalents	18,606	18,606	18,606	18,606	-	-	-	-
	178,341	128,883	128,883	128,883	-	-	49,458	-

¹ Not applicable

Measurement:

Measurement category:	At amortized cost				At fair value			
	Financial liabilities measured at amortized cost (AC)				Financial assets at fair value through profit or loss (FVTPL)			
Class:	Liabilities				Lease liabilities			
Combined Statement of Financial Position items					Derivatives			
(in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	Carrying amount	Fair value ²	Carrying amount	Fair value
EQUITY AND LIABILITIES								
NON-CURRENT LIABILITIES								
Other financial liabilities	3,471	89	89	89	3,382	n.a. ¹	-	-
CURRENT LIABILITIES								
Accrued liabilities	32,229	32,229	32,229	32,229	-	-	-	-
Trade payables	42,945	42,945	42,945	42,945	-	-	-	-
Trade payables - SCHOTT Group	18,605	18,605	18,605	18,605	-	-	-	-
Financial payables - SCHOTT Group	86,367	86,367	86,367	86,367	-	-	-	-
Other financial liabilities	2,418	1,567	1,567	1,567	851	n.a. ¹	-	-
	186,037	181,803	181,803	181,803	4,234	-	-	-

¹ Not applicable

² No fair value is stated for lease liabilities according to IFRS 16.

Fair value measurement

The carrying amounts of fair value financial instruments are basically determined on the basis of input factors that can be observed on the market. If market prices are not available, they are measured using the discounted cash flow method, taking market conditions in the form of typical credit ratings and/or liquidity spreads into account when calculating their present value.

For all current financial instruments in the categories “financial assets measured at amortized cost” and “financial liabilities measured at amortized cost”, it is assumed that the carrying amount corresponds to the fair value. Lease liabilities do not fall in the scope of IFRS 9 *Financial Instruments: Recognition and Measure* and thus no fair value has to be determined. For financial assets and financial liabilities measured at fair value through profit and loss (FVTPL), the fair value of derivative is measured using significant observable input parameters (Level 2) and the fair value of securities is measured using quoted prices on active market (Level 1). Please refer to Note 19 and Note 27 for the fair value of derivatives and securities.

SCHOTT Pharma's investments in associates and joint ventures accounted for using the equity method are not in scope of IFRS 7 *Financial Instruments: Disclosures*.

The following tables present the expenses and income by measurement category:

Fiscal year 2021/2022

(in EUR thousands)	From interest and similar income / expenses	From subsequent measurement			Net income/expense 2021/2022
		At fair value	Impairment losses/reversals	From disposal	
Financial assets measured at amortized cost (AC)	1,595	-	-265	-	1,330
Financial assets and financial liabilities measured at fair value through profit or loss (FVTPL)	-	1,237	-	-	1,237
Financial liabilities measured at amortized cost (AC)	-1,659	-	-	-	-1,659
TOTAL	-64	1,237	-265	-	908
Net foreign exchange result					-7,824
TOTAL	-64	1,237	-265	-	-6,916

Fiscal year 2020/2021

(in EUR thousands)	From interest and similar income / expenses	From subsequent measurement			Net income/expense 2020/2021
		At fair value	Impairment losses/reversals	From disposal	
Financial assets measured at amortized cost (AC)	571	-	158	-	729
Financial assets and financial liabilities measured at fair value through profit or loss (FVTPL)	-	-	-	-	-
Financial liabilities measured at amortized cost (AC)	-1,066	-	-	-	-1,066
TOTAL	-495	-	158	-	-338
Net foreign exchange result					-1,432
TOTAL	-495	-	158	-	-1,769

Fiscal year 2019/2020

(in EUR thousands)	From interest and similar income / expenses	From subsequent measurement			Net income/expense 2019/2020
		At fair value	Impairment losses/reversals	From disposal	
Financial assets measured at amortized cost (AC)	331	-	396	-	728
Financial assets and financial liabilities measured at fair value through profit or loss (FVTPL)	-	-	-	-	-
Financial liabilities measured at amortized cost (AC)	-1,195	-	-	-	-1,195
TOTAL	-864	-	396	-	-468
Net foreign exchange result					456
TOTAL	-864	-	396	-	-12

Interest on financial instruments is presented in interest income and includes interest income from financial instruments categorized as “financial assets measured at amortized cost” as well as interest expenses from financial liabilities.

Write-downs and reversals of impairment losses on assets measured at amortized cost (AC) are presented on a net basis in other operating income and expenses accordingly. Write-downs and reversal of impairment losses on financial assets and financial liabilities measured at fair value through profit or loss (FVTPL) are also presented in other operating income and expenses.

No financial instruments whose fair value previously could not be reliably determined have been derecognized.

A net currency loss of EUR 7,824 thousand (2020/2021: net loss of EUR 1,432 thousand, 2019/2020: net gain of EUR 456 thousand) was incurred for assets and liabilities measured at amortized cost (AC).

All other components of the subsequent measurement of financial instruments are included in other net financial income/expense.

Risk Management

Due to its international business orientation 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 the SCHOTT Group. The central currency management has the task of protecting the operational business against transaction risks resulting from exchange rate fluctuations. In general, our global presence with local production and global purchasing activities mitigates transactional currency risks. Net currency flows, which we determine regularly using currency-specific liquidity forecasts, form the basis for hedging.

The type and scope of the underlying transactions to be hedged are set out in a binding treasury guideline issued by the Board of Management of SCHOTT AG in 2019/2020 and 2020/2021 as well as by the Managing Board of SCHOTT Pharma in 2021/2022. 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 carried out under strict separation of functions in 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.

CREDIT RISK

Credit risk arises when a business partner of a financial instrument is unable to meet its contractual obligations. Consequently, the maximum amount receivable corresponds to the gross carrying amount owed by each counterparty.

As SCHOTT Pharma is integrated in the Cash Pool and treasury processes of SCHOTT Group a main part of its credit risk arises against SCHOTT AG. The credit risk arising from cash and cash equivalent funds is limited by working exclusively with selected contracting parties. In addition, SCHOTT Pharma only employs marketable instruments authorized under the treasury guideline with sufficient market liquidity.

SCHOTT Pharma reduces credit risks arising from trade receivables by constantly monitoring the credit rating and payment history of its business partners. Each business partner is assigned an individual credit limit based on these

criteria. SCHOTT Pharma does not see any noteworthy credit risk for the Group, as it continuously monitors credit limits for a large and heterogeneous customer base.

The following table outlines the carrying amounts of the financial assets, which are equivalents of SCHOTT Pharma's maximum default risk and credit exposure as of the balance sheet date:

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Loans and receivables	309,342	138,434	110,277
Cash and cash equivalents	28,795	27,859	18,606
Financial assets not subject to IFRS 7	79,821	62,255	49,458
Financial instruments measured at fair value through profit or loss (FVTPL)	2,533	-	-
	420,490	228,547	178,341

Similarly, the maximum default risk and credit exposure of contract assets are equivalent to the carrying amount as of balance sheet date (September 30, 2022: EUR 52,622 thousand, September 30, 2021: EUR 33,323 thousand, September 30, 2020: EUR 31,240 thousand).

As of the balance sheet date (as in the previous years), no collateral was held that would allow the debtor to sell the collateral or provide it as its own collateral in the event of default.

A simplified approach is used to determine valuation allowances for 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 overdue dates. SCHOTT Pharma defines a receivable as a default if the contractual cash flows are more than 120 days overdue or the creditworthiness of the debtor has deteriorated to such an extent that repayment can no longer be assumed. SCHOTT Pharma assumes that there has been no significant increase in the credit risk for value adjustments for cash and cash equivalents. Cash and cash equivalents totaling EUR 28,795 thousands are mainly invested with banks with high credit ratings. For cash and cash equivalents, the value adjustment was calculated based on expected losses within twelve months and reflects the short maturities.

The following table provides an overview of overdue amounts, default risk and expected credit losses for trade receivables from third parties and contract assets for fiscal year 2021/2022:

(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	-924	-	-	-
TOTAL TRADE RECEIVABLES	130,177	-	1,234	-
CONTRACT ASSETS (not past due)	52,674	0.1%	52	No

¹ Trade receivables which are past due more than 120 days are considered "credit impaired", whereas trade receivables which are past due between 91 and 120 days are not considered "credit impaired".

For fiscal year 2020/2021, the overdue amounts, default risk and expected credit losses for trade receivables from third parties and contract assets were as follows:

(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	126	-	-	-
TOTAL TRADE RECEIVABLES	111,713	-	1,068	-
CONTRACT ASSETS (not past due)	33,356	0.1%	33	No

¹ Trade receivables which are past due more than 120 days are considered "credit impaired", whereas trade receivables which are past due between 91 and 120 days are not considered "credit impaired".

For fiscal year 2019/2020, the overdue amounts, default risk and expected credit losses for trade receivables from third parties and contract assets were as follows:

(in EUR thousands)	Gross carrying amount	Loss rate (weighted average)	Loss allowance	Credit impaired
Not past due	84,439	0.2%	169	No
1-30 days past due	7,690	0.9%	69	No
31-60 days past due	3,459	2.0%	69	No
61-90 days past due	582	2.7%	16	No
More than 90 days past due	1,460	63.3%	921	Yes ¹
Foreign-currency adjustments	447	-	-	-
TOTAL TRADE RECEIVABLES	98,077	-	1,245	-
CONTRACT ASSETS (not past due)	31,271	0.1%	31	No

¹ Trade receivables which are past due more than 120 days are considered "credit impaired", whereas trade receivables which are past due between 91 and 120 days are not considered "credit impaired".

The loss allowances for trade receivables that are more than 90 days overdue include specific loss allowances for individual risks and loss events amounting to EUR 186 thousand as of September 30, 2022 (Sept. 30, 2021: EUR 400 thousand, Sept. 30, 2020: EUR 463 thousand).

LIQUIDITY RISK

Liquidity risk describes the risk that a company is unable to sufficiently meet its financial obligations. SCHOTT Pharma's financial liabilities mainly consist of trade payables. The following table provides an overview of the remaining contractual maturities of undiscounted financial liabilities:

(in EUR thousands)	Carrying amount	Gross outflow	Up to 1 year	1 to 5 years	More than 5 years
SEPT. 30, 2022					
Trade payables	63,895	63,895	63,895	-	-
Trade payables - SCHOTT Group	35,701	35,701	35,701	-	-
Financial payables - SCHOTT Group	120,569	120,569	120,569	-	-
Accrued liabilities	52,434	52,434	52,434	-	-
Other financial liabilities	2,066	2,066	2,000	66	-
Lease liabilities	74,808	99,054	5,338	18,941	74,775
Derivatives	28	28	28	-	-
SEPT. 30, 2021					
Trade payables	40,668	40,668	40,668	-	-
Trade payables - SCHOTT Group	22,708	22,708	22,708	-	-
Financial payables - SCHOTT Group	96,979	96,979	96,979	-	-
Accrued liabilities	39,332	39,332	39,332	-	-
Other financial liabilities	981	981	952	29	-
Lease liabilities	3,599	4,314	1,468	2,257	589
Derivatives	-	-	-	-	-
SEPT. 30, 2020					
Trade payables	42,945	42,945	42,945	-	-
Trade payables - SCHOTT Group	18,605	18,605	18,605	-	-
Financial payables - SCHOTT Group	86,367	86,367	86,367	-	-
Accrued liabilities	32,229	32,229	32,229	-	-
Other financial liabilities	1,656	1,656	1,567	89	-
Lease liabilities	4,234	6,055	1,264	4,791	-
Derivatives	-	-	-	-	-

The derivatives reported as of the balance sheet date are forward exchange contracts. The volume of the hedges as of September 30, 2022 corresponds to EUR 74 million when translated into euros. The Treasury Department is responsible for the management of liquidity risk, for which an efficient cash management system is used. 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 facilities for advances in an aggregate principal amount of up to EUR 319 million (or the equivalent amount in other currencies) for general business purposes until December 31, 2026. As of September 30, 2022, SCHOTT Pharma has drawn an aggregate amount of EUR 116 million.

MARKET RISK

Market risks are the result of changing market prices that lead to fluctuations of fair value or future cash flows of financial instruments. SCHOTT Pharma is susceptible to currency, interest rate, raw materials and energy prices.

CURRENCY RISK

Currency risks arise from investments, 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 Combined Statements of Financial Position and earnings figures of foreign SCHOTT Pharma companies (translation risks).

The global presence of SCHOTT Pharma, including local production and global purchasing activities, mitigates transaction risks. Net currency positions that we determine on a regular basis using currency-differentiated liquidity forecasts serve as the basis for hedging the remaining transaction-related risks. Currency forwards which have a remaining term of no more than 12 months are used to hedge transaction risk.

Currency risk is determined based on 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 forecast of cash flows over the next 12 months and hedging instruments in foreign currencies and is shown in the table below.

(in EUR millions)	Exposure SEPT. 30, 2022	Exposure SEPT. 30, 2021	Exposure SEPT. 30, 2020
Argentinean peso	-9.4	-12.0	-10.2
Indonesian rupiah	10.3	1.8	5.0
Brazilian real	33.4	22.7	18.4
Mexican peso	-12.6	-10.3	-6.8
Swiss franc	-78.4	-74.9	-71.8
Chinese renminbi	76.7	43.0	23.6
Russian ruble	14.7	10.0	7.3
Colombian peso	5.7	5.1	2.5
Hungarian forint	-13.4	-15.7	-14.1
US dollar	74.0	83.4	87.7
Other	2.4	2.5	1.2

As of September 30, 2022, transaction risks regarding US dollar were hedged.

Cash-flow-at-risk is calculated using a stochastic simulation, based on observed changes in exchange rates over the last 250 trading days, possible future developments in exchange rates are simulated, taking their correlations into account. Cash-flow-at-risk represents the potential loss that the exposure will not exceed based on a confidence interval of 95% and a holding period of one year. As of September 30, 2022, the cash-flow-at-risk amounted to EUR 9.4 million.

INTEREST RATE RISK

The interest rate risk is evaluated using a sensitivity analysis. A parallel shift of the yield curve by 100 basis points is carried out, which simulates the effects of a change in market interest rates on the financial result. Only financial instruments with variable interest rates are considered in this analysis, since a change in market interest rates has an impact on the fair value. As of the balance sheet date, a parallel shift in the yield curve by 100 basis points would have an impact on our Combined Statements of Income of less than EUR 1 million.

COMMODITY PRICE RISK

Raw materials can be subject to strong price fluctuations, for example, due to their sometimes limited availability. SCHOTT Pharma's production processes are also energy-intensive and depend on a continuous supply of energy. SCHOTT Pharma is therefore exposed to price change risks on the raw material and energy markets. The management of these price risks is the responsibility of the purchasing department and is carried out on the basis of centrally defined guidelines. Among other things, long-term contracts are concluded with various suppliers to hedge against these risks, which are accounted for as pending transactions using the "own use exemption". Consequently, a sensitivity analysis of these financial instruments is not presented.

30 LEASES

There are rental and lease relationships mainly for land, 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 the right-of-use assets are as follows:

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Land and buildings	73,732	3,496	4,082
Technical equipment and machinery	18	18	26
Other equipment, operating and office equipment	163	228	171
	73,913	3,742	4,278

SCHOTT Pharma prolonged existing lease agreements and also entered into new lease agreements with SCHOTT Group for sites in Mülheim and Mainz (Germany) in fiscal year 2021/2022.

Due to the application of the low-value assets and short-term leases exemption, these are not recognized as right-of-use assets, but rather expensed directly in profit or loss.

All right-of-use assets are amortized on a straight-line basis over their useful life. In accordance with the contractual terms, the useful lives are as follows:

	Years
Buildings	2 to 25
Technical equipment and machinery	2 to 22
Vehicles	3 to 5

The capitalized right-of-use asset, which is presented as additions under property, plant and equipment are broken down as follows:

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Land and buildings	72,837	221	169
Technical equipment and machinery	11	4	-
Other equipment, operating and office equipment	142	229	86
	72,991	453	255

The following leasing expenses are included in the Combined Statements of Income:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
Depreciation on right-of-use assets for land and buildings	2,575	922	973
Depreciation on right-of-use assets for technical equipment and machinery	12	11	12
Depreciation on right-of-use assets for other equipment, operating and office equipment	172	193	163
Interest on lease liabilities	107	102	273
Short-term lease expenses	740	490	332
Low-value lease expenses	114	91	126
Variable lease payment expenses not included in lease liabilities	117	12	6
	3,837	1,820	1,884

In fiscal year 2021/2022, the total cash outflows for leases amounted to EUR 2,615 thousand (2020/2021: EUR 1,590 thousand, 2019/2020: EUR 1,524 thousand).

The breakdown of undiscounted future cash outflows from leases is included in Note 29.

Total future cash outflows of EUR 3,774 thousand (2020/2021: EUR 2,933 thousand, 2019/2020: EUR 1,399 thousand) were not included in lease liabilities, as it is not reasonably certain that the leases will be extended or not be terminated.

Total future cash outflows for leases that SCHOTT Pharma has entered into in fiscal year 2021/2022, but which have not yet begun, amounted to EUR 37 thousand (2020/2021: EUR - thousand, 2019/2020: EUR - thousand).

31 CONTINGENT ASSETS AND LIABILITIES

To the extent permissible and necessary, provisions have been recognized in appropriate amounts by SCHOTT Pharma for all legal disputes.

There were no contingent assets and liabilities as of the balance sheet date.

32 NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

In the Combined Statements of Cash Flows, cash flows are categorized into cash flows provided by or used in operating activities, investing activities, and financing activities. Cash flow from operating activities is derived indirectly based on the profit for the period and adjusted for non-cash expenses and income – primarily depreciation on non-current assets – and changes in working capital.

Investing activity comprises the receipts and disbursements from the disposal of and investments in non-current assets.

Financing activities comprise mainly cash inflows related to Other transactions with SCHOTT Group, outflows from repaying financial receivables and inflows from financial liabilities from transactions with SCHOTT Group as well as from Dividends paid to SCHOTT Group.

Changes in Combined Statements of Financial Position items contained in the Combined Statements of Cash Flows cannot be derived directly from the Combined Statements of Financial Position, as they have been adjusted for non-cash transactions and exchange rate effects.

Cash and cash equivalents disclosed in the Combined Statements of Cash Flows include cash and checks and bank deposits in the amount of EUR 28,795 thousand (2020/2021: EUR 27,859 thousand, 2019/2020: EUR 18,606 thousand).

Change in liabilities from financing activities

Fiscal year 2021/2022:

(in EUR thousands)	Balance on OCT. 1, 2021	Cash flows	Changes in exchange rates	New leases	Other	Balance on SEPT. 30, 2022
Financial receivables - SCHOTT Group	-19,801	-136,431	-5,578	-	-	-161,810
Financial payables - SCHOTT Group	96,979	12,959	10,631	-	-	120,569
Lease liabilities	3,599	-1,537	320	72,991	-566	74,808
Liabilities to banks	-	18	-18	-	-	-
Other	952	1,018	30	-	-	2,000
	81,729	-123,973	5,385	72,991	-566	35,567

Fiscal year 2020/2021:

(in EUR thousands)	Balance on OCT. 1, 2020	Cash flows	Changes in exchange rates	New leases	Other	Balance on SEPT. 30, 2021
Financial receivables - SCHOTT Group	-9,460	-9,730	-610	-	-	-19,801
Financial payables - SCHOTT Group	86,367	10,605	6	-	-	96,979
Lease liabilities	4,234	-896	-192	453	-	3,599
Liabilities to banks	584	-606	23	-	-1	-
Other	983	-88	58	-	-	952
	82,708	-715	-716	453	-1	81,729

Fiscal year 2019/2020:

(in EUR thousands)	Balance on OCT. 1, 2019	Cash flows	Changes in exchange rates	New leases	Other	Balance on SEPT. 30, 2020
Financial receivables - SCHOTT Group	-8,894	-663	97	-	-	-9,460
Financial payables - SCHOTT Group	80,909	6,792	-1,333	-	-	86,367
Lease liabilities	6,896	-788	-1,121	255	-1,007	4,234
Liabilities to banks	-	650	-67	-	1	584
Other	1,199	-104	-113	-	-	983
	80,109	5,887	-2,537	255	-1,006	82,708

Other mainly comprised transactions related to disposals of right-of-use assets and as such the respective lease liability.

The sum of the cash flows corresponds to the sum of the items Repayments of financial receivables – SCHOTT Group, Proceeds from financial payables – SCHOTT Group, Proceeds from borrowings, Repayment of borrowings, Proceeds (repayment) of financial liabilities and Payment of principal portion of lease liabilities in the Combined Statements of Cash Flows.

33 OTHER INFORMATION

The following personnel expenses were incurred during the fiscal year:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
Wages and salaries	183,329	148,085	136,770
Social security contributions	31,126	25,658	24,682
Expenses for retirement benefits	9,434	6,895	6,170
TOTAL	223,889	180,637	167,622

Personnel expenses are presented in the functional areas and are not disclosed separately in the Combined Statements of Income according to their function.

34 SEGMENT REPORTING

In accordance with IFRS 8 *Operating Segments*, the segment reporting presented in the Combined Financial Statements is based on the internal management reporting to the Managing Board of SCHOTT Pharma. The Managing Board is the Chief Operating Decision Maker (“CODM”) and monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and EBITDA. SCHOTT Pharma’s financing and income taxes are monitored on a combined basis and are not allocated to operating segments.

SCHOTT Pharma has four operating segments which have been aggregated to two reportable segments based on the nature of the products as follows:

The reportable segment “Drug Containment Solutions” (“DCS”) includes the operating segments “Bulk Solutions” and “Sterile Solutions”. The DCS product portfolio offers customers a wide range of sterile and non-sterile standard and high-end solutions to store drugs safely. Glass vials provide safe storage of injectable drugs due to their high chemical resistance, which limits interactions between liquid drug formulations and container. Glass cartridges dispense drugs in accurate doses for any medical situation, from treating emergency victims to self-administration by diabetes patients and offer safe and simple drug delivery. Glass ampoules ensure the safe storage of a wide variety of essential drugs, including painkillers, inflammation inhibitors, emergency drugs and anesthetics, and of essential drugs and diluents for lyophilized applications. The DCS product portfolio is complemented by vials with special inner surfaces and coatings, which are specifically designed for the containment of sensitive injectable drugs with unique and demanding containment requirements, such as biologics and mRNA-based formulations as well as design or outer coating solutions to improve the filling process (“Special Vials”). The non-sterile glass vials, cartridges and ampoules as well as the “Special Vials” are included in the operating segment “Bulk Solutions”. The operating segment “Sterile Solutions” comprises all glass vials and cartridges in a pre-washed and pre-sterilized ready-to-use configuration and with standardized secondary packaging options.

The reportable segment “Drug Delivery Systems” (“DDS”) includes the operating segments “Polymer Solutions” and “Glass Syringes”. The DDS products are characterized by enhanced functionality and offers the customers systems to deliver drugs safely. The DDS portfolio comprises pre-washed and pre-sterilized prefillable syringes, that can be filled with minimal preparation by the customers and are therefore ready-to-use. The pre-sterilized prefillable syringes made of glass or polymer not only offer a highly stable, long-term storage solution for drugs, but also a safe and convenient delivery system for healthcare professionals and patients. As the combination of a storage container and injection device in a single system requires less manual steps compared to conventional drug packaging, the risk of medical errors and infections is considerably reduced. This plays a vital role in the safety of healthcare professionals and patients, with the use of a single system also significantly reducing drug waste. Glass syringes are made of type I borosilicate glass and are included in the operating segment “Glass Syringes”. Polymer syringes are made of an advanced cyclic olefin copolymer and are included in the operating segment “Polymer Solutions”.

All products within the operating segments “Bulk Solutions” and “Sterile Solutions” offers the customers solutions to store drugs safely. All products within the operating segments “Polymer Solutions” and “Glass Syringes” offers the customers systems to deliver drugs safely. Management assessed the nature of the products, the nature of the production processes, the type of customers, the distribution methods and the expected long-term average gross margin to determine if the operating segments have similar economic characteristics. As a result, management

concludes that the operating segments “Bulk Solutions” and “Sterile Solutions” as well as the operating segments “Polymer Solutions” and “Glass Syringes” have similar economic characteristics and therefore have been aggregated to form the reportable segment DCS and DDS.

Inter-segment revenue is eliminated upon consolidation and reflected in the column “Consolidation/Reconciliation”.

Fiscal year 2021/2022:

(in EUR thousands)	DCS	DDS	Consolidation/ Reconciliation	Total SCHOTT Pharma
REVENUE				
External customers	598,288	222,856	-	821,144
Inter-segment revenue	636	0	-636	-
Impairment losses	-11,782	-	-	-11,782
Share of profit from investments accounted for using the equity method	12,990	-	-	12,990
				-
EBITDA	154,180	72,891	-7,339	219,732
Reconciliation of segments' EBITDA to SCHOTT Pharma's profit for the period				
Depreciation and amortization				-55,357
Financial result				-6,087
Income tax expense				-32,441
PROFIT FOR THE PERIOD				125,848

Fiscal year 2020/2021:

(in EUR thousands)	DCS	DDS	Consolidation/ Reconciliation	Total SCHOTT Pharma
REVENUE				
External customers	490,986	157,682	-	648,668
Inter-segment revenue	1,142	-	-1,142	-
Impairment losses	-	-	-	-
Share of profit from investments accounted for using the equity method	13,702	-	-	13,702
EBITDA	122,614	43,058	-1,572	164,100
Reconciliation of segments' EBITDA to SCHOTT Pharma's profit for the period				
Depreciation and amortization				-36,444
Financial result				-4,372
Income tax expense				-22,117
PROFIT FOR THE PERIOD				101,167

Fiscal year 2019/2020:

(in EUR thousands)	DCS	DDS	Consolidation/ Reconciliation	Total SCHOTT Pharma
REVENUE				
External customers	445,987	138,242	-	584,229
Inter-segment revenue	284	102	-386	-
Impairment losses	-147	-	-	-147
Share of profit from investments accounted for using the equity method	5,553	-	-	5,553
EBITDA	96,883	34,348	713	131,944
Reconciliation of segments' EBITDA to SCHOTT Pharma's profit for the period				
Depreciation and amortization				-33,728
Financial result				-2,920
Income tax expense				-17,669
PROFIT FOR THE PERIOD				77,627

The geographical information is based on the geographical regions, Europe, Middle East, Africa (“EMEA”), Asia and South Pacific, North America and South America.

(in EUR thousands)	EMEA			Asia and South Pacific			North America			South America			Total		
	2021/ 2022	2020/ 2021	2019/ 2020	2021/ 2022	2020/ 2021	2019/ 2020	2021/ 2022	2020/ 2021	2019/ 2020	2021/ 2022	2020/ 2021	2019/ 2020	2021/ 2022	2020/ 2021	2019/ 2020
Revenue by location of the customer	396,138	309,465	284,092	166,375	141,907	111,292	170,082	130,364	126,296	88,549	66,932	62,549	821,144	648,668	584,229
Revenue by location of the company	423,495	323,628	303,867	128,840	119,564	89,941	180,543	137,472	126,843	88,266	68,004	63,579	821,144	648,668	584,229
Non-current assets	412,657	273,164	221,236	139,653	99,800	80,259	53,029	34,756	28,272	24,893	19,901	17,767	630,232	427,622	347,533

In fiscal year 2021/2022, the German Pharma operations recognized revenue amounting to EUR 92,412 thousand (2020/2021: EUR 73,194 thousand, 2019/2020: EUR 66,253 thousand). In addition, German customers accounted for revenue amounting to EUR 50,393 thousand (2020/2021: EUR 49,311 thousand, 2019/2020: EUR 45,668 thousand).

Non-current assets comprise intangible assets, property, plant and equipment, investments accounted for using the equity method and other non-financial assets. In fiscal year 2021/2022, the German Pharma operations recognized non-current assets amounting to EUR 228,463 thousand (2020/2021: EUR 127,175 thousand, 2019/2020: EUR 91,982 thousand).

No customer accounted for more than 10% of external revenue in the reporting periods.

35 RELATED PARTY DISCLOSURES

Since SCHOTT Pharma was controlled by SCHOTT AG for the periods presented, related parties include the companies of the remaining SCHOTT Group (SCHOTT AG with its direct and indirect subsidiaries outside of the SCHOTT Pharma combination scope), associated companies and joint ventures of SCHOTT Group as well as the Carl Zeiss Foundation, Heidenheim an der Brenz and Jena, and Carl Zeiss AG, Oberkochen, and its subsidiaries (together the “Carl Zeiss Group”). There were no significant transactions with companies of the Carl Zeiss Group during the reporting periods. SCHOTT Pharma Management AG is the general partner of SCHOTT Pharma.

In addition, related parties comprise all persons exercising a significant influence on the financial and operating business of SCHOTT Pharma which include all persons in key positions of SCHOTT Pharma, the supervisory boards of SCHOTT Pharma KGaA and SCHOTT Pharma Management AG and their close family members.

Please refer to Note 36 for further details.

Transactions with SCHOTT Group

SCHOTT Pharma engaged in the following transactions with other entities of the SCHOTT Group in the reporting periods as follows:

(in EUR thousands)	2021/2022			2020/2021			2019/2020		
	SCHOTT AG	Remaining	Total	SCHOTT AG	Remaining	Total	SCHOTT AG	Remaining	Total
Income from sale of goods and services	474	4,998	5,472	101	5,266	5,367	401	5,478	5,879
Expenses from purchase of goods and services	103,746	52,960	156,706	102,371	43,877	146,248	104,512	36,288	140,800

Sale of goods and services to SCHOTT Group

SCHOTT Pharma realized sales for certain products to other companies of SCHOTT Group and recognized income mainly from commissions.

Expenses from purchase of goods and services from SCHOTT Group

During the normal course of business SCHOTT Pharma purchases certain products needed for the manufacturing process from SCHOTT Group, in particular glass tubes.

Expenses for services provided by SCHOTT relate to central corporate services, such as but not limited to tax and legal, IT, HR, accounting and treasury provided by SCHOTT AG. In addition, SCHOTT AG charged brand license fees to selected entities within SCHOTT Pharma based on a percentage of third party sales. SCHOTT Pharma will continue to use these services provided by SCHOTT based on service level agreements.

SCHOTT Pharma receivables and liabilities to SCHOTT Group are as follows:

(in EUR thousands)	SEPT. 30, 2022			SEPT. 30, 2021			SEPT. 30, 2020		
	SCHOTT AG	Remaining	Total	SCHOTT AG	Remaining	Total	SCHOTT AG	Remaining	Total
Receivables	158,281	21,014	179,295	6,011	20,760	26,771	1,070	11,077	12,147
thereof trade receivables	1,232	16,252	17,485	-	6,971	6,971	37	2,650	2,687
thereof financial receivables	157,048	4,762	161,810	6,011	13,790	19,801	1,033	8,427	9,460
Liabilities	142,338	13,931	156,270	106,303	13,384	119,687	95,049	9,923	104,973
thereof trade payables	21,770	13,931	35,701	9,324	13,384	22,708	8,682	9,923	18,605
thereof financial payables	120,569	-	120,569	96,979	-	96,979	86,367	-	86,367

Financing

SCHOTT Pharma is included in SCHOTT Group's cash pooling management and receivables and balances from financing activities relate solely to cash pooling transactions. The balances are interest-bearing with interest rates on an arm's length basis.

Interest income in connection with cash pooling balances of the current year amounts to EUR 458 thousand (2020/2021: EUR 207 thousand, 2019/2020: EUR 79 thousand), thereof EUR 180 thousand with SCHOTT AG (2020/2021: EUR 45 thousand, 2019/2020: EUR 3 thousand), whereas interest expenses amounts to EUR 1,656 thousand (2020/2021: EUR 1,045 thousand, 2019/2020: EUR 1,161 thousand) thereof EUR 1,656 thousand with SCHOTT AG (2020/2021: EUR 1,045 thousand, 2019/2020: EUR 1,161 thousand).

Hedging

Any hedging activities for SCHOTT Pharma are performed on an arm's length basis via the treasury department of SCHOTT AG. The consideration is based on the normal market rates.

Leasing agreements

Except for lease agreements with SCHOTT AG for three sites in Germany, no other lease agreements between SCHOTT Pharma and SCHOTT Group exist.

The following table presents the development of right-of-use assets with related parties:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
BALANCE AS OF OCT. 1	917	1,223	1,529
New leases	71,833	-	-
Disposals	-530	-	-
Depreciation	-1,003	-306	-306
BALANCE AS OF SEPT. 30	71,218	917	1,223

New leases related to new lease agreements with SCHOTT Group for the production site in Mülheim and office buildings in Mainz (Germany).

The following table presents the development of lease liabilities with related parties:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
BALANCE AS OF OCT. 1	921	1,226	1,529
New leases	71,833	-	-
Disposals	-534	-	-
Repayment and interest	-688	-304	-303
BALANCE AS OF SEPT. 30	71,532	921	1,226

Transactions with associates and joint ventures

SCHOTT Pharma companies engaged in the following transactions with joint ventures:

(in EUR thousands)	2021/2022	2020/2021	2019/2020
Sale of goods	4,183	3,190	993
Purchase of goods	297	1,108	1,317

The receivables and liabilities with joint ventures are as follows:

(in EUR thousands)	SEPT. 30, 2022	SEPT. 30, 2021	SEPT. 30, 2020
Receivables	1,242	689	499
Liabilities	-	2	21

Allowances for doubtful receivables in the amount of EUR 74 thousand (2020/2021: EUR 8 thousand, 2019/2020: EUR 164 thousand) were recognized against joint ventures.

There were neither transactions with associates in the reporting periods nor were there any receivables and liabilities at the respective balance sheet dates.

36 REMUNERATION KEY MANAGEMENT PERSONNEL

For periods prior to July 14, 2022, and thus before the establishment of the Managing Board of SCHOTT Pharma's general partner, SCHOTT Pharma Management AG, responsible for the management of SCHOTT Pharma going forward, the four members of SCHOTT AG's Board of Management and two individuals responsible for the management of the business unit Pharmaceutical Systems within SCHOTT Group were considered as key management personnel. After July 14, 2022, only the two members of the Managing Board of SCHOTT Pharma Management AG are considered as key management personnel.

The total remuneration of key management personnel as defined above comprises short-term benefits of EUR 6,603 thousand (2020/21: EUR 9,491 thousand, 2019/2020: EUR 6,184 thousand), post-employment benefits of EUR 1,037 thousand (2020/2021: EUR 1,726 thousand, 2019/2020: EUR 1,732 thousand) and other long-term benefits of EUR 1,757 thousand (2020/2021: EUR 2,282 thousand, 2019/2020: EUR 626 thousand) in fiscal year 2021/2022. In fiscal year 2021/2022, expenses for share-based compensation amounting to EUR 41 thousand (no shared-based compensation expenses in 2020/2021 and 2019/2020) incurred for the Board of Management of SCHOTT Pharma Management AG, for further information on the share-based compensation program please refer to Note 24.

The remuneration of the four members of SCHOTT AG's Board of Management, which was not charged to SCHOTT Pharma during the periods presented, comprises short-term benefits of EUR 5,580 thousand (2020/21: EUR 8,586 thousand, 2019/2020: EUR 5,435 thousand), post-employment benefits of EUR 918 thousand (2020/2021: EUR 1,584 thousand, 2019/2020: EUR 1,589 thousand) and other long-term benefits of EUR 1,757 thousand (2020/2021: EUR 2,282 thousand, 2019/2020: EUR 596 thousand) in fiscal year 2021/2022.

In addition, the members of the Supervisory Board of SCHOTT AG were also considered as key management personnel of SCHOTT Pharma until the establishment of the Supervisory Board of SCHOTT Pharma KGaA and the Supervisory Board of SCHOTT Pharma Management AG. The members of the Supervisory Board of SCHOTT AG received EUR 607 thousand (2020/2021: EUR 999 thousand, 2019/2020: EUR 990 thousand) for their work in fiscal year 2021/2022 whereas the members of the Supervisory Boards of SCHOTT Pharma KGaA and SCHOTT Pharma Management AG did not receive any compensation in the periods presented. The remuneration of the Supervisory Board of SCHOTT AG was not charged to SCHOTT Pharma.

There were no other significant business transactions between companies of the SCHOTT Pharma and members of the Board of Management and the Supervisory Boards of SCHOTT Pharma and their close family members during the periods presented.

As of September 30, 2022, outstanding balances for short-term benefits for members of the Board of Management of SCHOTT Pharma Management AG amounted to EUR 374 thousand (Sept. 30, 2021: EUR 7,120 thousand, Sept. 30, 2020: EUR 4,603 thousand). The amounts for the previous year ends include also balances for the members of the Board of Management of SCHOTT AG.

37 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The subscribed capital of SCHOTT Pharma KGaA was increased by EUR 125,098 thousand from EUR 25,517 thousand to EUR 150,615 thousand and the statutory capital reserves were increased by EUR 360,634 thousand from EUR 131,301 thousand to EUR 491,935 thousand effectively on November 4, 2022, when the capital increase was entered into the commercial register.

In the general meeting on November 9, 2022, Dr. Jörg Flatten, Thomas Schöning and Oliver Spika were elected as members of the Supervisory Board of SCHOTT Pharma KGaA with effect from this date. Kai Olbricht was appointed as additional member of the Supervisory Board with effect from February 1, 2023. Salvatore Ruggiero, Dr. Heinz Kaiser and Dr. Patrick Markschläger left the Supervisory Board effectively on November 9, 2022. In its inaugural meeting on

November 11, 2022, Dr. Jörg Flatten was elected as Chairman and Thomas Schöning as Vice Chairman of the Supervisory Board. In the general meeting on April 4, 2023, Peter Goldschmidt, Dr. Wolfgang Wienand, Eva Kienle and Anne Erkens were elected as members of the Supervisory Board representing the shareholder with effect from this date. Dr. Jörg Flatten, Thomas Schöning, Oliver Spika and Kai Olbricht left the Supervisory Board effective on April 4, 2023. On April 19, 2023, the local court of Mainz appointed Christine Wening and Mario Just as employee representatives to the Supervisory Board. In its meeting on April 27, 2023, Peter Goldschmidt was elected as Chairman and Dr. Wolfgang Wienand as Vice Chairman of the Supervisory Board.

Effective on March 31, 2023, SCHOTT AG and SGBE sold their shares in SCHOTT Pharmaceutical Packaging OOO to SCHOTT forma vitrum holding ag and SCHOTT Pharma Schweiz AG, respectively. As a result of positive developments at the Russian production site, the impairment losses previously recognized were partially reversed after September 30, 2022.

Mainz, June 23, 2023

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

Andreas Reisse

Dr. Almuth Steinkühler