Prospectus dated November 8, 2024

PROSPECTUS

for

the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard)

of

17,664,427 existing ordinary bearer shares with no par value,
each such share with a notional value of EUR 1.00 in the share capital and
with full dividend rights from January 1, 2024,

of

Formycon AG

Munich, Federal Republic of Germany

International Securities Identification Number (ISIN): DE000A1EWVY8
German Securities Code (*Wertpapier-Kenn-Nummer (WKN)*): A1EWVY
Trading symbol: FYB

Listing Agent
M.M.Warburg & CO

THE VALIDITY OF THIS PROSPECTUS WILL EXPIRE WITH THE BEGINNING OF THE TRADING OF THE SHARES OF FORMYCON AG ON THE REGULATED MARKET (*REGULIERTER MARKT*) OF THE FRANKFURT STOCK EXCHANGE (*FRANKFURTER WERTPAPIERBÖRSE*), WHICH IS EXPECTED TO OCCUR ON NOVEMBER 12, 2024. ACCORDINGLY, THE VALIDITY OF THE PROSPECTUS IS EXPECTED TO EXPIRE AT THE END OF THE DAY ON NOVEMBER 12, 2024, AND NO OBLIGATION TO SUPPLEMENT THIS PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES WILL APPLY WHEN THIS PROSPECTUS IS NO LONGER VALID.

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SUMMARY OF THE PROSPECTUS

A. Introduction and warnings

This prospectus ("**Prospectus**") relates to 17,664,427 existing ordinary bearer shares with no par value ("**Shares**") of Formycon AG ("**Company**" and, together with its consolidated subsidiaries, "**Formycon**", "**we**", "**us**", "**our**"), Fraunhoferstraße 15, 82152 Planegg-Martinsried, Federal Republic of Germany ("**Germany**") (telephone: +49 (0) 89 864667 100; website: www.formycon.com), legal entity identifier ("**LEI**"): 39120005TZ76GQOY8Z19, each such Share having the International Securities Identification Number ("**ISIN**") DE000A1EWVY8.

Subject of the Prospectus is the admission of the Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) ("**Uplisting**"). There will be no public offering or placement of Shares or other securities of the Company in connection with the Uplisting.

The persons asking for the Uplisting are the Company and M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien ("**Listing Agent**"), Ferdinandstraße 75, 20095 Hamburg, Germany (telephone: +49 (0) 40 3282 0; website: www.mmwarburg.de), LEI: MZI1VDH2BQLFZGLQDO60.

This Prospectus has been approved on November 8, 2024 by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**"), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone: +49 (0) 228 4108 0; website: www.bafin.de), as the competent authority in accordance with Article 20 (1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.

This summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole by the investor. Investors in the Shares could lose all or part of their invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only where this summary is misleading, inaccurate, or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

B. Key information on the issuer

Who is the issuer of the securities?

Registration and applicable laws – The Company is a stock corporation incorporated and existing under German law and is subject to German law. The Company has its registered seat in Munich, Germany, and is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under the registration number HRB 200801. The Company's LEI is 39120005TZ76GQOY8Z19

Principal activities – We are an independent and globally active business specializing in the development of high-quality biosimilars, i.e. biopharmaceutical drugs that are developed as follow-on products to existing "reference" biopharmaceuticals ("**Reference Drugs**") and that can be launched after the market exclusivity of the respective Reference Drug has expired ("**Biosimilars**"). Biopharmaceuticals, and therefore also Biosimilars, consist of large complex molecules, in contrast to chemically synthesized drugs. Biosimilars thus differ significantly from conventional generics, which are the follow-on products to chemically synthesized drugs. Biosimilars require very significant time, effort, and expertise, both in their development and in their subsequent production because of their molecular size, structural complexity, and their production using living cell systems. Compared to innovative biopharmaceutical drugs, which are large complex molecules typically extracted from a variety of natural sources, the development of Biosimilars is less costly and the success rate for developing Biosimilars is considerably higher. Biosimilars therefore offer exceptional opportunities for healthcare providers and insurers to combine cost efficiency with highly effective treatment options.

We cover the entire value chain of functional disciplines in the development of Biosimilars with core development operations being performed in-house, complemented by third-party activities under very close monitoring and guidance. This starts with the selection of highly promising pipeline candidates, continues with the analytical characterization of such candidates, and includes preclinical in-vitro studies, production process development and manufacturing at commercial scale, designing and conducting clinical trials, and extends to the compilation and submission of regulatory approval application documents, based on which we manage the entire regulatory procedure until final approval.

Our current products and product pipeline focuses on the fields of ophthalmology, immunology, and immuno-oncology, as well as for the treatment of other key chronic diseases and currently consists of three approved Biosimilars (FYB201, FYB202 and FYB 203), one Biosimilar candidate in the clinical phase (FYB206) and two preclinical (FYB208 and FYB209) Biosimilar candidates. Furthermore, the launch of development for FYB210, a new Biosimilar candidate, has recently been initiated.

Major shareholders – To the Company's knowledge, based on information provided by shareholders to the Company by the date of the Prospectus, the following shareholders hold a notifiable interest in the Company's voting rights within the meaning of sections 33 et seq. of the German Securities and Trading Act (*Wertpapierhandelsgesetz* – "**WpHG**"):

Shareholder		**Shareholding (in %)**[1]
Ultimate	**Direct**	
Thomas Peter Maier[2]	Santo Holding (Deutschland) GmbH	24.04
Peter Wendeln	Peter Wendeln	13.25
	Wpart GmbH[3]	
	Wen.Co.Invest GmbH[4]	
Richter Gedeon Vegyészeti Gyár Nyilvánosan Működő Rt. ("**Gedeon Richter**"), Budapest, Hungary[5]		9.08
Klaus Röhrig[6]	Active Ownership Fund SICAV SIF SCS ("**Active Ownership**"), Grevenmacher, Luxembourg	6.04
Florian Schuhbauer[7]		
Detlef and Ursula Spruth		5.10
Stefan Reichensperger		3.28
Public float		*39.21*
Total		**100.00**

(1) The percentages of voting rights have been rounded according to established commercial standards. As a result, such percentages may not add up to the sum totals, which are calculated based on unrounded figures.
(2) To the Company's knowledge, the voting rights of Santo Holding (Deutschland) GmbH in the Company are attributable to Thomas Peter Maier as the sole general partner of ATHOS KG via Santo Holding AG, Zug, Switzerland, and ATHOS Beteiligung GmbH.
(3) To the Company's knowledge, the voting rights of Wpart GmbH in the Company are attributable to Peter Wendeln as sole shareholder of Wpart GmbH.
(4) To the Company's knowledge, the voting rights of Wen.Co.Invest GmbH in the Company are attributable to Peter Wendeln via Wendeln & Cie. KG as the sole shareholder of Wen.Co.Invest GmbH. Peter Wendeln is (i) a general partner of Wendeln & Cie. KG and (ii) the sole shareholder of Wendeln & Cie. Asset Management GmbH, which is also a general partner of Wendeln & Cie. KG.
(5) Gedeon Richter is a publicly listed company and, to the Company's knowledge, none of Gedeon Richter's shareholders has a controlling influence over Gedeon Richter resulting in a further attribution of Gedeon Richter's voting rights in the Company.
(6) To the Company's knowledge, the voting rights of Active Ownership in the Company are attributable to Klaus Röhrig via (i) Active Ownership Management Ltd., Active Ownership LP, Active Ownership Investments Ltd., Active Ownership Group Ltd. and Active Ownership Corporation S.à r.l. as well as (ii) Active Ownership Management Ltd., Active Ownership LP, Active Ownership Investments Ltd. and Active Ownership Group Ltd.
(7) To the Company's knowledge, the voting rights of Active Ownership in the Company are attributable to Florian Schuhbauer via (i) Active Ownership Advisors GmbH, Active Ownership Group Ltd. and Active Ownership Capital S.à r.l. as well as (ii) Active Ownership Advisors GmbH, Active Ownership Group Ltd. and Active Ownership Corporation S.à r.l.

As the WpHG is not applicable to the Company as of the date of the Prospectus, the Company has neither knowledge of any other potential shareholder holding a notifiable interest in the Company's voting rights within the meaning of sections 33 et seq. WpHG nor any directly and indirectly held instruments pursuant to section 38 WpHG.

Controlling shareholder – To the Company's knowledge, in particular based on shareholding notifications pursuant to section 20 of the German Stock Corporation Act (*Aktiengesetz*) received by the Company by the date of this Prospectus, none of the Company's shareholders has control over the Company within the meaning of section 29 (2) of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

Management board – The members of the Company's management board (*Vorstand*) are Dr. Stefan Glombitza (Chief Executive Officer (CEO) and Chief Operations Officer (COO)), Nicola Mikulcik (Chief Business Officer (CBO)), Dr. Andreas Seidl (Chief Scientific Officer (CSO)) and Enno Spillner (Chief Financial Officer (CFO)).

Statutory auditors – The Company's statutory auditor is KPMG AG Wirtschaftsprüfungsgesellschaft ("**KPMG**"), Berlin, Germany, Munich office, Friedenstraße 10, 81671 Munich, Germany.

What is the key financial information regarding the issuer?

The financial information contained in the following tables is taken or derived from the Company's (i) unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2024 (including comparative figures as of and for the six-month period ended June 30, 2023) prepared in accordance with International Financial Reporting Standards, as adopted by the EU ("**IFRS**"), on interim financial reporting (the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34)) ("**H1 2024 Unaudited Consolidated Interim Financial Statements**"), (ii) the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2023 prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 315e (1) of the German Commercial Code (*Handelsgesetzbuch* – "**HGB**") ("**2023 Audited Consolidated Financial Statements**"), (iii) the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2022 prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 315e (1) HGB ("**2022 Audited Consolidated Financial Statements**"), and (iv) the Company's accounting records or internal management reporting systems. KPMG audited the Audited Consolidated Financial Statements 2022 and 2023 in accordance with section 317 HGB and in compliance with German generally accepted standards for financial statement audit promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.*) and issued unqualified

independent auditors' reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. Since the Company applied IFRS for the first time for the 2022 Audited Consolidated Financial Statements, all financial information as of December 31, 2021, and for the fiscal year ended December 31, 2021, contained in the following tables is taken or derived from the comparable financial information included in the 2022 Audited Consolidated Financial Statements.

Where financial information in the following tables is labelled "audited", this means that it has been taken from the Audited Consolidated Financial Statements 2022 or the Audited Consolidated Financial Statements 2023. The label "unaudited" is used in the tables to indicate financial information that has not been taken from the Audited Consolidated Financial Statements 2022 or the Audited Consolidated Financial Statements 2023 but has been taken from (i) the H1 2024 Unaudited Consolidated Interim Financial Statements, (ii) the Company's internal accounting records or internal reporting systems or (iii) has been calculated on the basis of the financial information form the above-mentioned sources. Certain financial information, including percentages, has been rounded according to established commercial standards. Financial information presented in parentheses denotes the negative of such number presented.

Key financial information from the consolidated statement of profit or loss and other comprehensive income

in EUR million, unless otherwise indicated	Fiscal year ended December 31,			Six-month period ended June 30,	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Revenue	77.7	42.5	36.6	26.9	43.8
Operating profit/loss (EBIT)[1]	(0.4)	(17.7)	(14.0)	(18.0)	6.4
Profit before tax	79.1	36.6	(14.2)	(7.7)	9.1
Profit/loss for the period	75.8	36.0	(13.3)	(10.1)	1.8

(1) Earnings before interest and taxes.

Key financial information from the consolidated statement of financial position

in EUR million	As of December 31,			As of June 30, 2024
	2023	2022	2021	
	(audited)			(unaudited)
Total assets	890.4	853.7	70.7	947.8
Total equity	502.8	356.6	55.9	576.3

Key financial information from the consolidated statement of cash flows

in EUR million	Fiscal year ended December 31,			Six-month period ended June 30,	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Cash flow from operating activities	(9.8)	(18.9)	(13.4)	(31.2)	(8.3)
Cash flow from investing activities	(17.4)	(37.1)	(3.9)	(11.9)	(12.3)
Cash flow from financing activities	44.4	40.7	0.3	56.6	47.7

Key performance indicators

in EUR million	Fiscal year ended December 31,			Six-month period ended June 30,	
	2023	2022	2021	2024	2023
	(audited, unless stated otherwise)			(unaudited)	
Revenue	77.7	42.5	36.6	26.9	43.8
Earnings before interest, tax, depreciation and amortization ("**EBITDA**")[1]	1.5	(15.9)	(12.6)	(16.9)	7.3
Adjusted EBITDA[2]	13.3	(28.8)[3]	(12.6)[3]	(2.1)	1.1

(1) Defined as operating profit (EBIT) before depreciation of property, plant and equipment, amortization of right-of-use (ROU) assets and amortization of intangible assets.
(2) Defined as EBITDA plus the at equity result of Bioeq AG as reported under IFRS.
(3) Unaudited.

In EUR million	As of December 31,			As of June 30, 2024
	2023	2022	2021	
	(unaudited)			(unaudited)
Working Capital[(1)]	38.9	14.0	29.3	63.0

(1) Defined as the sum of trade and other receivables, contract assets as well as cash and cash equivalents less contract liabilities and trade payables.

What are the key risks that are specific to the issuer?

- We are exposed to the development of the global economy, macroeconomic trends, political uncertainty, and the economic development in the markets in which we operate.
- Our success depends on the development of the Biosimilars market.
- Changes in regulatory policy in various countries may lead to price erosion and consequently to a decline in our revenue and profits from our Biosimilar products.
- The Biosimilars market is highly competitive and if we do not keep pace with advances in this industry, we may not be able to achieve and maintain a strong position in the markets in which we operate and to build and expand our position in these markets.
- We face increased competition from manufacturers or distributors of the Reference Drugs to our Biosimilars defending their market share, which could reduce the market share of our Biosimilars, intensify pressure on the pricing of our Biosimilars or increase the risk of litigation.
- Our sustainable growth and profitability depend in particular on our ability to be among the first to bring our Biosimilars to market.
- Our R&D efforts may not be successful, or we may not be able to develop our products in a cost-efficient manner, in a timely manner or in a manner sufficient to grow our business.
- We rely on third parties to manufacture active ingredients and finished products as well as to market our products and are therefore dependent on the production and marketing efforts and success of such third parties.
- Sales of our Biosimilars are largely dependent on the extent to which the costs for them are covered by third parties. Any pricing pressures resulting from changes in third-party coverage, governmental clawback claims, reimbursement methods, and potential regulatory price controls may affect our ability to sell our products at prices necessary to support our current business strategy.
- We have limited control over the third parties on whom we rely for the manufacture, storage, distribution and marketing of our products.
- We could be subject to litigation and claims for damages from companies that own intellectual property rights to the original products of our Biosimilars and alleged infringements of these rights leading to settlements and/or commercialization delays.
- We may be subject to regulatory investigations, litigation and penalties if we fail to comply with legal and regulatory requirements, and our products could be subject to restrictions or withdrawal from certain markets and we may be subject to fines and penalties.
- We rely on external financing to support the continued growth of our business and may not be able to raise needed capital on economically acceptable terms, or at all.

C. Key information on the securities

What are the main features of the securities?

This Prospectus relates to the Uplisting, i.e. the admission of all Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).

Number and nature of the Shares – As of the date of the Prospectus, the Company's share capital amounts to EUR 17,664,427.00 and is divided into 17,664,427 Shares. All Shares are ordinary bearer shares with no par value (*auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien)*), each such Share representing a notional value of EUR 1.00 in the Company's share capital.

ISIN and denomination – The ISIN of the Shares is DE000A1EWVY8. All Shares are denominated in Euro.

Rights attached to the Shares and transferability – Each Share carries one vote at the Company's shareholders' meeting (*Hauptversammlung*). There are no restrictions on voting rights. All Shares carry full dividend rights from January 1, 2024. The Shares are subordinated to all other securities and claims in the case of insolvency of the Company. The Shares will be entitled to a share of any liquidation proceeds or insolvency surpluses at the ratio of their notional value in the Company's

share capital. The Shares are freely transferable in accordance with the legal requirements for bearer shares (*Inhaberaktien*).

Dividend policy – We currently intend to retain all available funds and any future earnings to support our operations and to finance the growth and development of our business. Therefore, we currently do not intend to pay dividends for the foreseeable future.

Where will the securities be traded?

All Shares are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).

What are the key risks attached to the securities?

- The price and trading volume of the Shares may fluctuate significantly, and investors could lose all or part of their investment.
- Future offerings of equity or equity-linked securities may adversely affect the market price of the Shares, and future capital measures could lead to a dilution of existing shareholdings.

D. Key information on the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

Not applicable. There will be no public offering or placement of Shares or other securities of the Company in connection with the Uplisting.

Expected timetable – The following is the expected timetable of the Uplisting, which remains subject to change:

November 8, 2024	• Approval of the Prospectus by BaFin • Publication of the approved Prospectus on the Company's website (www.formycon.com) under the "Investors" section
November 11, 2024	• Uplisting • Publication of the Uplisting by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in the German Federal Gazette (*Bundesanzeiger*) and on the website of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (www.boerse-frankfurt.de)
November 12, 2024	Commencement of trading in the Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard)

Who is the person asking for admission to trading?

Persons – The persons asking for the Uplisting, i.e., the admission of the Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), are the Company and the Listing Agent. The Company is a stock corporation incorporated in Germany and operating under the laws of Germany. The Listing Agent is a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) incorporated in Germany and operating under the laws of Germany.

Admission to trading – On November 4, 2024, the Company, together with the Listing Agent, applied for the Uplisting.

Why is the Prospectus being produced?

Reasons for the Uplisting – The Company intends to pursue the Uplisting to provide shareholders with increased transparency levels and to gain increased access to the capital markets and thus benefitting from additional sources of financing for the future growth of the business. The Company believes that the Uplisting will provide a number of benefits to Formycon, including enhanced visibility and recognition as well as increased flexibility and ability to support and develop Formycon's business.

Material conflicts of interest – There are no conflicts of interest with respect to the Uplisting.

ZUSAMMENFASSUNG DES PROSPEKTS

A. Einleitung mit Warnhinweisen

Dieser Prospekt ("**Prospekt**") bezieht sich auf 17.664.427 bestehende auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien) ("**Aktien**") der Formycon AG ("**Gesellschaft**" und zusammen mit ihren konsolidierten Tochterunternehmen, "**Formycon**", "**wir**", "**uns**" und "**unser**"), Fraunhoferstraße 15, 82152 Planegg-Martinsried, Bundesrepublik Deutschland ("**Deutschland**") (Telefon: +49 (0) 89 864667 100; Webseite: www.formycon.com), Rechtsträgerkennung (*Legal Entity Identifier* – "**LEI**"): 39120005TZ76GQOY8Z19, mit der internationalen Wertpapier-Identifikationsnummer (*International Securities Identification Number* – "**ISIN**") DE000A1EWVY8.

Gegenstand des Prospekts ist die Zulassung der Aktien zum Handel am regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (Prime Standard) ("**Uplisting**"). Im Zusammenhang mit dem Uplisting erfolgt weder ein öffentliches Angebot noch eine Platzierung von Aktien oder anderen Wertpapieren der Gesellschaft.

Die Personen, die das Uplisting beantragen, sind die Gesellschaft und M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien ("**Listing Agent**"), Ferdinandstraße 75, 20095 Hamburg, Deutschland (Telefon: +49 (0) 40 3282 0; Webseite: www.mmwarburg.de), LEI: MZI1VDH2BQLFZGLQDO60.

Die Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**"), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland (Telefon: +49 (0) 228 41080; Website: www.bafin.de), hat den Prospekt als zuständige Behörde gemäß Art. 20 Abs. 1 der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 über den Prospekt, der beim öffentlichen Angebot von Wertpapieren oder bei deren Zulassung zum Handel an einem geregelten Markt zu veröffentlichen ist und zur Aufhebung der Richtlinie 2003/71/EG, am 8. November 2024 gebilligt.

Diese Zusammenfassung sollte als Prospekteinleitung verstanden werden. Anleger sollten sich bei jeder Entscheidung, in die Aktien zu investieren, auf diesen Prospekt als Ganzes stützen. Anleger könnten das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Zivilrechtlich haften nur diejenigen Personen, die diese Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die Aktien für die Anleger eine Entscheidungshilfe darstellen würden.

B. Basisinformationen über den Emittenten

Wer ist der Emittent der Wertpapiere?

Sitz und anwendbares Recht – Die Gesellschaft ist eine nach deutschem Recht gegründete und bestehende Aktiengesellschaft (AG), die deutschem Recht unterliegt. Die Gesellschaft hat ihren Satzungssitz in München, Deutschland, und ist eingetragen in das Handelsregister des Amtsgerichts München, Deutschland, unter der Registernummer HRB 200801. Die LEI der Gesellschaft lautet 39120005TZ76GQOY8Z19.

Haupttätigkeiten – Wir sind ein unabhängiges und weltweit tätiges Unternehmen, das sich auf die Entwicklung von hochwertigen Biosimilars spezialisiert hat, d.h. biopharmazeutische Arzneimittel, die als Nachfolgeprodukte zu bestehenden biopharmazeutischen Referenzarzneimitteln ("**Referenzarzneimittel**") entwickelt werden und nach Ablauf der Marktexklusivität des jeweiligen Referenzarzneimittels auf den Markt gebracht werden können ("**Biosimilars**"). Biopharmazeutika, und damit auch Biosimilars, bestehen im Gegensatz zu chemisch-synthetisch hergestellten Arzneimitteln, aus großen komplexen Molekülen. Biosimilars unterscheiden sich daher deutlich von konventionellen Generika, den Nachfolgeprodukten chemisch-synthetisch hergestellter Arzneimittel. Aufgrund ihrer molekularen Größe, ihrer strukturellen Komplexität und ihrer Herstellung in lebenden Zellen erfordern Biosimilars sowohl in der Entwicklung als auch in der anschließenden Produktion sehr viel Zeit, Aufwand und Know-how. Im Vergleich zu innovativen biologischen Arzneimitteln ist die Entwicklung von Biosimilars weniger kostspielig und die Erfolgsquote bei der Entwicklung von Biosimilars wesentlich höher. Biosimilars bieten daher außergewöhnliche Möglichkeiten für Gesundheitsdienstleister und Versicherer, Kosteneffizienz mit hochwirksamen Behandlungsoptionen zu kombinieren.

Wir decken die gesamte Wertschöpfungskette bei der Entwicklung von Biosimilars ab, wobei die Hauptentwicklungsschritte im eigenen Haus durchgeführt und durch Leistungen Dritter unter strenger Überwachung und Anleitung ergänzt werden. Dies beginnt bei der Auswahl vielversprechender Pipeline-Kandidaten, setzt sich mit der analytischen Charakterisierung dieser Kandidaten fort und umfasst zudem präklinische In-vitro-Studien, die Entwicklung von Produktionsverfahren und die Herstellung im kommerziellen Maßstab, die Planung und Durchführung klinischer Studien und reicht bis zur Erstellung und Einreichung von Zulassungsunterlagen, auf deren Grundlage wir das gesamte Zulassungsverfahren bis zur endgültigen Zulassung steuern.

Unsere aktuellen Produkte und unsere Produktpipeline konzentrieren sich auf die Bereiche Ophthalmologie, Immunologie und Immunonkologie sowie auf die Behandlung anderer wichtiger chronischer Krankheiten und besteht derzeit aus drei zugelassenen Biosimilars (FYB201, FYB202 und FYB203), einem Biosimilar-Kandidaten in der klinischen Phase (FYB206)

und zwei Biosimilar-Kandidaten im präklinischen Stadium (FYB208 und FYB209). Darüber hinaus wurde kürzlich der Entwicklungsstart von FYB210, einem neuen Biosimilar-Kandidaten, initiiert.

Hauptanteilseigner – Nach Kenntnis der Gesellschaft aufgrund von Informationen, die der Gesellschaft von Aktionären bis zum Datum des Prospekts zur Verfügung gestellt wurden, halten die folgenden Aktionäre eine meldepflichtige Beteiligung an den Stimmrechten der Gesellschaft im Sinne der §§ 33 ff. des Wertpapierhandelsgesetzes ("**WpHG**"):

Aktionär		**Beteiligung (in %)**[1]
Indirekt	**Direkt**	
Thomas Peter Maier[2]	Santo Holding (Deutschland) GmbH	24,04
Peter Wendeln	Peter Wendeln	13,25
	Wpart GmbH[3]	
	Wen.Co.Invest GmbH[4]	
Richter Gedeon Vegyészeti Gyár Nyilvánosan Működő Rt. ("**Gedeon Richter**"), Budapest, Ungarn[5]		9,08
Klaus Röhrig[6]	Active Ownership Fund SICAV SIF SCS ("**Active Ownership**"), Grevenmacher, Luxemburg	6,04
Florian Schuhbauer[7]		
Detlef und Ursula Spruth		5,10
Stefan Reichensperger		3,28
Streubesitz		*39,21*
Gesamt		**100,00**

(1) Die Prozentsätze der Stimmrechte wurden nach den üblichen kaufmännischen Grundsätzen gerundet. Daher kann es vorkommen, dass sich diese Prozentsätze nicht zu den Gesamtsummen aufaddieren, die auf der Grundlage ungerundeter Zahlen berechnet wurden.
(2) Nach Kenntnis der Gesellschaft wären die Stimmrechte der Santo Holding (Deutschland) GmbH an der Gesellschaft Thomas Peter Maier als alleinigem persönlich haftendem Gesellschafter der ATHOS KG über die Santo Holding AG, Zug, Schweiz, und die ATHOS Beteiligung GmbH zuzurechnen.
(3) Nach Kenntnis der Gesellschaft wären die Stimmrechte der Wpart GmbH an der Gesellschaft Peter Wendeln als alleinigem Gesellschafter der Wpart GmbH zugerechnet.
(4) Nach Kenntnis der Gesellschaft wären die Stimmrechte der Wen.Co.Invest GmbH an der Gesellschaft Peter Wendeln über die Wendeln & Cie. KG als alleiniger Gesellschafterin der Wen.Co.Invest GmbH zuzurechnen. Peter Wendeln ist (i) persönlich haftender Gesellschafter der Wendeln & Cie. KG und (ii) der alleinige Gesellschafter der Wendeln & Cie. Asset Management GmbH, die ebenfalls eine persönlich haftende Gesellschafterin der Wendeln & Cie. KG ist.
(5) Gedeon Richter ist eine börsennotierte Gesellschaft und nach Kenntnis der Gesellschaft hat keiner der Aktionäre von Gedeon Richter einen beherrschenden Einfluss auf Gedeon Richter, der zu einer weiteren Zurechnung der Stimmrechte von Gedeon Richter an der Gesellschaft führen würde.
(6) Nach Kenntnis der Gesellschaft wären die Stimmrechte der Active Ownership an der Gesellschaft Klaus Röhrig über die (i) Active Ownership Management Ltd., Active Ownership LP, Active Ownership Investments Ltd., Active Ownership Group Ltd. und die Active Ownership Corporation S.à r.l. sowie (ii) Active Ownership Management Ltd., Active Ownership LP, Active Ownership Investments Ltd. und die Active Ownership Group Ltd zuzurechnen.
(7) Nach Kenntnis der Gesellschaft wären die Stimmrechte der Active Ownership an der Gesellschaft Florian Schuhbauer über die (i) Active Ownership Advisors GmbH, Active Ownership Group Ltd. und die Active Ownership Capital S.à r.l.. sowie die (ii) Active Ownership Advisors GmbH, Active Ownership Group Ltd. und die Active Ownership Corporation S.à r.l. zuzurechnen.

Da das WpHG zum Datum des Prospekts nicht auf die Gesellschaft anwendbar ist, hat die Gesellschaft weder Kenntnis von einem anderen potenziellen Aktionär, der eine meldepflichtige Beteiligung an den Stimmrechten der Gesellschaft im Sinne der §§ 33 ff. WpHG hält, noch von direkt und indirekt gehaltenen Instrumenten gemäß § 38 WpHG.

Beherrschende Anteilseigner – Nach Kenntnis der Gesellschaft, insbesondere basierend auf den bis zum Datum des Prospekts erhaltenen Stimmrechtsmitteilungen nach § 20 des Aktiengesetzes, hat keiner der Aktionäre der Gesellschaft die Kontrolle über die Gesellschaft im Sinne von § 29 Abs. 2 des Wertpapiererwerbs- und Übernahmegesetzes.

Vorstand – Die Mitglieder des Vorstands der Gesellschaft sind Dr. Stefan Glombitza (Chief Executive Officer (CEO) und Chief Operations Officer (COO)), Nikola Mikulcik (Chief Business Officer (CBO)), Dr. Andreas Seidl (Chief Scientific Officer (CSO)) und Enno Spillner (Chief Financial Officer (CFO)).

Abschlussprüfer – Der Abschlussprüfer der Gesellschaft ist die KPMG AG Wirtschaftsprüfungsgesellschaft ("**KPMG**"), Berlin, Deutschland, Büro München, Friedenstraße 10, 81671 München, Deutschland.

Welches sind die wesentlichen Finanzinformationen über den Emittenten?

Die in den folgenden Tabellen enthaltenen Finanzinformationen sind (i) dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft zum und für den zum 30. Juni 2024 endenden Sechsmonatszeitraum (einschließlich Vergleichszahlen für den zum 30. Juni 2023 endenden Sechsmonatszeitraum), der in Übereinstimmung mit den International Financial Reporting Standards (IFRS), wie sie in der EU anzuwenden sind ("**IFRS**"), für Zwischenberichterstattung (dem International Accounting Standard 34 „*Zwischenberichterstattung*" (IAS 34)) erstellt wurde ("**Ungeprüfter Konzernzwischenabschluss H1 2024**"), (ii) dem geprüften Konzernabschluss der Gesellschaft zum und für das Geschäftsjahr endend zum 31. Dezember 2023, der nach IFRS und den ergänzend nach § 315e Abs. 1 des Handelsgesetzbuches ("**HGB**") anzuwendenden handelsrechtlichen Vorschriften erstellt wurde ("**Geprüfter Konzernabschluss 2023**"), (iii) dem geprüften Konzernabschluss der Gesellschaft zum und für das Geschäftsjahr endend zum 31. Dezember 2022, der nach IFRS und den ergänzend nach § 315e Abs. 1 HGB anzuwendenden handelsrechtlichen Vorschriften erstellt wurde ("**Geprüfter Konzernabschluss 2022**"), und (iv) den Buchhaltungsunterlagen oder internen Berichtssystemen der Gesellschaft entnommen oder daraus abgeleitet. KPMG hat den Geprüften Konzernabschluss 2022 und den Geprüften Konzernabschluss 2023 jeweils in Übereinstimmung mit § 317 HGB und unter Beachtung der vom Institut der Wirtschaftsprüfer in Deutschland e. V.

festgestellten deutschen Grundsätze ordnungsgemäßer Abschlussprüfung geprüft und jeweils mit einem uneingeschränkten Bestätigungsvermerk des unabhängigen Abschlussprüfers versehen. Da die Gesellschaft IFRS im Geprüften Konzernabschluss 2022 erstmalig angewendet hat, sind alle in den folgenden Tabellen enthaltenen Finanzinformationen zum 31. Dezember 2021 und für das am 31. Dezember 2021 endende Geschäftsjahr den Vergleichszahlen aus dem Geprüften Konzernabschluss 2022 entnommen oder daraus abgeleitet.

Wo die Finanzinformationen in den folgenden Tabellen als "geprüft" bezeichnet sind, bedeutet dies, dass sie aus dem Geprüften Konzernabschluss 2022 oder dem Geprüften Konzernabschluss 2023 entnommen wurden. Die Kennzeichnung "ungeprüft" wird in den folgenden Tabellen genutzt, um Finanzinformationen anzuzeigen, welche nicht dem Geprüften Konzernabschluss 2022 oder dem Geprüften Konzernabschluss 2023, aber (i) dem Ungeprüften Konzernzwischenabschluss H1 2024, (ii) den Buchhaltungsunterlagen oder internen Berichtssystemen der Gesellschaft oder (iii) einer Berechnung auf Grundlage der Finanzinformationen aus den oben genannten Quellen, entnommen wurden. Bestimmte Finanzinformationen, einschließlich Prozentangaben, wurden entsprechend den gängigen kaufmännischen Standards gerundet. In Klammern dargestellte Finanzinformationen handelt es sich um den negativen Wert der dargestellten Zahl.

Wesentliche Finanzinformationen aus der Konzern-Gesamtergebnisrechnung

in EUR Mio., soweit nicht anders angegeben	Geschäftsjahr endend zum 31. Dezember			Sechsmonatszeitraum endend zum 30. Juni	
	2023	2022	2021	2024	2023
	(geprüft)			(ungeprüft)	
Umsatzerlöse	77,7	42,5	36,6	26,9	43,8
Betriebsergebnis (EBIT)[1]	(0,4)	(17,7)	(14,0)	(18,0)	6,4
Ergebnis vor Steuern	79,1	36,6	(14,2)	(7,7)	9,1
Jahresergebnis	75,8	36,0	(13,3)	(10,1)	1,8

(1) Ergebnis vor Ertragsteuern und Zinsen (*earnings before interest and taxes (EBIT)*).

Wesentliche Finanzinformationen aus der Konzernbilanz

in EUR Mio.	Zum 31. Dezember			Zum 30. Juni 2024
	2023	2022	2021	
	(geprüft)			(ungeprüft)
Vermögenswerte	890,4	853,7	70,7	947,8
Eigenkapital	502,8	356,6	55,9	576,3

Wesentliche Finanzinformationen aus der Konzernkapitalflußrechnung

in EUR Mio.	Geschäftsjahr endend zum 31. Dezember			Sechsmonatszeitraum endend zum 30. Juni	
	2023	2022	2021	2024	2023
	(geprüft)			(ungeprüft)	
Cashflow aus betrieblicher Tätigkeit	(9,8)	(18,9)	(13,4)	(31,2)	(8,3)
Cashflow aus Investitionstätigkeit	(17,4)	(37,1)	(3,9)	(11,9)	(12,3)
Cashflow aus Finanzierungstätigkeit	44,4	40,7	0,3	56,6	47,7

Leistungsindikatoren

in EUR Mio.	Geschäftsjahr endend zum 31. Dezember			Sechsmonatszeitraum endend zum 30. Juni	
	2023	2022	2021	2024	2023
	(geprüft, soweit nicht anders angegeben)			(ungeprüft)	
Umsatzerlöse	77,7	42,5	36,6	26,9	43,8
Ergebnis vor Zinsen, Steuern und Abschreibungen ("**EBITDA**")[1]	1,5	(15,9)	(12,6)	(16,9)	7,3
Bereinigtes EBITDA[2]	13,3	(28,8)[3]	(12,6)[3]	(2,1)	1,1

(1) Definiert als Betriebsergebnis (EBIT) zuzüglich Abschreibungen auf Sachanlagevermögen, Abschreibungen auf aktivierte Nutzungsrechte und Abschreibungen auf immaterielle Vermögenswerte.
(2) Definiert als EBITDA zuzüglich des At equity-Ergebnisses der Bioeq AG wie nach IFRS bilanziert.
(3) Ungeprüft.

In EUR Mio.	Zum 31. Dezember			Zum 30. Juni 2024
	2023	2022	2021	
	(ungeprüft)			(ungeprüft)
Nettoumlaufvermögen(1)	38,9	14,0	29,3	63,0

(1) Definiert als die Summe aus Forderungen aus Lieferungen und Leistungen und sonstigen Forderungen, Vermögenswerten aus Kundenverträgen sowie Zahlungsmitteln und Zahlungsmitteläquivalenten abzüglich Verbindlichkeiten aus Kundenverträgen und Verbindlichkeiten aus Lieferungen und Leistungen.

Welches sind die zentralen Risiken, die für den Emittenten spezifisch sind?

- Wir sind der Entwicklung der Weltwirtschaft, makroökonomischen Trends, politischen Unsicherheiten und der wirtschaftlichen Entwicklung in den Märkten, in denen wir tätig sind, ausgesetzt.
- Unser Erfolg hängt von der Entwicklung des Marktes für Biosimilars ab.
- Änderungen in der Regulierungspolitik in verschiedenen Ländern können zu einem Preisverfall und folglich zu einem Rückgang unserer Umsätze und Gewinne aus unseren Biosimilar-Produkten führen.
- Der Markt für Biosimilars ist sehr wettbewerbsintensiv. Wenn wir mit den Fortschritten in diesem Markt nicht Schritt halten, könnten wir nicht in der Lage sein, eine starke Position in den Märkten, in denen wir tätig sind, zu erreichen und zu halten und unsere Position in diesen Märkten auf- und auszubauen.
- Wir sehen uns einem verstärkten Wettbewerb durch Hersteller oder Vertreiber von Referenzarzneimitteln für unsere Biosimilars ausgesetzt, die ihren Marktanteil verteidigen, was den Marktanteil unserer Biosimilars verringern, den Druck auf die Preise unserer Biosimilars verstärken oder das Risiko von Rechtsstreitigkeiten erhöhen könnte.
- Unser nachhaltiges Wachstum und unsere Rentabilität hängen insbesondere von unserer Fähigkeit ab, unsere Biosimilars als einer der ersten auf den Markt zu bringen.
- Unsere Forschungs- und Entwicklungsanstrengungen könnten nicht erfolgreich sein. Zudem könnten wir nicht in der Lage sein, unsere Produkte auf kosteneffiziente Weise, rechtzeitige Weise oder in einer Weise zu entwickeln, die für das Wachstum unseres Unternehmens ausreicht.
- Wir verlassen uns bei der Herstellung von Wirkstoffen und Fertigprodukten sowie bei der Vermarktung unserer Produkte auf Dritte und sind daher von den Produktions- und Marketingbemühungen und dem Erfolg dieser Dritten abhängig.
- Der Absatz unserer Biosimilars hängt weitgehend davon ab, inwieweit ihre Kosten von Dritten übernommen werden. Jeglicher Preisdruck, der sich aus Änderungen der Kostenübernahme durch Dritte, staatlichen Rückforderungsansprüchen, Erstattungsmethoden und potenziellen behördlichen Preiskontrollen ergibt, kann unsere Fähigkeit beeinträchtigen, unsere Produkte zu Preisen zu verkaufen, die zur Unterstützung unserer derzeitigen Geschäftsstrategie erforderlich sind.
- Wir haben nur begrenzte Kontrolle über Dritte, auf die wir bei der Herstellung, Lagerung, dem Vertrieb und der Vermarktung unserer Produkte zurückgreifen.
- Wir könnten Gegenstand von Rechtsstreitigkeiten und Schadensersatzforderungen von Unternehmen sein, die Rechte an geistigem Eigentum an den Originalprodukten unserer Biosimilars besitzen, und angebliche Verletzungen dieser Rechte könnten zu Vergleichen mit Verzögerungen bei der Vermarktung führen.
- Wir könnten behördlichen Untersuchungen, Rechtsstreitigkeiten und Strafen ausgesetzt sein, wenn wir die gesetzlichen und behördlichen Anforderungen nicht erfüllen, und unsere Produkte könnten Beschränkungen oder dem Rückzug von bestimmten Märkten sowie Geldstrafen und Bußgeldern ausgesetzt sein.
- Wir sind auf externe Finanzierungen angewiesen, um das weitere Wachstum unseres Unternehmens zu unterstützen, und könnten nicht in der Lage sein, das benötigte Kapital zu wirtschaftlich akzeptablen Bedingungen oder überhaupt zu beschaffen.

C. Basisinformationen über die Wertpapiere

Welches sind die wichtigsten Merkmale der Wertpapiere?

Dieser Prospekt bezieht sich auf das Uplisting, d.h. die Zulassung aller Aktien zum Handel **am** regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (Prime Standard).

Anzahl und Art der Aktien – Zum Datum des Prospekts beträgt das Grundkapital der Gesellschaft EUR 17.664.427,00 und ist eingeteilt in 17.664.427 Aktien. Alle Aktien sind auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien) mit einem anteiligen Betrag am Grundkapital der Gesellschaft von EUR 1,00 je Aktie.

ISIN und Währung – Die Aktien haben die ISIN DE000A1EWVY8. Alle Aktien sind in Euro denominiert.

Mit den Aktien verbundene Rechte und Übertragbarkeit – Jede Aktie gewährt eine Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen. Die Aktien sind ab dem 1. Januar 2024 in voller Höhe gewinnanteilsberechtigt. Die Aktien sind im Fall einer Insolvenz der Gesellschaft gegenüber allen anderen Wertpapieren und Forderungen nachrangig. Die Aktien haben Anspruch auf einen Anteil an etwaigen Liquidationserlösen oder Insolvenzüberschüssen im Verhältnis zu ihrem rechnerischen Anteil am Grundkapital der Gesellschaft. Alle Aktien sind frei übertragbar gemäß den gesetzlichen Bestimmungen für Inhaberaktien.

Dividendenpolitik – Wir beabsichtigen derzeit, alle verfügbaren Mittel und alle künftigen Gewinne einzubehalten, um unsere Geschäftstätigkeit zu unterstützen und das Wachstum und die Entwicklung unseres Unternehmens zu finanzieren. Daher beabsichtigen wir derzeit nicht, in absehbarer Zukunft Dividenden auszuschütten.

Wo werden die Wertpapiere gehandelt?

Alle Aktien werden voraussichtlich zum Handel am regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (Prime Standard) zugelassen.

Was sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Der Preis und das Handelsvolumen der Aktien können erheblich schwanken, und die Anleger könnten ihre Anlage ganz oder teilweise verlieren.
- Künftige Emissionen von Schuld- oder Eigenkapitaltiteln können sich nachteilig auf den Marktpreis der Aktien auswirken und künftige Kapitalmaßnahmen könnten zu einer Verwässerung des bestehenden Aktienbesitzes führen.

D. Basisinformationen über die Zulassung zum Handel an einem geregelten Markt

Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Nicht anwendbar. Im Zusammenhang mit dem Uplisting erfolgt weder ein öffentliches Angebot noch eine Platzierung von Aktien oder anderen Wertpapieren der Gesellschaft.

Voraussichtlicher Zeitplan – Im Folgenden wird der voraussichtliche Zeitplan für das Uplisting dargestellt, der jedoch noch Änderungen unterliegen kann:

8. November 2024	• Billigung des Prospekts durch die BaFin • Veröffentlichung des gebilligten Prospekts auf der Website der Gesellschaft (www.formycon.com) in der Rubrik "Investoren"
11. November 2024	• Uplisting • Bekanntmachung des Uplisting durch die Frankfurter Wertpapierbörse im Bundesanzeiger und auf der Website der Frankfurter Wertpapierbörse (www.boerse-frankfurt.de)
12. November 2024	Handelsaufnahme der Aktien am regulierten Markt an der Frankfurter Wertpapierbörse (Prime Standard)

Wer ist die Zulassung zum Handel beantragende Person?

Person – Die Personen, die das Uplisting, d.h. die Zulassung der Aktien zum Handel am regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (Prime Standard) beantragen, sind die Gesellschaft und der Listing Agent. Die Gesellschaft ist eine Aktiengesellschaft, die in Deutschland gegründet wurde und deutschem Recht unterliegt. Der Listing Agent ist eine Kommanditgesellschaft auf Aktien, die in Deutschland gegründet wurde und deutschem Recht unterliegt.

Zulassung zum Handel – Die Gesellschaft hat das Uplisting zusammen mit dem Listing Agent am 4. November 2024 beantragt.

Weshalb wird dieser Prospekt erstellt?

Gründe für das Uplisting –Die Gesellschaft beabsichtigt, das Uplisting durchzuführen, um den Aktionären ein höheres Maß an Transparenz zu bieten, einen besseren Zugang zu den Kapitalmärkten zu erhalten und so von zusätzlichen Finanzierungsquellen für das künftige Wachstum des Unternehmens zu profitieren. Die Gesellschaft ist der Ansicht, dass das Uplisting Formycon eine Reihe von Vorteilen bringen wird, einschließlich einer verbesserten Sichtbarkeit und Wahrnehmung sowie einer erhöhten Flexibilität und Fähigkeit, das Geschäft von Formycon zu fördern und zu entwickeln.

Wesentliche Interessenkonflikte – In Bezug auf das Uplisting bestehen keine Interessenkonflikte.

1. RISK FACTORS

*This prospectus ("**Prospectus**") relates to the admission of 17,664,427 existing ordinary bearer shares with no par value (auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien)) ("**Shares**") in Formycon AG ("**Company**" and, together with its consolidated subsidiaries, "**Formycon**", "**Group**", "**we**", "**us**", "**our**" and "**ourselves**"), Munich, Federal Republic of Germany ("**Germany**"), to trading on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) ("**Uplisting**"). An investment in the Shares is subject to risks. In considering whether to invest in the Shares, investors should carefully consider the following risks in this Section "1. RISK FACTORS".*

The risk factors featured in the Prospectus are limited to risks, which are specific to the Company, the Group, or the Shares and which are material for taking an informed investment decision. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their negative impact. The risk factors are presented in categories depending on their nature. In each category, the two most material risk factors are mentioned first according to the current assessment based on the probability of their occurrence and the expected magnitude of their negative impact. The risks mentioned may materialize individually or cumulatively.

1.1 Risks related to our markets

1.1.1 We are exposed to the development of the global economy, macroeconomic trends, political uncertainty, and the economic development in the markets in which we operate.

We are an independent and globally active business specializing in the development of high-quality biosimilars ("**Biosimilars**"), i.e., biopharmaceutical drugs that are developed as follow-on products to existing "reference" biopharmaceuticals ("**Reference Drugs**") and that can be launched on the market after the market exclusivity of the respective Reference Drug has expired. While we are based in Germany, our products are developed for the global markets, including the United States of America ("**United States**" or "**U.S.**"), the European Union ("**EU**"), the United Kingdom of Great Britain and Northern Ireland ("**United Kingdom**"), Japan, Canada, Australia, the Middle East and North Africa ("**MENA**") region and Latin America. As a result, our financial results and operations are dependent on the development of the global economy, macroeconomic trends, and political conditions and the economic development in the markets in which we operate and in our target markets. High inflation, weak growth and political instability combined with high levels of sovereign debt in certain countries already have a negative impact on the global economy and could lead to, among other things, fiscal reforms (including austerity measures), debt restructuring, currency instability, etc. Any of these factors, alone or in combination with other factors, could adversely affect demand for our Biosimilar products, our business, our results of operations, access to credit and capital markets and, therefore, our ability to execute our strategy.

The current geopolitical situation has a significant impact on global economic conditions. The Russian war against Ukraine, which began in February 2022, continues to cause significant disruption in the region and beyond. The invasion, as well as the actions that other countries have taken or may take in response, including new and more stringent sanctions by the EU, the United States, the United Kingdom and other countries and organizations against officials, individuals, regions and industries in Russia or other countries involved, could further exacerbate price inflation for critical goods and disrupt supply chains, which could have a material adverse effect on our business, demand for our products and profitability. Restrictions on the export of Russian coal, oil and gas or the cancellation or restriction of supplies by Russian suppliers have already led to a significant increase in energy prices and energy prices are expected to increase further. Rising energy prices and disruptions in energy supplies have already resulted in higher prices for raw materials, intermediate products and services that are important to Formycon, such as culture media required for drug substance production and other supplies that are used in the biologic manufacturing processes of our products, as well as the services of the contract manufacturing organizations manufacturing our products, and could continue to do so as suppliers' costs further increase. A possible shortage of resources or rationing of energy may lead to delays or interruptions in the development or manufacturing of our products and the development and production costs of our projects may further increase.

In addition, an armed conflict between Israel and the terrorist organization Hamas began on October 7, 2023 and has since escalated and led to a series of widespread hostilities in and along Israel's border with the Gaza Strip. Many multinational companies have research and production facilities in Israel. The intensity, duration and outcome of the ongoing conflict in the Middle East are uncertain, and its continuation or further escalation may have a material adverse effect on our supply chain and/or on the customers of our Biosimilar products and ultimately on our business and operations in the respective region. Our commercial licensing partner for our Biosimilar ranibizumab (FYB201) for Europe and Canada is the Israeli company Teva Pharmaceutical Industries Ltd. ("**Teva**") and in the MENA region our product is sold by the Jordanian company MS Pharma. If the business operations of either of these companies is compromised by the impact of conflicts in the region, this would adversely affect our business.

These developments already have a significant negative macroeconomic impact in Europe and worldwide and are expected to continue to do so. Depending on the duration and further development of the war in Ukraine and the armed conflict in the Middle East, the associated economic risks could increase further and have a lasting negative impact on the global economy, which in turn could have a negative effect on our business and financial results.

1.1.2 Our success depends on the development of the Biosimilars market.

We are dependent on the development of the Biosimilars market. Shifts in industry market share and the size of the Biosimilars market can occur in connection with product issues or safety alerts, changes in the prescribing behavior of physicians, especially due to new and more efficacious products with fewer and/or less severe side effects. This is particularly true because the Biosimilars market is still at an early stage of development, especially in the United States. Biosimilar adoption varies by molecule, physician group and market channel and can evolve as the market matures. While the medical benefit segment of the Biosimilars market in the U.S. is advanced and leads to fast up-take of Biosimilars in that segment, the important pharmacy benefit segment may face economic headwinds during its emergence, which we expect to develop over the next few years. Since there is no substitution at the pharmacy level for Biosimilars, in this segment of the market we have to rely on increased promotional activities with physicians and contract strategies with pharmacy benefit managers who may have no incentive to switch from Reference Drugs to Biosimilar products. As a result, the U.S. market for Biosimilars or other regional markets relevant to us may not grow as expected or may suffer greater price erosion, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, Biosimilar protection strategies can block market access and result in reduced growth of the Biosimilar market share.

The size of the Biosimilars market may also not increase as expected or at all. Although Biosimilars are sold at lower prices than the Reference Drugs and therefore offer a solution to constrained healthcare budgets, economic pressures on the end users of our products, the impact on managed care organizations and other payors for the Reference Drugs and our products may adversely affect our business (see also "*1.3.3 Sales of our Biosimilars are largely dependent on the extent to which the costs for them are covered by third parties. Any pricing pressures resulting from changes in third-party coverage, governmental clawback claims, reimbursement methods, and potential regulatory price controls may affect our ability to sell our products at prices necessary to support our current business strategy.*" below). In addition, we derive the future size and growth trajectory of the markets we are targeting with our developments from existing sales statistics for the respective Reference Drugs. Declining revenue of a Reference Drug could mean that the potential future market size for a Biosimilar developed by us may be significantly smaller than we assumed. In the worst-case scenario, this could lead to future product revenues not being sufficient to make the development of a Biosimilar profitable and the discontinuation of the respective project. These and other factors may adversely affect the size of the Biosimilars market, and accordingly the volumes or average selling prices of our products.

If the Biosimilars market declines or does not develop as expected, this could have a material adverse effect on our business. If we are unable to expand our markets beyond existing levels, this could adversely affect our ability to grow in line with or beyond current industry standards.

1.1.3 Our target markets include emerging markets with potentially volatile economic, political, legal, and business conditions that could adversely affect our business and results of operations.

Economic, social, and political conditions, laws, practices, and local customs vary widely among the countries in which our products are marketed or intended to be marketed. In particular, the sale of our products in emerging markets, where we aim to increase the market share of our products, are subject to a number of risks and potential costs, including lower profit margins and economic, political, regulatory and social uncertainty in certain markets. For example, some of the emerging markets in which our products are marketed have currencies that fluctuate substantially. If currencies devalue and this cannot be offset with price increases, our products may become less profitable. Inflation in emerging markets also can make our products less attractive and/or profitable and increase our Commercialization Partners' exposure to credit risks. Further, in many emerging markets, average income levels are relatively low, government reimbursement for the cost of healthcare products and services is limited and prices and demand are sensitive to general economic conditions. Competition on price and the resulting price erosion may therefore be more pronounced in such emerging markets. In addition, in some of these markets, local manufacturers may be favored over companies with a global footprint like ours. These challenges may prevent us from realizing the expected benefits in such emerging markets, which could have an adverse impact on our business, financial condition, and results of operations.

1.2 Risks related to our industry

1.2.1 Changes in regulatory policy in various countries may lead to price erosion and consequently to a decline in our revenue and profits from our Biosimilar products.

Prices of Biosimilars may decline, even dramatically, especially as additional Biosimilar companies (including low-cost Biosimilars producers based in jurisdictions such as China and India) receive approvals and enter the market for a given product and competition intensifies. Our ability to sustain our revenue and profitability across our portfolio over time is affected by the number of companies selling competing Biosimilars, including new market entrants, and the number and timing of their approvals (see also "*1.2.3 We face increased competition from manufacturers or distributors of the Reference Drugs to our Biosimilars defending their market share, which could reduce the market share of our Biosimilars, intensify pressure on the pricing of our Biosimilars or increase the risk of litigation.*"). Accordingly, changes in regulatory policies across different countries may result in increased competition which could adversely affect our revenue and profitability (see also "*1.4.7 Legal and regulatory reforms may affect our ability to develop and commercialize our products.*").

Specifically, regulatory policy and development in the United States including increased funding of the competent authorities have led to more Biosimilar approvals, and consequently potentially increased competition for our product portfolio. Steps were being taken by the U.S. Food and Drug Administration ("**FDA**") to enhance competition, promote access and lower drug prices. While these FDA initiatives are expected to benefit our Biosimilar product pipeline, they will also benefit competitors that seek to launch products in established Biosimilars markets where our products are being marketed currently or in the future (see also "*1.3.3 Sales of our Biosimilars are largely dependent on the extent to which the costs for them are covered by third parties. Any pricing pressures resulting from changes in third-party coverage, governmental clawback claims, reimbursement methods, and potential regulatory price controls may affect our ability to sell our products at prices necessary to support our current business strategy.*").

Furthermore, the EU is currently revising the entire legislative framework for drugs (including, e.g., the Directive 2001/83/EC of the European Parliament and of the Council of November 6, 2001 on the Community code relating to medicinal products for human use (Pharmaceutical Directive), the Regulation (EC) No 726/2004 of the European Parliament and of the Council of March 31, 2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency (European Medicines Agency Regulation), the Regulation (EC) No 141/2000 of the European Parliament and of the Council of December 16, 1999 on orphan medicinal products (Orphan Drugs Regulation) and the Regulation (EC) No 1901/2006 of the European Parliament and of the Council of December 12, 2006 on medicinal products for paediatric use (Paediatric Regulation). The draft legislation published by the European Commission on April 26, 2023, is part of the EU Pharmaceutical Strategy for Europe, and is currently undergoing the ordinary legislative procedure in the European Parliament and Council of the European Union. The new framework is expected to be implemented in the next two to four years and may result in changes to the legislative framework based on which our operations are currently designed. Furthermore, a European Medicines Agency ("**EMA**") committee is currently assessing the possibility of limiting the scope for clinical trials required for the authorization of Biosimilars while maintaining the highest standards of safety and efficacy. The corresponding new draft guideline has not yet been published and will not be relevant (if at all) until early 2025 at the earliest. Both, the legislative reform as well as EMA assessment, however, aim to, *inter alia*, facilitate early market entry of biosimilar medicinal products, contributing to patient access and affordability. While this could lead to earlier market entries of our Biosimilar products, this would also benefit our competitors and increase competition. Other legislative changes may further negatively impact off-patent product market entry if the data and/or market exclusivity regimes are amended so as to favor originator products over new Biosimilars entrants.

In addition, new laws and proposals could serve to change, directly and indirectly, the U.S. Biologics Price Competition and Innovation Act of 2009 ("**BPCIA**"), including the incentives to develop Biosimilar products, as well as the ability of Biosimilar manufacturers to accelerate the launch of their new Biosimilar products. In addition, new laws and proposals could impact the ability of brand manufacturers to protect their investments in the intellectual property associated with their branded specialty and innovative biologic medicinal products. These regulatory developments and other factors may adversely impact market sizes, as well as our position in the markets in which our products are marketed, and the volumes or average selling prices of our products. Failure to build up an industry-leading performance in the United States on first-to-file opportunities and to develop and commercialize high-complexity Biosimilar products could adversely affect our revenue and profitability.

1.2.2 The Biosimilars market is highly competitive and if we do not keep pace with advances in this industry, we may not be able to achieve and maintain a strong position in the markets in which we operate and to build and expand our position in these markets.

The Biosimilars market is highly competitive. In order to continue to compete effectively we must continue to invest in both tangible and intangible assets, incorporate technology into our processes and/or proprietary products, carry out our development activities efficiently, obtain regulatory approvals in a timely manner, and take steps to have our products manufactured at low cost and successfully marketed by our business partners (see also "*1.3.2 We rely on third parties to manufacture active ingredients and finished products as well as to market our products and are therefore dependent on the production and marketing efforts and success of such third parties.*"). We cannot guarantee that these investments will achieve the desired results. We may experience design, manufacturing, marketing or other difficulties that could delay or prevent the development, introduction or marketing of our Biosimilar products or new versions of our existing products, including new delivery forms (see also "*1.3.1 Our R&D efforts may not be successful, or we may not be able to develop our products in a cost-efficient manner, in a timely manner or in a manner sufficient* to grow our business."). As a result of such difficulties and delays, our development and commercial expenses may increase and, in turn, our results of operations could suffer, and we could lose market share or fail to maintain or increase our market share.

In addition, the development by other companies of new or improved products, processes, or technologies may make our products or proposed products less competitive or obsolete. With respect to all our Biosimilar candidates, we compete with other companies that seek to develop Biosimilars to the same Reference Drugs as we do. Our competitors may include companies that specialize entirely or predominantly in the development of Biosimilars, such as Alvotech, Samsung Bioepis, Xbrane and Bio-Thera Solutions, but also pharmaceutical companies with established commercialization platforms such as Amgen, Fresenius Kabi, Biocon, Celltrion, Gedeon Richter, Pfizer, Teva, Sandoz and Biogen, that have diversified businesses including the commercialization, development and/or licensing of Biosimilars. Some of our competitors are fully integrated players that are able to cover the entire value chain with own capabilities, while others are developer-manufacturers or pure play developers.

In recent years, the number of companies addressing the Biosimilars market has increased significantly. In particular, local manufacturers from China and India are expanding their expertise in biotechnological production and development. In addition, many of the smaller Biosimilar manufacturers have improved their capabilities, level of sophistication, and development resources, increasing competition even further. If additional competitors enter the market and significantly reduce the prices of competing products, the prices of our comparable Biosimilar products would likely have to be reduced, and the introduction of these new competing products could also have a negative impact on overall product sales. We may also face competition from providers of alternative medical therapies such as pharmaceutical companies that have the potential to disrupt core elements of our business.

Factors affecting competition include, but are not limited to:

- introduction of other manufacturers' products in direct competition to our products, including products authorized by the originator company during the exclusivity periods and the ability of other Biosimilar product competitors to enter the market before, simultaneously with or shortly after the launch of our products, diminishing the amount and duration of expected significant profits;
- pricing pressures by competitors and customers, in particular with respect to Biosimilars, even if price savings are not passed on to consumers;
- consolidation among distribution outlets through mergers and acquisitions and the formation of buying groups, and the creation of new business models within the supply chain;
- the willingness of customers, including wholesale and retail customers, to switch among products of different pharmaceutical manufacturers;
- a company's reputation as a manufacturer and distributor of quality products;
- a company's level of technical, physical, and financial resources;
- a company's level of service (including maintaining sufficient inventory levels for timely deliveries);
- product appearance and labeling; and
- a company's breadth of product offerings.

In light of these factors, if any of our major products were to become subject to problems such as changes in medical treatments that lead to lower than expected usage rates of our products, quality concerns, pricing and reimbursement cuts, tax changes, supply chain issues or other product shortages, regulatory actions, negative publicity affecting doctor or patient confidence in the products, unfavorable guidance from healthcare or other

governmental agencies, material product liability litigation, pressure from new or existing competitive products, or if our products fail to meet patient needs, the adverse impact on our market share, our revenue and our results of operations could be significant.

Some of our competitors have substantially greater financial, technical, and other resources, such as larger research and development ("**R&D**") staff numbers and experienced marketing and manufacturing organizations. Additional mergers and acquisitions in the pharmaceutical industry may result in even more resources being concentrated within our competitors. As a result, these companies may obtain regulatory approval for their products before we do, and they may be more effective in selling and marketing their products.

Biological Reference Drugs may also face competition as technological and medical advances are made that may offer patients a more convenient form of administration or increased efficacy or fewer and/or less severe side effects or as new products are introduced. For example, F. Hoffmann-La Roche AG launched Vabysmo® (Faricimab) which competes with the Reference Drug Lucentis® (ranibizumab) and therefore with our only marketed Biosimilar (FYB201). As new products are approved that compete with the Reference Drug for our Biosimilars, sales of the Reference Drugs may be adversely impacted or rendered obsolete. If the market for the Reference Drug is impacted, we in turn may lose significant market share or experience limited market potential for our approved Biosimilar products or product candidates, and the value of our product pipeline could be negatively impacted.

Failure to adequately respond to competitive pressures in a timely manner could have a material adverse effect on our business, financial condition, and results of operations.

1.2.3 We face increased competition from manufacturers or distributors of the Reference Drugs to our Biosimilars defending their market share, which could reduce the market share of our Biosimilars, intensify pressure on the pricing of our Biosimilars or increase the risk of litigation.

We must compete not only with other manufacturers of Biosimilars, but also with manufacturers or distributors of the respective Reference Drugs who may try to defend their market position and create barriers to market entry. If an improved version of a Reference Drug is developed, the sales or potential sales of our respective Biosimilars may suffer. The competitive situation in individual cases will also depend, among other things, on the pricing of the Reference Drug and the pricing of new competitors on the market. When new and competing Biosimilars enter the market, the manufacturers of Reference Drugs could lower their prices or attempt to reach discount agreements with pharmacy benefits managers, health insurers or other large customers by means of extended contractual commitment periods or other commercial agreements in an attempt to maintain market share and prevent Biosimilars from penetrating the market. Companies commercializing Reference Drugs may not only attempt to delay the launch of Biosimilars through a variety of commercial tactics, but also through regulatory and legal tactics.

Innovator companies continue to invest in product lifecycle strategies including patent strategies to prolong the intellectual property protection of their prescription product portfolios and to limit the impact of Biosimilar competitors. These strategies are wide ranging and can include measures to extend the exclusivity of their marketing authorizations on a regional or global basis, preventing the approval and commercialization of Biosimilar alternatives to the Reference Drug or seeking to prevent customers from purchasing Biosimilars. These efforts have not only included seeking new patents for existing products to extend patent protection, but also using the legislative or regulatory process to reclassify or reschedule drugs, or other tactics to delay Biosimilar product approval and competition. Companies may develop improved or more convenient dosage forms, application route, devices, treatment regimens, combinations and/or actual dosages of a Reference Drug as part of a lifecycle extension strategy and seek regulatory approval of the improved version through a new or supplemental biologics license application ("**BLA**") or equivalent foreign process with the relevant regulatory authority. If the Company that manufactures the Reference Drug for one of our Biosimilar product candidates is successful in obtaining regulatory approval for such improved product, it could capture a significant share of the market for the improved Reference Drug in the relevant jurisdiction and significantly reduce the market for the original Reference Drug and thus the potential size of the market for our Biosimilar product candidates. In addition, the improved product may be protected by additional regulatory exclusivity or patent rights that may subject our follow-on Biosimilar to infringement claims.

This could lead to a reduced market share of Biosimilars, put pressure on the prices of these Biosimilars or increase the risk of expensive litigation, all of which could have a negative impact on our business, prospects, and results of operations.

1.2.4 Our sustainable growth and profitability depend in particular on our ability to be among the first to bring our Biosimilars to market.

Our ability to achieve sustained growth and profitability through the sale of our Biosimilars mainly depends on our ability to ensure that our Biosimilars are in the first launch group of Biosimilars to enter the market for the

respective Reference Drugs, to challenge and invalidate patents, to develop non-infringing products, or develop products with increased complexity to provide opportunities with market exclusivity or limited competition.

If we do not succeed in developing and launching new products on time, especially if our products are not among the first group of Biosimilars to launch, we may not be able to gain the desired market share and achieve sufficient return on our investment. An unsuccessful or delayed launch may be caused by various further factors, including the impact of exclusivity periods under the BPCIA, the impact of pandemics (such as the COVID-19 pandemic), delays due to technical issues during development, delays in regulatory approvals, lack of operational, manufacturing or clinical readiness or patent litigation. Final regulatory approval of a Biosimilar candidate may not only take longer than planned, but the drug might not be approved at all.

The growing number of competitors not only makes it more difficult for individual Biosimilar developers and/or manufacturers to be among the first to market and to achieve for the expected increases in sales and profits but is also likely to lead to significant price erosion, which may have a significant negative impact on our profitability in future. This price erosion may not only be further driven by market entrants from low-cost countries, but also by the actions of and negotiations with large buyer groups, governments and regulators, who are focused on driving year-on-year price decreases.

If we fail to be among the first to bring our Biosimilars to market, this could have a material adverse effect on our business, financial condition, and results of operations.

1.2.5 Ongoing consolidation among distributors, retailers and healthcare organizations could increase both the purchasing power of key customers for our products and the concentration of credit risk.

Our products are sold to wholesalers, pharmacies, hospitals, and other points of sale in the healthcare sector. Recently, there have been signs of ongoing consolidation among wholesalers and retailers of our products. As a result, customers of our products are gaining additional purchasing power, which increases the price pressures on us. We may also be increasingly affected by fluctuations in the purchasing behavior of these customers or if large customers decide to buy from one of our competitors instead.

For the global marketing of our Biosimilars, we rely on commercialization partnerships and cooperation agreements with established pharmaceutical players such as Fresenius Kabi, Teva and Sandoz ("**Commercialization Partners**"). Accordingly, we could be adversely affected if our Commercialization Partners, through whom we generate revenue from the sale of our products, are exposed to a concentration of credit risk as a result of a sustained concentration among our customers. If customers of our products consolidate and one or more major customers experience financial difficulties, the impact on our Commercialization Partners and therefore indirectly on us would intensify and could lead to a substantial loss of revenue and an inability to collect amounts owed. If the consolidation of customers and distributors for our products continues, leading to a further increase in their size and purchasing power, our Commercialization Partners could face the challenge of continuing to provide a consistently high level of customer service with increasing sales volumes, which could reduce their profit margin and consequently our revenue. If our Commercialization Partners are unable to ensure a high level of service, competitive prices and timely and complete supply (see also "*1.3.2 We rely on third parties to manufacture active ingredients and finished products as well as to market our products and are therefore dependent on the production and marketing efforts and success of such* third parties."), we could lose a substantial portion of our customer base for our products and our revenue and profit margins could decrease. This could have a material adverse effect on our business, financial condition, and results of operations.

1.2.6 The import of products from countries with lower prices to countries with higher prices can lead to a reduction in the prices of our products.

In some countries, our products may become subject to competition from lower priced versions of our products and competing products from countries with government-imposed price controls or other market dynamics that lower the prices of products. This may include legal parallel trade within the EU, i.e. parallel traders buying drugs in any EU country to sell them in a different country at a lower price than the standard local price. Despite government regulations aimed at limiting certain low-quality imports, the volume of imports may continue to rise in certain countries. This import may adversely affect our profitability in some countries and could become more significant in the future. If the lower priced versions of our products were also to be of lower quality, this could impede our reputation and the market acceptance of our Biosimilars.

1.3 Risks related to our business activities

1.3.1 Our R&D efforts may not be successful, or we may not be able to develop our products in a cost-efficient manner, in a timely manner or in a manner sufficient to grow our business.

While the success rate for developing Biosimilars is considerably higher than for innovative biopharmaceutical drugs, Biosimilar development involves a substantial degree of risk. In the development phase (i.e., before our products are marketed), some of our projects may generate revenue from development work performed, up-front payments, milestone payments and license payments as part of licensing or collaboration partnerships. After completion of the development and the approval process of our Biosimilar candidates, we may generate revenue from the commercialization of our products by our Commercialization Partners. Therefore, our ability to maintain and grow our business depends to a large extent on the success of our R&D activities, which in turn depends on our ability to, in particular:

- identify, assess and develop (or acquire/in-license) new product candidates;
- prioritize investment in our assets with the highest potential value;
- optimize the transition of assets from early to late-stage development;
- integrate and manage externally acquired assets and services in an efficient way;
- apply professional project management practices, including detailed planning and focus on critical path activities;
- develop and test our product formulations making provisions for intellectual property freedom-to-operate requirements;
- overcome technological hurdles across all functional areas of development;
- develop manufacturing processes in close interaction with contract development and manufacturing organizations ("**CDMOs**") that are capable of producing commercial product quantities at an acceptable cost or at all;
- develop the necessary product features and/or presentations to ensure we are able to gain sufficient market share;
- monitor and address any competing technological and market developments as well as the competitive Biosimilar landscape;
- develop product candidates with sufficient biosimilarity (i.e., high similarity in terms of structure, biological activity and efficacy, safety and immunogenicity profile) to their respective Reference Drugs;
- complete analytical, nonclinical, and clinical development and testing of our product candidates, as well as any other steps required during our drug development process, in time and while maintaining competitive costs and high quality; and
- ensure that regulatory and marketing approvals for our product candidates are obtained in a timely manner and retained in the respective targeted geographic scopes.

To ensure the success of our R&D activities, we commit substantial human and capital resources to our product development and the fulfilment of our regulatory obligations, both through our internal dedicated resources and through externally provided services from reputable high-quality contract research organizations ("**CROs**") and CDMOs. In spite of these investments, there can be no guarantee that our R&D activities or external investments will produce commercially successful products that will increase revenue to grow our business or to compensate for any revenue lost from industry-wide price erosion.

While the development of Biosimilars is typically significantly less costly than the development of the respective Reference Drug, it is nonetheless significantly more costly and complex than that for typical small-molecule generic developments. The development of Biosimilars requires intense process development for robust manufacturing of complex protein structures at commercial scale, cost-intensive analytical similarity studies, as well as preclinical, and clinical studies to demonstrate its comparability to the Reference Drug in terms of quality, safety and efficacy. Because of these complex requirements in the most highly regulated markets, the development of a Biosimilar also requires a relatively long development timeframe of between seven to ten years before a Biosimilar candidate is marketed.

We cannot guarantee successful development of our Biosimilar candidates at a cost and quality standard allowing for their approval in time and competitive commercialization. Both the planning and implementation of any individual stage of product development could potentially entail delays which are generally not predictable and which, in turn, would result in higher costs or, in the worst cases, the entire failure of a project. It cannot be ruled out that certain stages of a product development program might need to be repeated, that one

or more such stages might not reach successful conclusion, or that a development program might fail in its entirety. Given the inherent uncertainties in developing and marketing new products, in particular in relation to biopharmaceutical drugs, which are large complex molecules typically extracted from a variety of natural sources ("**Biological Drugs**"), there may be instances where product development projects are discontinued for technical, clinical, regulatory or commercial reasons, or continued but with less focus.

Our Biosimilar products must undergo intensive preclinical and clinical testing and are approved by means of a highly complex, lengthy, and expensive approval process that varies substantially from country to country, including very specific requirements for the recruitment of patients for clinical trials in some cases. Difficulties in recruiting patients for clinical trials, or in the availability of production capacity, production components or of precursors, and/or other necessary inputs could impact development work or clinical trials, thereby also affecting the timeline and/or profitability of a drug development project or even jeopardizing a project in its entirety. In addition, we face evolving regulatory approval and reimbursement requirements. The results or outcome, and therefore the success of any clinical study cannot be predicted in advance.

If our R&D efforts fail to enable timely approvals and subsequently commercialization of our products or fail to do so in a cost-efficient manner or at all, or in a manner sufficient to grow our business, replace lost revenue resulting from industry-wide price erosion or take advantage of new technologies driving efficiencies, this could have a material adverse effect on our business, financial condition or results of operations.

1.3.2 We rely on third parties to manufacture active ingredients and finished products as well as to market our products and are therefore dependent on the production and marketing efforts and success of such third parties.

The manufacture and commercialization of our products, including the manufacture of the active ingredients required for our development activities, is very demanding and complex, which is partly due to the strict regulatory requirements. As we do not have the internal resources to manufacture Biosimilars at a scale required for commercialization, or to commercialize Biosimilars ourselves, we outsource and/or out-license all the manufacturing, packaging, storage, marketing and distribution of our products to third parties, over whom we have only limited control (see also "*1.3.4 We have limited control over the third parties on whom we rely for the manufacture, storage, distribution and marketing of our* products."). For example, we rely on CDMOs to manufacture active ingredients (drug substances) and drug products (fill and finish) to supply our product needs and requirements for preclinical and clinical studies, similarity and stability investigations, and to ramp up production in preparation for commercial launch and supply. CDMOs also store critical components of our product candidates and perform services (e.g., release tests) for us related to the product candidates' compliance with regulatory requirements and thus play a critical role in our development process.

Our revenue from the sale of our products is entirely derived from royalties we may receive and/or from the profits achieved by our Commercialization Partners. If our Commercialization Partners fail to exercise commercially reasonable efforts to market and sell our products (timely or at all) or are otherwise ineffective in doing so, our business will be harmed, and we may not be able to adequately remedy the harm through negotiation, litigation, arbitration or termination of the agreements. Moreover, any disputes with our collaboration partners concerning the adequacy of their commercialization efforts would substantially divert the attention of our management from other business activities and require us to incur substantial legal costs to fund litigation or arbitration proceedings and perhaps lead to a delay in performance-related payments made to us.

Given our dependence on third parties, the success of our business also depends on our ability to obtain, maintain or renew partnerships on commercially viable terms with reliable third parties, in particular CDMOs and Commercialization Partners and, as the case may be, with license partners to which we may license out our projects (see also "*1.3.4 We have limited control over the third parties on whom we rely for the manufacture, storage, distribution and marketing of our products.*") As a result, our current and anticipated future dependence upon others for the manufacture and marketing activities may adversely affect our future results of operation or profitability.

Our dependence on CDMOs and distributors may also put us at a disadvantage compared to our main competitors, many of whom manufacture and market their own products. For example, certain competitors who have control over their manufacturing operations may be able to supply their customers more reliably with certain products and avoid supply shortages, which we believe is one of the primary reasons why large customers choose to switch suppliers. In addition, our dependence on third parties requires the disclosure of our trade secrets, which increases the possibility that a competitor will discover them or that our trade secrets will be misused or disclosed (see also "*1.4.5 Our intellectual property and patent rights may not provide us with a competitive advantage, and we may not be able to establish, protect and enforce our intellectual property rights.*").

1.3.3 Sales of our Biosimilars are largely dependent on the extent to which the costs for them are covered by third parties. Any pricing pressures resulting from changes in third-party coverage, governmental clawback claims, reimbursement methods, and potential regulatory price

controls may affect our ability to sell our products at prices necessary to support our current business strategy.

Sales of our Biosimilars are largely dependent on the extent to which the cost for them are covered or reimbursed by third parties such as health insurance funds, managed care organizations, pharmacies and similar healthcare management organizations, government authorities, private health insurers or other payers. This is because most patients are not able to afford our products without the availability and adequacy of health care coverage and reimbursement. To the extent that such coverage or reimbursement is not available or is limited, our Biosimilars may not be successfully commercialized.

In this respect, the market opportunity of Biosimilars also depends on the individual countries' approach to Biological Drugs and the extent to which patients have access of patients to novel Biological Drugs and the extent to which these are reimbursed by healthcare providers. The availability of potential Reference Drugs on public reimbursement lists in the markets of the member states of the EU has decreased for Biological Drugs approved in recent years. On average, Biological Drugs approved in 2019 are available in 48% of markets of the member states of the EU, compared to almost 75% of those approved in 2014 (*source: IQVIA Impact of Biosimilar Competition*). As country-level reimbursement rarely increases for products after about three years following launch, the lower reimbursement rate for novel Biological Drugs approved in recent years may dampen the revenue potential available to Biosimilars from future loss of exclusivity of Reference Drugs.

But even if reimbursement or coverage is approved and granted, the approved reimbursement or coverage amount may not be sufficient to establish or maintain a royalty model that provides a sufficient return on our investment. The high cost of effective biopharmaceutical treatments, which in some cases can exceed EUR 100,000 per patient per year, could also prompt care organizations, third-party payors and policy makers to increase pressure on the pricing of biopharmaceuticals or otherwise limit the amounts made available through reimbursement or coverage, e.g. through governmental clawback claims. Due to the fragmented environment for third-party reimbursement or coverage of our products, the applicable regulations are subject to ongoing changes. For example, in the United States as well as in Europe there are trends of increasing regulatory restrictions on the pricing of drugs, or of replacing retail pricing by forced tendering proceedings which accelerates and exacerbates price erosion (see also "*1.2.1 Changes in regulatory policy in various countries may lead to price erosion and consequently to a decline in our revenue and profits from our Biosimilar products.*"). Lowering the prices of our products or increasing the discounts on our products in response to these trends could reduce our profit margins, which would negatively impact our ability to invest and grow our business.

In addition, government funding restrictions and policies as well as proposed legislation may reduce or otherwise limit the reimbursement amounts under government healthcare programs in the countries where our products are marketed. For example, the U.S. Inflation Reduction Act of 2022 ("**IRA**") includes several provisions to reduce the cost of prescription drugs for persons with Medicare and the drug spending by the federal government. The Reference Drug to our Biosimilar FYB202, Stelara® (ustekinumab), is among the ten preliminary drugs chosen for the first cycle of price negotiation under the IRA which started in 2023. We cannot predict whether there will be any changes in the availability of reimbursement or in the rates prescribed by governmental programs or, if so, what impact these might have on our business or. However, government changes in reimbursement rates and other similar developments could adversely affect the ability of our products to be marketed at all or at an economically reasonable price level.

The imposition of government price controls on our Biosimilars in the countries in which our products are marketed or that we may target in the future could have an adverse effect on the revenue generated from the sale of our Biosimilars. We also expect that additional healthcare reforms will be enacted in the countries in which our Biosimilars are marketed in the future, including initiatives that could affect the coverage and reimbursement of our products and that could limit government payments for healthcare products and services.

If any of these risks would materialize, this could have a material adverse impact on our business, financial condition, and results of operations.

1.3.4 We have limited control over the third parties on whom we rely for the manufacture, storage, distribution and marketing of our products.

The ability of our third-party contractors, including our CDMOs and our Commercialization Partners, to perform their obligations to us is largely outside of our control. Factors beyond our control may cause third parties on whom we rely to breach their agreements with us.

If our third-party manufacturers or other third-party contractors, or other parties on whom these third parties rely upon, experience difficulties in the production of our products, particularly in ramping up the initial production and maintaining the required quality controls, or if they fail to fulfil their obligations in a timely, cost-effective or satisfactory quality manner, our ability to develop or commercialize our products could be limited or even jeopardized (see also "*1.3.1 Our R&D efforts may not be successful, or we may not be able to develop our*

products in a cost-efficient manner, in a timely manner or in a manner sufficient to grow our business."). The manufacturing process at a production facility of a third party may be disrupted for a variety of reasons, including technical, labor, or other difficulties, equipment malfunction, contamination, failure to follow specific protocols and procedures, destruction of or damage to any of its facilities and equipment (as a result of a natural disaster, use and storage of hazardous materials or other events) or other reasons. Capacity and scheduling constraints of the third parties may result in limitations on supply availability. If a manufacturer of our products fails to meet the demands of, or causes injury to or death of customers, this could severely damage our reputation, business and prospects. In addition, we could suffer significant harm if our products are not properly stored or distributed in a timely manner. While we have not experienced such disruptions in the past, we have faced delays due to limited manufacturing slot availability at specific CDMOs, especially and in the case of iterations driven by technical failures during batch manufacturing. We also have to calculate long lead-times in some cases.

The failure by any of our third-party suppliers in maintaining high manufacturing quality and other standards could result in observations and/or failures during inspections conducted by the authorities or injury or death to patients using our products. Such failures could also result in, among other things, warnings, sanctions, fines, injunctions, civil penalties, suspension or withdrawal of the marketing authorizations and other required approvals, delays, or failures in delivery of our products, seizure or recall of our products, operating restrictions and criminal prosecutions, which could seriously harm our reputation, business and profitability (see also "*1.4.6 Product liability claims, contamination issues or product recalls involving our products could damage our brand and reputation among customers and patients.*").

If manufacturing partners cannot successfully manufacture products that conform to the strict requirements of the relevant regulatory authorities or if manufacturing contractors are not able to secure or maintain the required regulatory approvals for their manufacturing facilities, the marketing of our products and, thus, our revenue could be negatively impacted. If a regulatory authority does not approve a facility for the manufacture or storage of our products, or if it withdraws any such approval in the future, alternative manufacturing or storage facilities may have to be found which could also result in a delay or interruption of the marketing of our products. For example, in the past, competitors of ours have faced significant delays in the approval of their Biosimilar products because regulatory authorities have expressed reservations arising from audits of their production facilities, and we cannot guarantee that our CDMOs might not face similar difficulties.

Third-party manufacturers could fail to comply with the applicable regulations or they could manufacture products that are defective or contain contaminated substances that were not identified prior to release and distribution to customers or patients, or otherwise fail to maintain quality assurance requirements. If this is the case, our products could be the subject of sanctions, including fines, injunctions, civil penalties, suspension or withdrawal of marketing authorizations and other necessary approvals, delays, or failures in delivery, seizures or recalls, operating restrictions and criminal prosecutions, any of which could negatively affect our revenue from the marketing of the products and seriously harm our reputation, business or profitability (see also "*1.4.6 Product liability claims, contamination issues or product recalls involving our products could damage our brand and reputation among customers and patients.*"). Because third parties are in charge for storing and distributing our products, we may not discover defects or the contaminations of our products in time to prevent potential harm to patients or discover such defects or contaminations of our products at all, which could have a material adverse effect on our reputation, business, results of operations and financial condition.

If one or more of our third-party contractors experiences a significant disruption in services or institutes a significant price increase, we may have to seek alternative service providers, our costs could increase, the development, manufacture or delivery of our products could be stopped or delayed and our revenue could be adversely affected. Changing or replacing our third-party service providers could cause disruptions or delays and significant costs and we and/or our Commercialization Partners may be limited in the ability to do so quickly enough or at all (see also "*1.3.5 We may be unable to enter into or renew contracts with third parties on acceptable terms, or our principal contractors may terminate such contracts.*").

1.3.5 We may be unable to enter into or renew contracts with third parties on acceptable terms, or our principal contractors may terminate such contracts.

We have a large number of agreements and relationships with third parties, including CDMOs, Commercialization Partners and other contractors, many of which are our sole provider for a specific service or product. Our suppliers include cell line developers and cell banking services, drug substance manufacturers, drug product aseptic filling sites, labelling and packaging, sterilization, shipping, storage, primary packaging and raw material providers as well as analytical testing laboratories and reagent/kit providers. Although we believe that our business is not materially dependent on any single third party, failure to obtain or renew contracts with material third parties as needed could negatively impact our business and our results of operations.

Termination or non-renewal of the agreement by any of our third-party contractors, based on its own business priorities, may occur at a time that is critically or inconvenient for us. Specifically, we currently rely on

Commercialization Partners to market our products, and each of our Commercialization Partners is solely responsible for a specific region, typically comprising several countries. In the fiscal year ended December 31, 2023 ("**Fiscal Year 2023**") as well as in the three-month period ended June 30, 2024, our revenue derived from the marketing of our products was attributable to a single Commercialization Partner. Bioeq AG and Klinge Biopharma GmbH, to which we have granted the exclusive license to use patent rights and know-how for the purposes of developing, manufacturing, and marketing FYB201 and FYB203, respectively, may each terminate the respective license agreement at any time by giving six months prior written notice the end of a calendar quarter. The loss of any such Commercialization Partner or other contractor we rely on for our commercialization efforts could materially adversely affect our business.

Finding and selecting new suppliers and service providers that meet the appropriate quality, cost and regulatory requirements needed for commercially viable development and manufacture of our products, and which are ultimately approved by the relevant stakeholders, would be a lengthy, costly, and time-consuming process and we may not find adequate replacements. If we lose a third-party contractor, we may not be able to engage an alternative third party in time to prevent delays, bottlenecks or downtime in the development, production or marketing of our products. In the pharmaceutical industry, there is only a limited number of players worldwide that have the required resources and technical capabilities to manufacture as well as the commercial capabilities and market presence in certain therapeutic areas and geographies to market pharmaceutical products on a global scale. In many cases, only a few suppliers are available for our needs, and in some cases only a single supplier is suitable and/or approved by regulatory authorities for the delivery of specific materials, preproducts or specific services. In addition, many companies active in the pharmaceutical industry, including our existing Commercialization Partners, may have developed or may in the future develop their own Biosimilar portfolios or otherwise compete with us, which might increase the risk of our current partners terminating agreements or of us being unable to renew or replace agreements.

In addition, the successful transfer of complicated manufacturing techniques to third parties and scaling up of these techniques for commercial quantities is time consuming and we may not be able to achieve such transfer or do so in a timely manner. Specifically, the production of active ingredients and finished products by third-party manufacturers requires careful planning with lead times of between one to two years. Any short-term or longer changes to the project cycle could result in additional waiting periods along with substantial cancellation fees. The loss of any key supplier or service provider or their inability or unwillingness to deliver a product or service in a timely manner, and in the required quantities as well as of the desired quality, could hence materially adversely affect our business. Moreover, the availability of contract manufacturing services for protein-based therapeutics is highly variable and there are periods of relatively abundant capacity alternating with periods in which there is little capacity available. If our need for contract manufacturing services increases during a period of industry-wide production capacity shortage, our product candidates may not be produced in a timely basis or on commercially viable terms.

In the future, we may be unable to enter into agreements with third-party manufacturers or distributors, as well as other third parties on whom we rely to market our products, or we may be unable to do so on acceptable terms. Our ability to obtain or renew contracts with material third parties may be limited by circumstances outside of our control, such as general economic decline, market saturation or increased competition. We cannot guarantee that we will be able to successfully renegotiate contracts with third-party contractors as needed or secure terms that are as favorable to us in future.

If any of these risks would materialize, this could have a material adverse impact on our business, financial condition and results of operations.

1.3.6 We face risks in connection with clinical trials and our role as a clinical trial sponsor.

Through our wholly owned subsidiary Clinical Research GmbH (previously operating under Bioeq GmbH), we expanded the scope of our drug development capabilities to include clinical development and the direct management of clinical trials. Clinical Research GmbH (previously operating under Bioeq GmbH) served as the clinical trial sponsor our Biosimilar candidates FYB201, FYB202 and FYB203, and thus as the official contracting entity and as the responsible entity for these clinical trials from a regulatory perspective. For FYB206 and all following development projects, the Company itself will act as the clinical trial sponsor instead of Clinical Research GmbH. In particular, the clinical trial sponsor bears the financial risks and the risk of liability towards participating patients or other test subjects. Should any of these risks materialize, this may adversely impact our financial stability, profitability and reputation.

Furthermore, the clinical trial sponsor is subject to detailed and rigorous regulatory requirements for good clinical practice ("**GCP**") of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use ("**ICH**") when conducting clinical trials of medicinal products for human use, which apply to clinical trials worldwide and which serve to protect patients and to ensure the integrity and correctness of the data and findings generated through such trials. The clinical trial sponsor as well as study centers and other parties involved in the clinical trials process are regularly subject to ICH inspections. These inspections

are carried out by local health authorities to ensure compliance with the ICH regulatory requirements. Failure to comply with such laws and regulations could result in investigations, restrictions, assessment of administrative, civil, and criminal penalties, the revocation of permits and approvals, any of which could have a material adverse effect on the Group's business, results of operations and financial condition. See also "*1.4.3 The development and manufacture of Biosimilars is highly regulated, complex, and subject to strict requirements across their life cycle. Failure to comply with these requirements can lead to regulatory action, which can cause disruptions to the development, manufacture and marketing of our Biosimilar candidates and result in significant liability risks.*"

1.3.7 Our operations rely on complex IT systems and networks, which may be breached, attacked, or impaired.

Our operations rely heavily on centralized, standardized information technology ("**IT**") systems and networks, managed both internally and externally by third-party service providers. These IT systems support our business processes, internal and external communications, and are critical to meeting our regulatory obligations.

The proper functioning of various IT systems is crucial to maintaining our business operations. The size and complexity of our IT systems, coupled with their age in some instances, make them vulnerable to various risks. These include software or hardware malfunctions, human error, intentional or unintentional mishandling, malicious hacking, physical damage, computer virus infections, poor third-party service provider performance, catastrophic events, power outages, network failures and failed upgrades. The evolving landscape of cyber threats, including state-sponsored cybercrimes, malware, ransomware, and unauthorized access, poses ongoing challenges. The risk of cyber-attacks is heightened by increasing global cybercrime activity and ongoing geopolitical conflicts. We cannot guarantee that our current security measures will be successful in defending against these evolving threats. The techniques used in cyber-attacks frequently change, making it difficult to anticipate and implement adequate preventative measures in all cases. Malfunctions due to accidents, disasters, technical disruptions, human errors, internet attacks, sabotage, or other problems may impair or shut down business processes and, in particular, our R&D projects.

There is a continuous risk of unauthorized access, theft, destruction, or misuse of our data (see also "*1.4.10 We process sensitive data, including personal data, in the ordinary course of our business, and any failure to maintain the confidentiality of such data could expose us to legal liability and damage our reputation.*"). As a business that is active in the healthcare industry, we are a target of interest for cybercriminals seeking to exploit sensitive pharmaceutical research data, and personal or proprietary information related to our activities developing Biosimilars. We have in the past experienced, and continue to experience, attempts to compromise our IT systems with a view to accessing our data or otherwise interfering with our operations, including through the use of malware, ransomware and social engineering. Our reliance on IT systems also relates to fulfilling regulatory obligations, particularly with respect to internal data compilations and reports that form part of our reporting obligations to various health authorities. Any disruption or security breach leading to the loss, damage, or inappropriate disclosure of data could result in liability, and adversely impact our business, financial condition, and operations.

In addition, even with the implemented security measures and technology, there is always a human factor that needs to be considered, and recently was proven via a so-called phishing attack. A key member of our staff was lured into an invalid financial transaction that eventually was discovered and damage was avoided. The compromising of our IT systems along with any material loss of data or significant interruptions to our business operations cannot be ruled out and could lead to economic loss, government investigations, disciplinary actions and fines. A malfunction in our data security measures or a cyber-attack could expose sensitive business or personal data, including intellectual property, trade secrets, or business strategies.

We make continuous investments and upgrades to adapt and improve our IT systems to meet changing business processes and security needs. However, such investments may be significant, take longer than expected, or cause interruptions to existing systems. While we maintain insurance coverage designed to address certain aspects of cyber risks, we acknowledge its potential insufficiency to cover all losses or types of claims in the event of a cybersecurity incident, data security breach or system disruption.

Any breach of our IT systems or network disruptions may result in significant litigation, liability, costs, interruptions, regulatory investigations and increased scrutiny, penalties and fines, reputational damage, and potential damage to customers, employees, or proprietary data, and could have a material adverse effect on our business, financial condition and results of operations.

1.3.8 The successful marketing of our products and our reputation depend largely upon the acceptance of our products not only by patients, but also by public and private health insurers,

pharmacists and physicians, and other parties, depending on the countries in which our products are marketed.

The success of the marketing of our products and our reputation depend largely on the acceptance of our products by patients, as well as other third parties, including public and private health insurers, pharmacists, physicians, hospitals, local health units and other public authorities. Acceptance of our products depends on a variety of factors, many of which are beyond our control and many of which do not correlate with the quality or effectiveness of our products. These factors include the following:

- perception of our products as effective, safe, cost-effective and convenient treatments and any unfavorable publicity concerning any of our products or even unrelated Biosimilars;
- receptiveness of physicians and pharmacists to our products;
- perceived advantages and disadvantages of any given product relative to competing products, treatments or therapies;
- prevalence, severity and nature of side effects;
- product recalls;
- availability of our products in sufficient quantities to satisfy customer demand and stock-out situations;
- reimbursement levels set by third parties, such as health insurers;
- incentivization for the use of Biosimilars in the countries in which our products are marketed; and
- prevalence of the disease for which a product is prescribed.

If any of our products do not gain sufficient acceptance by customers, patients or other independent third parties, we may not be able to generate sufficient or any revenue from our Biosimilars and make the development project profitable, which will likely only become evident after incurring significant costs. If our products fail to gain and maintain significant market acceptance, this could have a material adverse effect on our business, results of operations and financial condition.

1.3.9 We are dependent on the availability and appropriate pricing of high-quality materials, primary products, services and machines.

Our operations and our business depend upon the availability of high-quality materials and primary products at reasonable prices for the development as well as for the subsequent production and marketing of our products, such as:

- raw materials, pre-products, and active ingredients, including culture media, stationary phases of columns, primary packaging material such as vials and syringes, specific devices such as syringes for ophthalmologic use or auto-injectors;
- services, in particular manufacturing and testing by third-party providers (see also "*1.3.2 We rely on third parties to manufacture active ingredients and finished products as well as to market our products and are therefore dependent on the production and marketing efforts and success of such* third parties."); and
- equipment and machinery, in particular fermenters for drug substance production and aseptic filling equipment for the filling of our products into primary packaging materials.

Affordable, high-quality active ingredients and auxiliary materials are essential to our business due to the nature of the products we develop. Our ability and the ability of our third-party contractors to maintain the supplies we need could be impacted by their availability and increased pricing, general supply chain disruptions (e.g., as a consequence of armed conflicts, sanctions, natural disasters, infection-related lock-downs, export control measures and/or lack of freight capacity), the failure to maintain relationships with suppliers (see also "*1.3.4 We have limited control over the third parties on whom we rely for the manufacture, storage, distribution and marketing of our products.")* and any materials later proven to be toxic or otherwise inadequate to be used for the intended purpose. Rationing or shortages, as well as fluctuations in the price of the ingredients or materials required for the manufacture of our products can occur, and our third-party manufacturers may pass these costs onto us, or the distribution of our products may be delayed or made impossible due to price changes or shortages of such ingredients and materials. Especially raw materials and preliminary products can be subject to strong pricing fluctuations, which have been exacerbated since the beginning of the Russian war against Ukraine and the associated increase in energy costs.

Any such problems concerning the supply availability and reasonable pricing of high-quality materials, pre-products, services, machinery or other auxiliary materials that are required in the R&D and production of our

products could cause short-term, unexpected disruptions in our development projects and in the marketing our existing products and adversely affect our operating results and financial condition.

1.3.10 Our products may cause undesirable side effects or have other properties that could limit their commercial potential.

Undesirable side effects caused by any of our products could require that our products are recalled or could result in the revocation of the regulatory approvals of such product, which could in turn lead to potential claims for damages throughout the supply chain of our product, reduced patient demand, lower rates of prescription of our products by physicians and reluctance by pharmacists to dispense our products (see also "*1.4.6 Product liability claims, contamination issues or product recalls involving our products could damage our brand and reputation among customers and patients.*"). Any of these events could prevent us from achieving or maintaining the commercial success of our products and could have a material adverse effect on our reputation, financial condition and results of operations.

1.3.11 We may not be able to recruit and retain key personnel. In addition, intensified competition for qualified personnel may lead to significantly higher personnel costs.

The development of Biosimilars is a research-intensive activity and requires the expertise of highly qualified and capable employees during all stages of the development and regulatory process. We are therefore highly dependent on our senior management and key employees, including our scientific, technical, regulatory, and quality management personnel, particularly in the Munich area, Germany, where our headquarters are located.

Due to the specialized scientific nature of our business, we are highly dependent upon our ability to attract and retain qualified personnel, including our senior management and key employees, especially in the field of R&D. The loss of any senior manager or key employee, particularly with critical knowledge and expertise, may significantly delay or prevent the achievement of our growth strategy or business objectives. If we lost our key personnel or a significant number of key employees, it could be difficult to find and integrate replacements in a timely manner. Further, new employees may require significant training and time before they achieve full productivity and may not become as productive as we expect. The retirement of current employees could lead to a loss of expertise should we not be able to arrange an efficient handover and the timely training of successor employees. The replacement of certain members of our senior management team and other key members of management or key experts would likely involve the expenditure of significant time and financial resources. We face competition, especially regarding qualified personnel in operational and enabling functions, from other companies, academic institutions, government entities and other organizations. This competition is also enhanced by a Germany-wide shortage of qualified professionals, especially in the field of R&D, and we expect competition for, and fluctuation of, qualified personnel to further intensify.

In addition, personnel expenses represent a significant portion of our cost structure, and the described competition, may lead to a significant increase in wages and salaries and thus to higher personnel costs for us. High inflation rates (as recently experienced in Europe, the U.S., and other regions) could furthermore translate into even higher wage rises and personnel costs. Increasing demand for higher wages may make it difficult for us to hire or retain the necessary personnel. The loss of any key personnel or the inability to attract, recruit, retain and train highly skilled employees required for our activities, including key management, scientific, technical, regulatory, quality management and other personnel, could be materially detrimental to our business and financial condition. Failure to attract and retain qualified personnel could also impact the ability to implement our business strategy.

1.3.12 We may not be able to manage our growth efficiently.

We have experienced significant growth in the past, increasing our revenue from EUR 36.6 million in the fiscal year ended December 31, 2021 by 16.1% to EUR 42.5 million in the Fiscal Year 2022 and again by 82.8% to EUR 77.7 million in the Fiscal Year 2023. In the same period, we expanded our workforce from 137 full-time equivalents ("**FTE**") by 43.8% to 197 FTE. For the fiscal year ended December 31, 2024, we expect consolidated revenue to be in the range of EUR 55 million to EUR 65 million. This will mainly be resulting from sales contributions from the marketing proceeds of FYB201, which will be launched in additional countries and regions in the Fiscal Year 2024. In addition, there is expected revenue from development services for the out-licensed and partnered projects FYB201 and FYB203, which are lower than in previous years due to the advanced stage of the projects. Some of the revenue from the milestone payments expected for FYB202 in the Fiscal Year 2024 were already recognized in the Fiscal Year 2023 and reported as an expected deferred success payment. Therefore, the milestone payments will not be reflected in full as revenue in the Fiscal Year 2024, which is why the revenue forecast for the Fiscal Year 2024 is below the previous year's level.

As it is our strategic goal to sustainably expand the scope of our business activities, we intend to continue to invest heavily in the expansion of our project pipeline to bring new Biosimilars to market at regular intervals. In parallel with this strategic thrust, we are pursuing an organizational growth strategy so that we have the resources to compete as an integrated pharmaceutical company.

Our historic growth has placed significant demands on our management and key employees as the expansion increased the complexity of our business and placed a significant strain on our management, operations, technical systems and internal reporting, and any future growth may further amplify these demands and strains. Our current and planned personnel, systems, processes, and controls may not be adequate to support and effectively manage our operations. As our development and commercialization plans and strategies develop and evolve, we expect that we will need additional managerial, operational, marketing, financial, legal, personnel, and other resources, which we may not achieve in a timely and cost-efficient manner or at all (see also "*1.3.11 We may not be able to recruit and retain key personnel. In addition, intensified competition for qualified personnel may lead to significantly higher personnel costs.*").

Furthermore, our growth in recent years has driven significant increases in our overhead costs. If we experience significant future growth, we may be required to expand our relationship with CDMOs, logistics providers and other third-party service providers with whom we do business, expending time and effort in integrating these service providers into our processes.

Our management may need to divert a disproportionate amount of its attention from its day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational errors, loss of business opportunities, loss of employees and reduced productivity among our remaining employees. Our expected growth could also require significant capital expenditure and may divert financial resources from other projects, such as the development of our current and potential future product candidates. If management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenue could be reduced and we may not be able to successfully implement our business strategy.

Any failure to effectively manage our growth could, individually or in aggregate, have a material adverse effect on our financial condition and results of operations.

1.3.13 We are exposed to various operational risks associated with our R&D facilities and business operations.

We operate research facilities and laboratories at Planegg-Martinsried, Germany. In this location, our business is exposed to the various hazards and risks of disruption associated with R&D operations, particularly laboratory operations. These risks include, but are not limited to, laboratory equipment failures, for technical reasons or due to human error, explosions, and fires as well as natural disasters such as floods, tornadoes, hurricanes and earthquakes. These risks could expose employees to fire, toxic fumes, and other hazards, including biological hazards, inflicting injuries and reputational damage which may materially adversely affect the progress and/or profitability of a project or our business operations as a whole. Such events could result in the need for remediation, governmental enforcement actions, regulatory shutdowns, government fines, as well as penalties and claims brought by governmental entities or third parties. The resulting liability could exceed our resources and governmental or other applicable authorities may curtail our use of certain materials and/or interrupt our business operations.

Specifically, our R&D activities involve the controlled storage, use and disposal of hazardous materials, including the components of our product candidates. In some cases, these hazardous materials and various waste products resulting from their use are stored at our facilities until their final use and disposal. We cannot eliminate the risk of contamination, which could cause an interruption of our commercialization efforts, R&D efforts and business operations, environmental damage resulting in costly clean-up activities and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. Environmental laws and regulations are complex, change frequently and have become more stringent over time (see also "*1.4.8 We are subject to environmental, health and safety laws and regulations, and may face significant costs or liabilities related to environmental, health and safety issues.*"). We cannot predict the impact of such changes and cannot be certain of our future compliance.

In addition, epidemics, or pandemics, such as the COVID-19 pandemic, can directly or indirectly affect our operations, specifically at our R&D facilities. Local shutdowns could also occur as a result of measures ordered by public authorities or insufficient availability of employees. If disruptions at our facilities occur, alternative facilities with sufficient capacity or capabilities, including the required certifications for the performance of our operations, may not be available, may cost substantially more, or it may take significant time to commence operations. If our facilities are unable to properly operate for an extended period, this may result in significant delays in the development of our projects and the overall progress and success of our projects may be jeopardized.

Furthermore, our intended growth may require us to expand our existing capacities for R&D and such expansion might be delayed or fail. We may not be able to obtain additional research facilities and equip them as quickly as our future growth requires, or such additional research facilities might not operate properly and/or might lead to significantly increased costs.

If any of the risks described above arise, this could have a material adverse effect on our business and prospects.

1.3.14 Any investment, acquisition or commercial partnership may disrupt and materially harm our business, and we may not be able to successfully identify, complete, integrate or realize expected benefits from such acquisitions, investments, or partnerships.

We have pursued investments and acquisitions, such as the acquisitions of all shares in Clinical Research GmbH (previously operating under Bioeq GmbH), all shares in FYB202 Project GmbH and 50% of the shares in Bioeq AG in 2022. As part of our growth strategy, we expect to evaluate and pursue strategic business development and licensing ("**BD&L**") transactions, including strategic alliances, investments or acquisitions, or other mergers and acquisition ("**M&A**") opportunities or commercial partnerships to expand our platform or complement our business.

Such investments, acquisitions and/or commercial partnerships may bring us new technologies, products, or customers. However, BD&L and M&A activities may be difficult to implement, among other things, due to the resources and time required. We may also fail to identify suitable BD&L and M&A opportunities. BD&L and M&A activities can be thwarted by the actions of our competitors for the same target candidates or partners, governmental regulation (including market concentration limitations and other competition laws) and the development of replacement products in our industry. In addition, the financing of any such acquisition may not be readily available on satisfactory terms. Further, after an acquisition, successful integration of the acquired business can be complicated by corporate cultural differences, difficulties in retention of key personnel, customers and suppliers, and coordination with other products and processes. Synergies expected in the context of an acquisition may not materialize and we may fail to realize the full benefits anticipated from the acquisition, or to realize these benefits within the expected time frame. Also, acquisitions could divert management's attention from our existing business. They could further result in liabilities being incurred that were not known at the time of acquisition or in tax and/or accounting issues. Due diligence reviews conducted on acquisition targets may fail to adequately uncover all contingent, undisclosed, or previously unknown risks or liabilities. If we fail to timely recognize or address these matters or to devote adequate resources to them, we may fail to achieve our growth strategy or otherwise not realize the intended benefits of such acquisition.

1.3.15 Our risk management, internal controls and compliance may prove to be inadequate.

Members of our governing bodies, employees, representatives, or agents may intentionally or unintentionally violate applicable laws and internal quality standards and procedures, particularly in relation to anti-corruption, money-laundering, antitrust, competition and compliance with sanctions, as well as compliance with laws and regulations regarding sales practices, products and services, environment, finance, employment and general corporate and criminal law. Our internal controls, procedures and compliance measures may not be able to identify such violations, ensure that they are reported in a timely manner, evaluate them correctly or address them with the appropriate countermeasures. Further, given the evolving legal and regulatory requirements applicable to our business, the scale of our global operations and the acquisitions we have made in the past, there can be no certainty that we will be able to identify and address all the relevant requirements and we may face challenges in assuring adequate and sufficient compliance and monitoring measures.

In addition, there can be no certainty that any countermeasures we have implemented or may implement in the future are or will be appropriate and sufficient to reduce the corresponding risks effectively. It cannot be ruled out that violations of the law, regulations or internal controls have occurred in the past or will occur in the future. Any discovery of corresponding violations could result in significant liability or reputational damage for us. Fines imposed following such breaches could be significant and may be calculated based on total Group revenue.

Any failure to effectively prevent, identify and/or address violations of relevant laws and regulations as a result of inadequate internal controls, procedures, compliance systems and risk management systems could result in penalties, other sanctions, liabilities, the assertion of damages claims by third parties as well as reputational damage.

1.3.16 Counterfeit versions of our products could harm patients and our reputation.

The pharmaceutical industry is vulnerable to counterfeiting of pharmaceutical products and the availability of counterfeit products in a growing number of markets and over the internet is increasing. Counterfeit products are frequently unsafe or ineffective and can potentially be life-threatening. To distributors and patients, counterfeit products may be indistinguishable from the authentic product. Reports of adverse reactions to counterfeit Biosimilars or increased levels of counterfeiting of Biosimilars could materially affect patient confidence in our products and harm our reputation and business and lead to litigation. In addition, it is possible that adverse events caused by unsafe counterfeit Biosimilars could mistakenly be attributed to the authentic product. If one or more of our products continue to be the subject of counterfeits in the future, we could incur substantial

reputational and financial harm, which could in turn have a material adverse effect on our financial condition and our results of operations.

1.3.17 Investments in affiliates, joint ventures, such as our joint venture with Polpharma Biologics Group B.V. regarding Bioeq AG, and other entities over which we do not have full control, and actions taken by our partners could materially affect our business.

The Company holds 50% of the shares in Bioeq AG ("**Bioeq AG**"), Zug, Switzerland, while Polpharma Biologics Group B.V. ("**Polpharma**"), Amsterdam, the Netherlands, holds the remaining shares. Bioeq AG owns the global assets and commercialization rights relating to our first fully developed, and as of the date of the Prospectus, only marketed Biosimilar (FYB201), a follow-on product for the highly successful ophthalmic Reference Drug Lucentis® (ranibizumab). In the future, we may enter into additional investments in affiliates, joint ventures and other entities which we do not fully own or over which we do not have full control.

We may only exert limited control over these affiliates, joint ventures, and other entities. Therefore, these investments are subject to the risk that the other parties may pursue different business or investment strategies than we do, or that we may have disagreements or disputes with these parties. They may be in a position to obstruct or impede actions with respect to our investments, limit our independence, implement initiatives which may be contrary to our interests or otherwise materially adversely affect our business, financial or management decisions. This may include the decision to distribute dividends or appoint members of management, which may be crucial to the success of the project or our investment in it.

Moreover, joint venture and other partners may be unable or unwilling to fulfill their obligations under the relevant joint venture agreements, and shareholder agreements or may experience financial or other difficulties that may adversely impact our investment in a particular joint venture. Specifically, there is the risk that joint venture partners or co-investors may become bankrupt or be unable to make their required capital contributions. In addition, any disputes between us and our co-investors may result in litigation or arbitration that may consume significant financial and other resources and result in the loss of business and growth opportunities. Furthermore, actions by our co-investors, of which we may be unaware, or which we may be unable to control, such as political affiliations, illegal or corrupt practices and other activities, may cause reputational damage to us or result in adverse consequences for our investments, including incurring costs, damages, fines or penalties, construction delays, reputational losses, or the loss of key customer relationships. In addition, our joint ventures may encounter delays or not materialize on the terms initially contemplated. Any of these scenarios could have a material adverse effect on our assets and prospects.

Specifically, the Company has entered into a shareholders' agreement with Polpharma governing various aspects of the Company's involvement with Bioeq AG. As per the shareholders' agreement, any decisions requiring a vote of the shareholders in Bioeq AG such as a transfer, pledge, or encumbrance of the shares in Bioeq AG, or amendments to its articles of association, require the consent of Polpharma. For example, if Polpharma refuses to vote in favor of a dividend distribution, our recourse is limited to pursuing a claim for damages under the shareholders' agreement. Since we do not control Bioeq AG, we lack the authority to pass a respective shareholder resolution and ensure the payment of dividends by Bioeq AG. Consequently, if this risk were to materialize, it would have a significant impact on our ability to realize returns on our investment and could negatively impact our business, financial condition, results of operations and/or prospects.

1.3.18 Our insurance coverage might prove to be inadequate, insurance premium may increase and future policies may not be available at acceptable terms or in sufficient amounts, or at all.

Our Biosimilar developments involve an inherent risk of liability claims as a result of a patient's participation in one of our clinical studies, which could have an adverse impact on us (see also "*1.4.9 Investigations and legal proceedings, including product liability, may harm our business or otherwise distract our management.*"). Furthermore, we bear all the risks of property-related casualties, general liability, business interruption and environmental liability exposures that are typical of a public enterprise engaging in R&D activities. In accordance with industry practice and, subject to an assessment of our required insurance program profile from time to time, we do not principally plan to be fully insured against all of these risks, as not all mentioned risks are insurable, or are only insurable at a disproportionately high cost. In addition, our insurance coverage provides for numerous limitations and exclusions and is subject to limits on maximum coverage. If any of our insurance providers becomes insolvent, we may also not be able to successfully claim payment from such insurance provider. In the future, we may not be able to obtain coverage at current levels, or at all, and premiums for the insurance cover may increase significantly. No assurance can be given that our insurance coverage, assets and internally generated cash flows will be adequate to provide for future liability claims and other such losses. Any significant losses from these risks could have a material adverse effect on our business and financial condition. A lack of adequate insurance coverage could significantly increase our costs which could have a material adverse effect on our profit margins and results of operations.

1.3.19 Environmental, social, and governance matters may impact our business or result in increased costs and any failure to comply with relevant laws and regulations or meet stakeholder expectations could damage the image of our brand.

There has been increased focus by our business partners, investors, employees, and other stakeholders, as well as by governmental and non-governmental organizations on environmental, social, and governance ("**ESG**") matters. A growing number of our business partners, including financing banks and institutional investors, are increasing their focus on ESG, especially with regards to sustainability and environmental factors when it comes to entering into partnerships and business relations, often by including sustainability-linked conditions as part of contractual agreements. Topics considered in such assessments include, amongst others, a company's efforts in relation to mitigating its impact on climate change, the transition to green energy, human rights, ethics, diversity and inclusion and compliance with the law. There can be no certainty that we will manage such issues successfully.

Our ESG targets focus on greenhouse gas emissions, energy consumption and the preservation of biodiversity, patient safety, the development of high quality and accessible drugs, good working conditions, supporting workers' professional development and ensuring their health and safety at work. Trying to achieve our ESG targets may result in additional complexity and increased costs. Additionally, while we believe that our ESG targets are realistic, the levers we plan to use to reach these targets are often beyond our control, for example, the availability of renewable energy at a reasonable cost. Most importantly, we depend on the cooperation of our partners to assess and reduce our indirect emissions, the amount of waste we cause, and the development of more sustainable products. We might not succeed in securing such cooperation from our partners, which could lead to us missing our targets.

We may also inadvertently become the subject of negative public perception or adverse publicity, including any allegation of greenwashing, lose credibility, or be unable to meet expectations on the part of our customers, investors, employees, business partners, or other stakeholders relating to our ESG performance and/or strategy and its implementation and timeline, including with respect to the selection and performance of our ESG-related key performance indicators. We may also be subject to ESG concerns and perceptions that do not directly relate to us, but rather to our suppliers or fulfillment partners, or our industry in general, and/or that are based on inaccurate or misleading information.

Regarding the transition to green energy, we further face the risk of rising energy prices and transport and delivery costs, including as a result of the introduction of CO_2 taxes. In addition, legislation requiring renovations of buildings to achieve higher levels of energy efficiency may result in increased investments required to maintain our infrastructure and may also result in higher rental payments for our premises if the landlord passes these renovation costs on to us. In addition, landlords may not accept our ESG goals and criteria, which could cause us to miss our targets or incurring higher costs, e.g. if we do not receive permission to carry out required construction work as planned.

Furthermore, we may fail to meet current or future national, EU or other international ESG reporting requirements, standards, or recommendations. In addition, reporting standards regarding ESG could change and become more onerous and costly for us to comply with. Moreover, evolving data, methods, research and reporting requirements, including scientific assessments, could undermine or refute claims and beliefs we made on the reliance on the currently available data, research and reporting requirements, which could result in additional costs or negative market perception and damage our reputation.

The realization of any of the foregoing risks associated to ESG matters could have a material adverse effect on our reputation, our relationships, employee engagement and retention, the demand for our products, and our costs, and thus on our business, results of operations, financial position, cash flows, and prospects.

1.4 Risks related to regulatory and legal matters

1.4.1 We could be subject to litigation and claims for damages from companies that own intellectual property rights to the original products of our Biosimilars and alleged infringements of these rights leading to settlements and/or commercialization delays.

Biosimilars are therapeutically equivalent versions of originator (often called "branded") drugs, i.e., Reference Drugs. It is common for a Biosimilar product to be launched before all of the patents relating to the Reference Drug have expired if the Biosimilar version of the drug does not infringe those patents or those patents are considered to be invalid. As a result, it is common that originator companies of the Reference Drug assert their patent rights against the new Biosimilar product, alleging infringement of their patent or other intellectual property rights, and taking actions to prevent the Biosimilar product from being launched until those rights expire.

Our commercial success depends greatly on avoiding the infringement of valid and enforceable patents as well as the proprietary rights of third parties and/or invalidating or rendering unenforceable such patent and proprietary rights of third parties. There has been, and continues to be, a substantial volume of litigation in the pharmaceutical industry with respect to the manufacture, use and sale of Biosimilars. This litigation is often in

relation to the validity and infringement of patents controlled by originator pharmaceutical companies. Together with our Commercialization Partners, we take great care in ensuring that the launch of a new Biosimilar product does not violate any valid intellectual property rights and we seek to refrain from selling our Biosimilar products prior to the expiration of the period during which the Reference Drug is patent protected. Notwithstanding the aforementioned, patent infringement claims are typical for our industry and have been brought against us in the past and may be brought against us in the future, and we may be found to infringe the intellectual property rights of others. Many patents may cover a marketed product, including but not limited to, the composition of the product, methods of use, formulations, cell line constructs, vectors, culture media, production processes and purification processes. The identification of all patents and their expiration dates relevant to the production and sale of a Reference Drug is extraordinarily complex and requires sophisticated legal knowledge in the relevant jurisdiction and interactive monitoring and analysis of the patent landscape. We may fail to identify all patents in all jurisdictions relevant to a marketed product. Our determination of the expiration date of any patent in the European Economic Area ("**EEA**") or abroad that we consider relevant may be incorrect which may negatively impact our ability to develop and market our Biosimilar products. However, depending on the circumstances, we may also be required to challenge the validity and scope of potentially relevant third-party intellectual property rights, such as patents, trademarks and design rights, to ensure that they do not impede our Biosimilar developments.

Furthermore, BLA holders may submit applications for patent term extensions (where such extensions are available) and/or supplementary protection certificates in the EEA countries, and an equivalent process exists in Switzerland, seeking to extend the term of certain patent protection rights, which if approved, may interfere with, or delay the launch of one or more of our Biosimilars. Furthermore, patent laws in the various jurisdictions in which our products are marketed are subject to change and any future changes in patent laws may be less favorable for us.

We are from time to time and may in the future also be, involved in legal proceedings regarding the infringement of third-party patent rights. Particularly in the U.S., such legal actions generally involve very high costs. In the worst-case scenario, such a dispute could result in restrictions on, or even the prohibition of, the marketing of one or more of our Biosimilar products in one or more relevant markets, and/or the imposition of sizable fines. Such legal action could also make it necessary to cease the development, launch, or ongoing marketing of one or more of our Biosimilar products. If we lose such litigation proceedings, the commercialization of our Biosimilar products could be delayed, or we may have to pay damages to the originator company in circumstances where we launched our Biosimilar product prior to the final outcome of such litigation. The damages we may incur as a result of such a launch can be significant, especially as we may have to pay the originator company lost profits, or a portion thereof, resulting from the launch of our Biosimilar product. Given the comparative pricing models between Biosimilars and Reference Drugs, such damages claims may substantially outweigh any profits we earned as a result of the launch of our Biosimilar product and could therefore have a material impact on our business. Our contractual partners and customers of our products (e.g., wholesalers) could also claim for damages in order to take recourse against us if rightsholders take action against them. A significant third-party claim could result in management's attention being diverted from current operations. Any of the above could affect our ability to compete effectively or have a material adverse effect on our business, financial condition, and results of operations.

1.4.2 We may be subject to regulatory investigations, litigation and penalties if we fail to comply with legal and regulatory requirements, and our products could be subject to restrictions or withdrawal from certain markets and we may be subject to fines and penalties.

The development, registration, testing, manufacturing, sale and marketing of our products are subject to extensive laws, rules and regulations. Depending on the specific allocation of relevant tasks between us and our contracting parties, such as CDMOs or Commercialization Partners, these laws, rules and regulations may be directly or indirectly (through contractual provisions) applicable to us or could otherwise have an impact on us (see also "*1.4.6 Product liability claims, contamination issues or product recalls involving our products could damage our brand and reputation among customers and patients.*"). Relevant laws, rules and regulations include inspection of and controls over testing, clinical development, manufacturing, safety and environmental protection, efficacy, labeling, advertising, marketing, promotion, record keeping, tracking, reporting, distributing, importing, exporting, samples, electronic records and electronic signatures. Governmental bodies may also be buyers of our products or reimburse the purchase of our products and may have unique contractual or statutory rights and remedies as a result (i.e., based on the U.S. False Claims Act). The distributor of our products is further, among other things, required to comply with applicable adverse event and malfunction reporting requirements for our products. Advertising and promotional activities are also subject to stringent regulatory rules and oversight. The marketing approvals from the regulators of certain of our products are, or are expected to be, limited to specific uses. We, as well as our Commercialization Partners, are prohibited from marketing or promoting any unapproved use of our products, referred to as "off-label" use. In addition to promoting our products in a manner consistent with existing clearances and approvals, there must be adequate substantiation for the claims made for our products. If any of our claims are determined to be false, misleading

or deceptive, we could be subject to enforcement actions. In addition, unsubstantiated claims or other failures to comply with statutes and regulations administered by regulatory bodies also present a risk of consumer class action or consumer protection litigation and competitor challenges. Failure by us, our CDMOs, our Commercialization Partners and other third parties within the value chain to comply with statutes, regulations and other obligations administered by regulatory bodies or failure to adequately respond to any notices of violation or any similar reports (including purported failures which could, for example, be caused by third parties selling our products on an unauthorized basis into certain markets) could result in, among other things, any of the following enforcement actions:

- government investigations;
- warning letters, complete response letters or untitled letters issued by a regulatory body;
- fines, penalties, *in rem* forfeiture proceedings, debarment, injunctions, consent decrees and criminal prosecution;
- detention of imported products;
- delays in approving, or refusal to approve, our products;
- withdrawal or suspension of approval of our products or those of our third-party suppliers by regulatory bodies (including withdrawal of marketing authorizations);
- product recall or seizure;
- operating restrictions or interruption of production;
- import bans or inability to export to certain foreign countries; and
- seizure of Good Manufacturing Practice ("**GMP**"), Good Distribution Practice ("**GDP**"), Good Laboratory Practice and/or ISO certificates.

If any of these incidents were to occur, this could result in unanticipated expenditures to address or defend such actions, either directly or indirectly, could harm our reputation and could adversely affect our business, financial condition and results of operations.

1.4.3 The development and manufacture of Biosimilars is highly regulated, complex, and subject to strict requirements across their life cycle. Failure to comply with these requirements can lead to regulatory action, which can cause disruptions to the development, manufacture and marketing of our Biosimilar candidates and result in significant liability risks.

The development and manufacture of Biosimilars is complex and is strictly regulated by health authorities around the world to ensure that drugs are of consistently high quality, suitable for their intended use and meet the requirements of marketing authorizations and/or clinical trials. Manufacturers and distributors of biosimilars are, *inter alia*, subject to the principles of GMP and GDP, which are strictly monitored by the health authorities and other relevant regulatory bodies in the countries where our products are marketed.

We, as well as our CDMOs, Commercialization Partners and other third parties with which we collaborate are subject to potential announced and unannounced reviews, audits, inspections, and investigations by various regulatory authorities, bodies and agencies, including regular inspections to ensure compliance with the relevant regulations, especially since the COVID-19 pandemic. This may include, among other things, the request to make available the documentation and information necessary for the purpose of carrying out such surveillance activities and, where justified, to provide the necessary samples of the relevant products or access to such products free of charge. Failure to achieve acceptable results in such reviews, audits, inspections, or investigations or to comply with applicable requirements, may result in enforcement actions. In some cases, negative outcomes of such reviews, audits, inspections or investigations may be publicly disclosed and could adversely affect our reputation. The competent regulatory authority may issue public notices listing the manufacturers and distributors that the inspectors consider to be in violation of ICH, GMP, GDP or other applicable regulations and request corrective and preventive actions to ensure compliance with good practice regulations. In addition, we may be subject to audits by third parties, in particular by our Commercialization Partners (qualification and routine audits), based on contractual agreements according to which we are obliged to comply with regulatory requirements directly applicable to them as well as on our performance as supplier. In severe cases of non-compliance, we could suffer a disruption of our operations and delays in our R&D projects, both of which could have an adverse impact on our business and results of operations.

Non-compliance with applicable regulations may result in regulatory enforcement actions such as warning letters, import bans, withdrawal or cancellation of GMP certifications, withdrawal of marketing authorizations, fines and criminal prosecution, which may include product recalls or seizure of products, full or partial suspension of production or distribution, suspension of review of our product applications and other unforeseen

compliance and remediation expenses, as well as reputational damage, loss of sales and loss of market share. Any significant failure by us or our third-party suppliers to comply with these requirements or the health authorities' expectations, may cause us or our third-party suppliers to shut down development and production facilities or production lines or halt the marketing of certain products. Alternatively, our third-party suppliers may be prevented from importing products from one country to another. This could lead to product shortages or to Commercialization Partners being unable to supply products to customers and consumers for an extended period of time or could disrupt our R&D projects. Such shortages, shutdowns or disruptions could lead to significant losses of revenue and to potential third-party litigation. In addition, health authorities have in some cases imposed significant penalties for such failures to comply with regulatory requirements or required companies to enter into settlement agreements imposing additional obligations on such companies (see also "*1.4.13 We are subject to complex legal regulations and failure to comply with such legal regulations could expose us to fines, business interruptions and other adverse actions by governmental regulatory authorities.*"). Failure to fully comply with regulatory requirements could also lead to a delay in the approval of new products to be manufactured at the impacted site, or to a withdrawal of the required manufacturing authorizations.

Regulatory requirements or actions could complicate or delay the conduct of clinical studies of our Biosimilar candidates. CROs or other third-party contractors may become debarred or suspended or otherwise penalized by government or regulatory authorities for violations of GCP, ICH or other regulatory requirements, in which case we may need to find a substitute contractor, and we may not be able to use some or any of the data produced by such contractors in support of our marketing authorization applications. Inspections of clinical study sites by regulatory authorities, or regulatory violations that require us to undertake corrective action, may result in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study, or the prohibition on us from using some or all of the data already generated in support of our marketing applications.

If we or our third-party suppliers are unable to comply with the complex development, approval and production processes required for Biosimilars, the cost of development and manufacturing our products could increase or there could be significant disruptions in the supply of our products. Both factors could have a material adverse effect on our business, financial condition, results of operations and reputation. In the event that applicable laws and regulations were to change such that the development of our products and their subsequent manufacture and marketing processes were subject to greater regulatory control or restrictions, it could have a significant impact on our ability to develop our Biosimilar candidates and to capitalize them, and could require us and/or our Commercialization Partners or other contractors to spend significant amounts to ensure and monitor compliance with such laws and regulations. As a result, such changes to applicable laws and regulations could adversely affect our business, financial condition and results of operations.

1.4.4 Biosimilars involve unique regulatory risks and uncertainties with respect to their approval that could adversely affect our results of operations and financial condition.

Before a Biosimilar may be marketed, intensive technical and clinical development work must be performed to demonstrate the biosimilarity of the Biosimilar product to the Reference Drug. Biosimilars are engineered to match the Reference Drug in terms of quality, safety and efficacy. While conventional generics do not normally require clinical studies in patients, regulators worldwide in most cases still require clinical bioequivalence in healthy subjects as well as confirmatory safety and efficacy studies in patients for Biosimilar products. Accordingly, there are unique regulatory risks and uncertainties related to Biosimilars.

The testing, approval, safety, efficacy, manufacturing, labeling, and marketing of Biosimilars are subject to regulation by FDA, EMA and other regulatory bodies globally. In addition to GMP, GLP, GCP and GDP regulations which apply to all biological products, new biological entities as well as Biosimilars, there are additional laws and guidelines (e.g., from FDA and EMA) which are exclusively applied to the development and approval of Biosimilars. However, all regulatory review and approval processes, regardless of whether they are conducted by FDA, EMA or other regulatory bodies, are lengthy, time consuming and have uncertain outcomes. If we and our Commercialization Partners are unable to obtain regulatory approval for our product candidates, our business will be substantially harmed. We cannot give any assurance that the marketing authorization applications for any of our Biosimilar candidates will receive regulatory approval, which is necessary before they can be commercialized. Our future success is dependent on our ability to develop, obtain regulatory approval for, and then commercialize and obtain adequate third-party payor coverage and reimbursement for our Biosimilar product candidates. Our Commercialization Partners are not permitted to market our Biosimilar product candidates before receiving market authorization/approval from the appropriate regulatory authorities. The time required to seek and obtain market authorization/approval by EMA and comparable authorities is unpredictable, may take several years following the completion of clinical studies and is dependent upon numerous factors. In addition, approval requirements, regulations, or considerations with respect to the type and amount of clinical, nonclinical, and analytical data necessary to gain approval may change during the course of a product candidate's development and may vary among jurisdictions, which may cause delays in the

submission of an application for marketing authorization or approval, the authorization or approval, or the decision not to approve an application.

In addition, many countries have not yet fully developed legislative or regulatory frameworks and pathways to facilitate the development and approval of Biosimilars, and to permit their sale in such a way that they are readily substitutable alternatives to the Reference Drug. This may result in delays or difficulties in marketing our products and restrict the growth of our business.

1.4.5 Our intellectual property and patent rights may not provide us with a competitive advantage, and we may not be able to establish, protect and enforce our intellectual property rights.

Our business strategy relies on our ability to establish, protect, and enforce proprietary intellectual property rights in relation to the design, manufacture and use of products. We have invested significantly in R&D in the past. Our portfolio of intellectual property rights currently spans nine granted patents and 61 pending patent applications, across twelve patent families in various jurisdictions. This portfolio is aimed at protecting key proprietary technologies, on which our existing and potential future products rely.

For practical reasons, it is not possible for us to file, prosecute, defend and enforce patents for our Biosimilars in every country in the world, and our intellectual property rights in some countries outside the EEA can be less extensive than those in the EEA. In addition, the laws of some countries do not protect intellectual property rights to the same extent as the applicable law in the EEA. Further, our Commercialization Partners or other licensing partners may choose not to file patent applications in certain jurisdictions in which commercial rights may be obtained (to the extent those partners have a contractual right to do so), thereby precluding the possibility of later obtaining patent protection in these countries. Consequently, we may not be able to prevent third parties from utilizing our inventions in countries outside the EEA. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export such infringing products into territories where we have patent protection, but in which the scope of our patents and/or the ability to enforce them is not as strong as in the EEA. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent such competition.

Changes in the patent laws of the EU and other countries in which we operate could diminish the value of patents obtainable in such jurisdictions, thereby impairing our ability to protect our products. As is the case with other biopharmaceutical companies, our success for any given product could be heavily dependent on intellectual property rights, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves both technological and legal complexity. Therefore, obtaining and enforcing biopharmaceutical patents is costly, time consuming and inherently uncertain.

Moreover, our intellectual property may not provide us with sufficient protection or competitive advantages as our competitors could independently develop technology that may prove to be comparable with, or superior to, our technology. In addition, not all of our patent applications may mature into granted patents, and existing or future patents may not provide us with comprehensive protection for all aspects of our technology. Also, existing patents may be successfully challenged, revoked, or circumvented in the future.

We also rely on trade secrets and other unregistered proprietary rights which do not afford the same level of protection as patents or trademarks. Because we rely on third parties to manufacture and market our products, we must, at times, share trade secrets with them (see also "*1.3.2 We rely on third parties to manufacture active ingredients and finished products as well as to market our products and are therefore dependent on the production and marketing efforts and success of such* third parties."). While we attempt to protect non-patented, proprietary know-how, trade secrets, processes and other proprietary information through confidentiality agreements, invention assignment and other similar agreements, such agreements may be breached. In particular, other parties may breach confidentiality agreements or other protective contracts we have entered into with them, and we may not be able to enforce our rights or compensate for losses we suffer in the event of such breaches. In addition, we face the risk that governmental agencies or regulatory bodies may require the disclosure of such information in order to grant us the right to market a product. In this context, such agency or regulator may disclose information if it decides that such information is not confidential business or trade secret information. Trade secrets, know-how and other unpatented proprietary technology may also otherwise become known to or be independently developed by our competitors, which could adversely affect our competitive position.

In the ordinary course of business, we have been, and in the future may be, a party to lawsuits involving patents or other intellectual property and we may incur significant costs in pursuing and defending such actions with no assurance that they will be resolved in our favor. If intellectual property disputes are resolved against us, we may be subject to considerable damages and the testing, manufacture, or sale of one or more of our technologies or products may be restricted, or our competitors could introduce products replicating the design or features of our own products and services.

1.4.6 Product liability claims, contamination issues or product recalls involving our products could damage our brand and reputation among customers and patients.

Although we are engaged in R&D and not directly in the production or commercialization of pharmaceutical products, the risk cannot be entirely excluded that we may be liable for, or incur costs related to, liability claims if any of our products cause injury or are found to be unsuitable for patient use. For example, our Commercialization Partners or other parties involved in the distribution of our products could seek recourse against us if a claim is asserted against them. This risk exists even with respect to products that have received, or may receive in the future, regulatory approval for commercial use, despite the fact that Formycon may not be the holder of the marketing authorizations for the products. In some instances, adverse reactions to medicinal products may only become apparent years after market introduction. Our products could also be defective or contain contaminated substances that were not identified during our manufacturers' production and testing processes, and adverse reactions resulting from human consumption of these products could occur. Liability lawsuits may be costly to defend and can result in substantial monetary awards to customers, and, regardless of merit or the eventual outcome, can result in reduced sales, harm to our brand and reputation, the inability to commercialize our products as well as the diversion of management's time, attention, and resources. Considerable sums in terms of claims for damages have been awarded, against pharmaceutical companies in the past, due to physical harm allegedly caused by using certain products. Liability claims could require us to incur significant legal fees and may also force us to withdraw some of our products from the market, thus creating potential for further claims.

As of the date of the Prospectus, we are not involved in any material liability litigation. It cannot be ruled out that specific batches of certain of our products may be defective or contain contaminated substances due to impurities or other production defects and may need to be withdrawn from the market as a precautionary measure to address potential risks to patients. However, we may be unable to successfully defend ourselves against liability claims. We currently do not carry specific product insurances and our existing insurances may not cover or fully cover (and not even a material part) of any liability claim or resulting damages. Furthermore, at any time, insurance coverage may not be available on commercially reasonable terms or even at all (see also "*1.3.18 Our insurance coverage might prove to be inadequate, insurance premium may increase and future policies may not be available at acceptable terms or in sufficient amounts, or at all.*"). If we are unable to guard against product liability claims, contamination, product recalls or other quality control issues, we could experience a material adverse effect on our business, financial condition, and our results of operations.

1.4.7 Legal and regulatory reforms may affect our ability to develop and commercialize our products.

The global regulatory environment in which we operate is becoming increasingly stringent and unpredictable. Any changes or new requirements relating to the regulatory approval process or post-approval requirements that apply to our products could be costly and burdensome and have a negative impact on our business, financial position and results of operations. The requirements vary significantly from country to country. We anticipate that this global regulatory environment will continue to evolve and become more stringent, which could impact the cost and the time required for regulatory approval and ultimately our ability to maintain existing approvals or obtain future approvals for our products.

New legislation and new regulations and new interpretations of existing health care statutes and regulations are frequently adopted which could affect our future business. It cannot be excluded that authorities might change the regulatory requirements in such a way as to impede, or even entirely preclude, the regulatory approval required for a Biosimilar to reach the market. Moreover, the political and public policy environment, particularly in the EU and the United States, may have a significant influence on market opportunities for Biosimilars as a whole or within specific areas of indication. For example, politically influenced changes to regulations governing Biosimilars and their interchangeability with the Reference Drug may have an impact on competition or pricing and thus have a significant impact on sales revenue for the Biosimilars market as a whole and, in particular, on future Formycon-developed products. Furthermore, it cannot be ruled out, particularly in the United States, that a partial or complete government shutdown could lead to delays in the regulatory approval process. For instance, new regulations in certain countries (including laws related to tenders) and government policies may have the effect of supporting local manufacturers and disadvantaging multinational enterprises such as our Commercialization Partners and, directly or indirectly, negatively impact our revenue and expected revenue growth. For example, in 2023, the Unified Patent Court was introduced, which will provide an entirely novel pan-European patent litigation framework, creating new uncertainties for all users of the patent system in Europe. This new system will provide a process to obtain a pan-European injunction in a single case of litigation which may have a material impact on our business. Any such legislative and regulatory reforms may impact our ability to develop and commercialize our products.

1.4.8 We are subject to environmental, health and safety laws and regulations, and may face significant costs or liabilities related to environmental, health and safety issues.

Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. Therefore, we are subject to numerous environmental, health and safety laws and regulations, including in relation to the discharge of regulated materials into the environment, human health and safety, laboratory procedures and the generation, handling, use, storage, treatment, release and disposal of hazardous materials and wastes. For instance, we are obligated to have designated project managers under the German Genetic Engineering Act (*Gentechnikgesetz*) and trained safety specialists. Furthermore, we are regularly and voluntarily audited by the German Accident Prevention and Insurance Association for the Raw Materials and Chemical Industry (*Berufsgenossenschaft Rohstoffe und chemische Industrie*), which includes our occupational health and safety management system as well as the effectiveness of our health management system on the basis of ISO 9000. Where appropriate, we contract third parties for the disposal of these hazardous materials and wastes to ensure compliance with applicable laws and regulations. Nevertheless, we cannot eliminate the risk of contamination or injury from these materials in the event of contamination or injury resulting from our generation, handling, use, storage, treatment, release or disposal of hazardous materials or wastes. If we fail to comply with applicable environmental, health and safety laws and regulations, we may face significant administrative, civil or criminal fines, penalties or other sanctions. In addition, we could be held liable for any resulting damages, and any liability could materially adversely affect our business, operating results or financial condition. Our workers' compensation insurance may not provide adequate coverage against all potential liabilities. Following a violation of the applicable laws and regulations, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations, which have tended to become more stringent over time, including any potential laws and regulations that may be implemented in the future to address global climate change concerns.

The environmental, health and safety laws and regulations to which we are subject could become even more stringent in the future. For example, the EU has initiated the "European Green Deal" implementing a comprehensive strategy to transform the EU's economy, aiming to achieve the EU's sustainable development goals. This includes a zero-pollution ambition for the EU economy, mobilizing industry for a clean and circular economy, saving resources and energy throughout various sectors of the EU economy. As a consequence, the EU is currently revising its environmental, health and safety laws, consequently extending producers' responsibilities. The revision of the Urban Waste Water Treatment Directive and other laws directly linked to this, such as the Environmental Quality Standards Directive, the Industrial Emissions Directive and the Groundwater Directive, are setting up extended producer responsibility schemes, energy neutrality targets and reduction of greenhouse gas emissions. Compliance with such current or future environmental, health and safety laws and regulations may result in substantial capital, compliance, operating and maintenance costs and may impair our research, development or production efforts.

1.4.9 Investigations and legal proceedings, including product liability, may harm our business or otherwise distract our management.

We may in the future be subject to various investigations and legal proceedings including with respect to sales and marketing practices, pricing, corruption, healthcare regulatory, product stewardship, counterfeiting and diversion, trade regulation and embargo legislation, export and trade controls, product liability, commercial disputes, employment and wrongful discharge, business disputes, securities, insider trading, occupational health and safety, environmental, tax audits, cybersecurity, data privacy fraud, and nuisance. For intellectual property matters, see "*1.4.1 We could be subject to litigation and claims for damages from companies that own intellectual property rights to the original products of our Biosimilars and alleged infringements of these rights leading to settlements and/or commercialization* delays.".

We may also receive inquiries from antitrust and competition authorities and may be named as a defendant in antitrust or other lawsuits relating to competition law infringements. In addition, we may be named as a defendant in civil liability lawsuits if our products are alleged to be defective or cause harmful effects and we may in the future incur material liabilities relating to such liability claims, including claims alleging product defects, problems in manufacturing, storage or transportation, misleading marketing, promotional activity and/or other commercial practices, and/or alleged failure to warn of product risks. The risk of material liability litigation is increased in connection with product recalls and voluntary market withdrawals and with any failures to comply with statutes and regulations enforced by regulatory bodies, e.g., child resistance packaging standards. The combination of our insurance coverage, cash flows and reserves may not be adequate to satisfy claims for damages and settlement for product liability claims that we may incur in the future. Successful liability claims brought against the Company or any of our subsidiaries or recalls of any of our products could have a material adverse effect on our business, results of operations or our financial condition. Liability claims and other claims related to our products – regardless of their outcome – could require us to spend significant time and financial

resources in litigation, diverting management time and attention, requiring us to pay significant damages, or harm our reputation.

Substantial, complex or extended litigation could cause us to incur large expenditures, affect our ability to market and distribute our products and distract our management. For example, intellectual property litigation in which the Company or any of our subsidiaries are named as (a) defendant(s) could result in significant damage awards and injunctions that could prevent the manufacture and marketing of the affected products or require us to make significant royalty payments to continue to market the affected products or pay damages to partners to which we have out-licensed our products. Lawsuits by employees, shareholders, customers or competitors, or potential indemnification obligations and limitations of the Company's director and officer liability insurance, could be very costly and substantially disrupt our business. Disputes with such companies or individuals from time to time are not uncommon, and we cannot be sure that we will always be able to resolve such disputes on terms favorable to us.

Even meritless claims could subject us to adverse publicity, hinder us from securing insurance coverage in the future and require us to incur significant legal fees. As a result, significant claims or legal proceedings (or a large volume of insignificant claims in aggregate) to which the Company or any of our subsidiaries are a party could have a material adverse effect on our business, prospects, financial condition and results of operations.

1.4.10 We process sensitive data, including personal data, in the ordinary course of our business, and any failure to maintain the confidentiality of such data could expose us to legal liability and damage our reputation.

In the ordinary course of our business, we collect and store sensitive data in our data centers and on our networks, including intellectual property, proprietary business information and personally identifiable information. Especially in connection with our clinical studies (see also "*1.3.6 We face risks in connection with clinical trials and our role as a clinical trial* sponsor."), we process personal data, including sensitive patient data (such as names, addresses and health data) as part of our business. We must comply with strict data protection and privacy laws, in particular with respect to health data which are subject to even stricter rules. For example, we are subject to extensive European laws and regulations on privacy, information security and data protection, the main and most relevant of which relate to the collection, protection and use of personal (health) data, including the Regulation (EU) 2016/679 ("**GDPR**"). The costs of complying with the GDPR are increasing, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. Breaches of our systems or those of our third-party contractors (see also "*1.3.7 Our operations rely on complex IT systems and networks, which may be breached, attacked, or impaired.*"), or other failures to protect such information, could expose such personal information to unauthorized persons. Our failure to comply with privacy, data protection and information security laws, such as GDPR, could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation.

Moreover, data protection laws and rules impose certain standards of protection and safeguarding on our ability to collect and use personal information and could make us liable in the event of a loss of control of such data or as a result of unauthorized third-party access to such data. Unauthorized data disclosure could occur through cyber security breaches as a result of human error, external hacking, malware infection, malicious or accidental user activity, internal security breaches, and physical security breaches due to unauthorized personnel gaining physical access to our premises.

If a single material breach or series of less material breaches were to occur, we could face liability under data protection laws, could lose the goodwill of our business partners and could have our reputation damaged, all of which could have a material adverse effect on our business, financial condition and results of operations.

1.4.11 We may not have validly acquired employee inventions or may not be able to validly acquire them in the future.

Our business also relies on inventions made by our employees. We could have failed in the past or may in the future fail, to properly claim such inventions, with the result that present or former employees who made or make employee inventions may continue to own the rights to such inventions and/or claim for (additional) remuneration for the use of such employee inventions. Should this be the case and should we have nevertheless registered an employee invention ourselves or have used an employee invention, the respective employee may bring forward a claim for transfer of the patent right against us and may be able to assert a claim for damages for the unauthorized use of such invention against us. In addition, a claim could be asserted against us to enjoin our use of the invention, or we could be forced to enter into a license agreement providing for the payment of royalties in order to use the invention in the future, or we may have to acquire the invention, which may not be possible on commercially reasonable terms or even at all. Any of the foregoing scenarios could have an adverse effect on our business or results of operations.

1.4.12 We may be obliged to repay certain subsidies if certain conditions are not met, or previously granted investment grants or other subsidies may not be paid out in full or only in part.

We receive public subsidies for our investment in certain projects from time to time. Any violation of the conditions to which subsidies and funding grants are tied could require us to repay the amounts received. For example, we requested public funding for development of a COVID-19 mutation resistant fusion protein drug for the prevention and treatment of SARS-COV2. The scope of the original grant was the funding of drug development, including phase I/II clinical studies. As the World Health Organization (WHO) has lifted the pandemic emergency status relating to COVID-19, it is no longer realistic to successfully perform the clinical development of the drug without significant additional efforts and costs. Therefore, we amended the scope of the development to be "readiness for clinical studies", which would be the prerequisite for preparedness for future pandemic situations or outbreaks. It is therefore uncertain if the project is still eligible for such grant. The conclusive decision of the funding agency is contingent upon the evaluation of the Group's final project report which was due in September 2024. As such, we will not have final certainty regarding our eligibility for full funding until the final report is reviewed and approved by the funding agency. This introduces a risk of up to EUR 10 million in that we might not receive all the funding or could be obligated to reimburse a portion of the grant to the funding agency.

A subsidy repayment could occur in any of the markets in which we operate and previously received or may in the future receive subsidies. In addition, we may no longer receive the same amount or level of subsidies in the future, which could adversely affect our competitive position. Furthermore, investment grants or other subsidies already awarded may not be disbursed in full or only in part, e.g., because the competent authority has not been allocated the required funds or because we have not complied with respective funding obligations. Any of the foregoing could have an adverse effect on our financial condition, results of operations and future prospects (see also "*1.4.7 Legal and regulatory reforms may affect our ability to develop and commercialize our products.*").

1.4.13 We are subject to complex legal regulations and failure to comply with such legal regulations could expose us to fines, business interruptions and other adverse actions by governmental regulatory authorities.

In addition to regulations regarding Biosimilars and environmental, health and safety laws and regulations, we are subject to many federal, state, local and international laws and regulations that govern, e.g., contracts and our business practices such as anti-corruption and antitrust laws. There can be no assurance that a regulatory agency or tribunal would not reach a different conclusion than we have regarding the compliance of our operations with applicable laws and regulations. In addition, there can be no assurance that we will be able to maintain or renew existing permits, licenses or other regulatory approvals or obtain, without significant delay, future permits, licenses or other approvals needed for the operation of our businesses. Furthermore, loss of a permit, license or other approval in any one part of our business may have indirect consequences for other parts of our business if regulators or customers, for example, cease doing business with such other part due to fears that such loss is a sign of broader concerns about our ability to develop products or provide services of sufficient quality.

Any non-compliance by us with applicable laws and regulations or the failure to maintain, renew or obtain the necessary permits and licenses could have an adverse effect on our business, financial condition and results of operations. Failure to comply with these laws and regulations can lead to agency action, including warning letters, recalls of our products, product seizures, monetary sanctions, injunctions to halt manufacturing or distribution, restrictions on our operations, suspension or withdrawal of existing or delays in clearances or denial of future approvals, permits or registrations, including those relating to R&D projects, products or facilities, the delay of our ability to develop new products, settlements and related government-imposed monitoring, issuances of alerts blocking the export of our products from or the import of our products into a particular jurisdiction and civil and criminal sanctions (see also "*1.4.3 The development and manufacture of Biosimilars is highly regulated, complex, and subject to strict requirements across their life cycle. Failure to comply with these requirements can lead to regulatory action, which can cause disruptions to the development, manufacture and marketing of our Biosimilar candidates and result in significant liability risks.*"). To the extent these agencies were to take enforcement action against us, such action may be made publicly known, and such publicity could harm our ability to sell our regulated products globally and may harm our reputation.

In addition, such actions could limit the ability of Commercialization Partners to market our products and/or to maintain their marketing authorizations. Failure relating to our development projects and/or services exposes us to contractual claims from our Commercialization Partners and/or loss in profits, which could be significant. Commercialization Partners may also claim loss of profits due to lost or delayed sales, although our contractual arrangements typically place limits on such claims. There can be no assurance that any such contractual limitation will be applicable or sufficient or fully enforceable in any given situation.

1.4.14 Our products may be subject to product recalls or voluntary market withdrawals, and this could have a material adverse effect on our business, subject us to regulatory actions, impact regulatory approvals of subsequent products, lead to litigation and cause a loss of customer confidence in our products.

The manufacturing and marketing of Biosimilars is subject to several laws and regulations. In particular, there are laws and regulations requiring the holder of the marketing authorization to report any untoward medical occurrence associated with its products, even where the causal relationship between such adverse event and the treatment is not confirmed. Such adverse events and potential health risks may lead to voluntary or mandatory market actions, including changes to the instructions for using our products, batch recalls or product withdrawals.

Governmental authorities have the authority to require the recall of our commercialized products in the event of material deficiencies or defects in, for example, the design, labeling or manufacture of these products. This is especially true if there is a finding of a reasonable probability that such defect would cause serious adverse health consequences or death.

Our products could further be subject to certain field actions, such as rectification or removal of the products in the future due to manufacturing errors, design or labeling defects or other deficiencies and issues with the products. Field actions conducted for safety reasons in the EEA must be reported to the regulatory authority in each country where the field action occurs. Similarly, if a rectification or removal of one of our products is initiated to reduce or address a health risk posed by the product, or to remedy a violation of U.S. laws caused by the product that may present a risk to health, the rectification or removal must be reported to the relevant U.S. authorities. The occurrence of changes to product labeling, recalls or product withdrawals could result in disruptions in the supply chain of our products to our customers, significant costs and adverse publicity, all of which could harm our ability to further market our products. Market actions such as recalls or withdrawals of our products or a similar competing product manufactured by another manufacturer can lead to a general loss of patient confidence in products developed by Formycon and could impair revenue and subsequent regulatory approvals of similar products we may develop in future, leading to a general loss of customer confidence in our products. A product recall or withdrawal could also lead to a health authority inspection or other regulatory action or to Formycon being named as a defendant in lawsuits.

1.5 Risks related to our financial situation and tax matters

1.5.1 We rely on external financing to support the continued growth of our business and may not be able to raise needed capital on economically acceptable terms, or at all.

Although we have received upfront payments, milestone payments and other contingent payments and/or funding for the development of our Biosimilars based on our collaboration and license agreements, we only started to generate revenue from the commercialization of our Biosimilar products in late 2022 due to our first market launch of a Biosimilar (FYB201). Since the launch of FYB201, we have had negative operating cash flows and relied on external financing in addition to generating revenues. As Formycon continues to invest significantly in its growing product portfolio, total cash flows will remain negative in the short- and mid-term. Therefore, it cannot be excluded that additional debt and/or equity financing may be required to reach the planned growth of the Company as well as positive total cash flows and positive EBITDA.

We will require additional capital to finance our operations or the future growth of our business. We have significant funding needs to finance our product pipeline and the current uncertain and volatile political and economic environment across our key regions (see also "*1.1.1 We are exposed to the development of the global economy, macroeconomic trends, political uncertainty, and the economic development in the markets in which we operate.*" and "*1.1.3 Our target markets include emerging markets with potentially volatile economic, political, legal, and business conditions that could adversely affect our business and results of operations.*"), may negatively impact our ability to raise additional capital, be it in the form of equity or debt financing. If we choose to raise additional capital by issuing new shares, our ability to place such Shares at attractive prices, or at all, depends on the condition of equity capital markets in general and the price of our Shares in particular, and such share price may be subject to considerable fluctuation.

This uncertain and volatile environment may also negatively impact the accuracy of our budgeting and financial forecasting. As a consequence, we may not be able to correctly anticipate our capital requirements. If we are unable to raise the required capital on economically acceptable terms, or at all, or fail to accurately project and anticipate our capital needs, we might have insufficient funds to meet our obligations and/or may be forced to limit or even scale back our operations, which may adversely affect our growth, business and market share and could ultimately lead to insolvency.

A breach of covenants or other contractual obligations contained in external financing agreements, including any arrangements we enter into in the future, could trigger an event of default that may trigger immediate repayment obligations or may lead to the seizure of collateral posted by us, all of which may adversely affect

our business. Additional debt financing from independent third parties may not be easily available to us. Even if additional debt financing were available, such financing may require us to grant security in favor of the relevant lenders or impose other restrictions on our business and financial position.

Any inability to obtain capital on economically acceptable terms, or at all, could have a material adverse effect on the implementation of our business strategy, financial condition, results of operations and prospects, and could ultimately lead to insolvency.

1.5.2 The assumptions and estimates made in preparing the profit forecast for the Fiscal Year 2024 and the business outlook included in this Prospectus may prove incomplete or inaccurate, and our actual results may differ from the results that we forecast. As a result, our financial position may deviate negatively from our expectations, which could adversely affect the price of the Shares and our ability to access capital markets in the future.

Pursuant to our forecast included in this Prospectus, we expect EBITDA for the Group to be between a negative EUR 25 million and a negative EUR 15 million and Adjusted EBITDA for the Group to be between a negative EUR 5 million and EUR 5 million for the Fiscal Year 2024. The preparation of our forecast of EBITDA and Adjusted EBITDA as well as the business outlook is based upon, among other things, assumptions and estimates concerning future events that we expect to occur, and the actions we intend to take. These assumptions and estimates relate to commercial expectations and other external factors, including political, legal, fiscal, market and economic conditions and applicable legislation, regulations, or rules, all of which are difficult to predict and are beyond our control.

Accordingly, the assumptions and estimates made in preparing the profit forecast and the business outlook included in this Prospectus are uncertain and could prove incomplete or inaccurate and may differ materially from and fall short of those projected or implied. Hence, we may not be able to achieve the targets which we have set ourselves. Should our actual results deviate adversely from these targets, this could lead to a deteriorated financial position of Formycon and we may have to publish such information by way of ad hoc-notification, which could adversely affect the price of the Shares, negatively impact our reputation, and make it more difficult for us to access capital markets in the future, any of which could have a material adverse effect on our business, results of operations and financial condition. Our forecast and the estimates set out therein should not be relied upon in any way by any investor in making an investment decision with respect to the Shares.

1.5.3 We might be exposed to tax risks resulting from deviating interpretations of applicable tax laws by the tax authorities or adverse amendments to current legislation.

We are primarily subject to the tax environment in Germany. Our tax burden primarily depends on various aspects of tax law, as well as its application and interpretation. Changes in tax laws, regulations or guidelines, or their interpretation and application by the relevant tax authorities or courts may result in our assessments actually being incorrect. For example, tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, payments or other distributions to our shareholders, existing and future intercompany loans and guarantees or the deduction of interest expenses. We could also fail to comply with tax laws and regulations relating to the tax treatment of various of our financing arrangements, which could result in unfavorable tax treatment for such arrangements. If any competent tax authorities were to successfully challenge the tax treatment or characterization of any of our existing and future intercompany loans or transactions, this could result in the disallowance of deductions, a limitation on our ability to deduct interest expenses, the imposition of withholding taxes, the application of significant penalties and accrued interest on intercompany loans or internally deemed transfers which could result in a higher tax burden for us. Despite a generally existing prohibition on retroactive effects, they may also have a retroactive effect under certain limited circumstances. We also cannot exclude that we may be impacted by tax effects as a result of the impending application of the global minimum taxation rules. The realization of any of these risks, alone or in combination, may have adverse effects on our business, financial condition and results of operations.

A number of additional factors may also affect our tax situation. For example, we are audited by the tax authorities regularly and are required to file tax declarations in Germany, from time to time. The last binding tax audit with respect to the Company took place in 2024 covering the period from the fiscal year ended December 31, 2014 up to and including the fiscal year ended December 31, 2017. The subsidiaries of the Company have been and will be subject to tax audits, and the final outcome of such tax audits could be materially different from what is reflected in our financial statements. Such outcome of a tax audit might increase our tax burden (including interest and penalty payments).

We have taken out a shareholder loan and may take out further loans in connection with our business in the future. Such loans require interest payments. For income tax purposes, the deduction of interest on loans may be restricted by the interest barrier rules and other rules limiting the tax deductibility of interest expenses. In Germany, pursuant to the German interest barrier rules, interest expenses of a business can generally be taken into account in a tax-reducing manner in the amount of the interest income of the same business year.

If the balance of interest expenses and interest income is negative, the deductibility of the interest balance is generally limited to 30% of EBITDA adjusted for tax purposes. Therefore, the applicability of the interest barrier depends on the earnings we achieve; these earnings fluctuate and cannot be predicted with any certainty. If we are increasingly affected by the applicability of these regulations in the future, this would result in a higher tax burden and would in turn have adverse effects on our financial condition and results of operations.

1.5.4 Most of our balance sheet assets consist of goodwill and other intangible assets, the valuation of which could be impaired from year to year by changing future prospects, which may adversely affect our financial condition.

We recognized extensive goodwill and other intangible assets of EUR 569.4 million as of June 30, 2024 in the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2024, which made up 60.1% of the consolidated balance sheet total. Our goodwill solely is a result of the acquisition of FYB202 Project GmbH in 2022. Goodwill is tested for impairment at least annually or when there is indication that Goodwill might be impaired. Our intangible assets primarily consist of development in progress for Projects FYB202 and FYB206. As they are still under development, they are not amortized so far but tested for impairment at least annually or when there is indication that they might be impaired. As soon as the products are approved, straight line amortization will start of a period of 18 years.

The recoverable amount of each of our cash generating units FYB201 through FYB209 is determined by calculating the value in use or fair value less costs of disposal. Future cash flows are based on assumed growth rates which are based on historical trends. If the carrying amount of a group of cash generating units exceeds the calculated recoverable amount an impairment loss must be recognized, which could have a material adverse effect on our financial condition.

1.5.5 Fluctuations in exchange rates may adversely affect our business and results of operations.

As our products are marketed globally and we source products and services internationally, we are exposed to financial risks that arise from fluctuations in currency exchange rates. We are exposed to foreign currency risks, if a Group company performs transactions and incurs future cash flows in a currency other than our functional currency (euro).

The transactions from which such foreign currency risks may arise are primarily denominated in U.S. dollars, British pounds, and Swiss francs, as well as to a small extent Japanese yen. In addition, we hold bank accounts denominated in U.S. dollars. Fluctuations in foreign exchange rates could increase or reduce the euro-equivalent value of our income, costs, assets and/or liabilities, if denominated in foreign currency. As a result of these factors, fluctuations in exchange rates and particularly, a significant appreciation of the euro against other major currencies such as the U.S. dollar and the Swiss franc, could affect our results of operations.

There can be no assurance that hedging, e.g., by using of common FX tools, such as currency forwards, will continue to be available on commercially reasonable terms or that we will be effectively managing our currency risks. As a result, we may be unable to use derivative financial instruments in the future, to the extent necessary, or respective hedging measures may fail in their effort to protect related cash flows and our hedging strategy could therefore ultimately be adversely affected. Furthermore, hedging transactions bear the risk that a counterparty may default on its obligations.

Fluctuations in currency exchange rates could therefore have a material adverse effect on our business, financial condition, and results of operations.

1.6 Risks related to our shareholder structure

1.6.1 Any future sales of Shares by the Company's major shareholders, or the perception that such sales might occur, could depress the Company's share price.

To our knowledge, the Company's major shareholders hold Shares corresponding to 60.79% of the Company's share capital and voting rights in aggregate as of the date of the Prospectus. Sales of a substantial number of the Shares by such shareholders in the public market, or the perception that such sales might occur, could therefore depress the market price of the Shares, and could impair the Company's ability to raise capital through the sale of additional equity securities.

1.6.2 Membership of the same individuals on the Company's supervisory board and on governing bodies of, or other relationships with, major shareholders or affiliates of major shareholders may result in conflicts of interests.

As of the date of the Prospectus, members of the Company's supervisory board (*Aufsichtsrat* – "**Supervisory Board**"), namely Wolfgang Essler, Klaus Röhrig and Dr. Bodo Coldewey hold functions and/or management positions at our major shareholders and/or their respective affiliates. As the interests of these major shareholders and their affiliates as well as their other investments or holdings will not necessarily coincide or be aligned with those of the Company, the mentioned dual mandates and relationships and any other relationships of our

board members with our shareholders or any of their other investments or holdings not belonging to our Group may result in conflicts of interest for these persons. Any such conflict of interest, if not appropriately dealt with, could have a material adverse effect on our reputation, business and prospects.

1.7 Risks related to the Shares

1.7.1 The price and trading volume of the Shares may fluctuate significantly, and investors could lose all or part of their investment.

The Shares are currently included to trading on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) with simultaneous inclusion in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) as well as to trading in the open market of several other German stock exchanges. The Company intends to apply for admission of the Shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard).

The price and trading volume of the Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities and other markets in Germany and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Germany that have listed their securities on the Frankfurt Stock Exchange may affect the volatility in the price of and trading volumes for the Shares. In addition, the Company's share price may be affected by general stock market plunges, such as in 2023 as a reaction of the insolvency of Silicon Valley Bank or in 2020 as a reaction to new developments in relation to the COVID-19 pandemic, and other factors. These broad market and industry factors may significantly affect the market price and volatility of the Shares, regardless of our actual operating performance, and could cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.7.2 Future offerings of equity or equity-linked securities may adversely affect the market price of the Shares, and future capital measures could lead to a dilution of existing shareholdings.

We will require further capital in the future to finance our business operations and planned growth. Therefore, we may seek to raise capital through offerings of additional equity securities or debt securities (possibly including convertible debt securities) of the Company. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible bonds or warrant bonds, could adversely affect, or increase the volatility of, the market price of the Shares, in particular if liquidity in the Shares is low or other factors, such as fluctuations in actual or projected results of operations, changes in projected earnings, a failure to meet securities analysts' earnings expectations, or insufficient analyst coverage of the Shares coincide with the issuance, and would dilute the economic and voting interests of existing shareholders if made without granting them corresponding subscription rights. Even if existing shareholders were granted subscription rights, investors in certain jurisdictions (particularly in the United States) may not be able to acquire or exercise any subscription rights due to local laws, unless the Company decides to comply with applicable local laws and regulations. We cannot assure any shareholders outside of Germany that steps will be taken to enable them to exercise their subscription rights, or to permit them to receive any proceeds or other amounts relating to their subscription rights.

Because the timing and nature of any future offering would depend on market conditions, it is not possible to predict or estimate the amount, timing, or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued shares of the Company, as well as the exercise of stock options by our employees in the context of possible future stock option programs or the issuance of shares to employees in the context of possible future employee stock participation programs, could lead to a dilution of the economic and voting interests of existing shareholders. Furthermore, a proposal to the shareholders' meeting to take any of the abovementioned measures with dilutive effects on the existing shareholdings, or any other announcement thereof, could adversely affect, or increase the volatility of, the market price of the Shares.

1.7.3 Our ability to pay dividends depends, among other aspects, on results of operations, financial investment needs, the availability of distributable profits and overall financial position.

The Company's annual shareholders' meeting will resolve on matters relating to the payment of dividends in the future. These decisions will be based on the situation of the Company at the time. The ability of the Company to pay out dividends depends on various aspects and circumstances, including its results of operations, financing, and investment requirements, as well as the availability of distributable profits or distributable reserves at the level of the Company. Under German corporate law, the Company may only pay dividends if it has unappropriated retained earnings in its financial statements prepared in accordance with the generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*). When determining the distributable profit, the Company's net income or loss for the year (*Jahresüberschuss/-fehlbetrag*) must be

reduced by any loss carry-forwards (*Verlustvorträge*) from the prior fiscal year and allocations to reserves. Certain reserves are required to be set up by law and amounts mandatorily allocated to these reserves in the given fiscal year must be deducted when calculating the distributable profit. Subject to certain statutory restrictions, the Company's annual shareholders' meeting is entitled to transfer additional amounts to the reserves or carry them forward.

Furthermore, future debt financing arrangements may contain covenants that impose restrictions on the ability to make dividend payments under certain circumstances. Any of these factors, individually or in combination, could restrict the ability of the Company to pay dividends.

In addition, there is no certainty that future dividends can be distributed in line with previous dividend distributions or with the dividend policy of the Company applicable at the given time, or that any dividend will be distributed at all. Given that any dividends will be denominated in Euro an investment in the Shares by an investor whose principal currency is not the Euro exposes the investor to a foreign currency exchange rate risk, and any such investor is subject to adverse movements in its local currency against the Euro.

1.7.4 As a result of the Uplisting, we will face additional regulatory and administrative requirements, including disclosure obligations.

Following the Uplisting, we will be subject to additional and more stringent legal and regulatory post-admission requirements. These requirements will include quarterly financial reporting in the form of quarterly group statements of the first and third quarter of each fiscal year and other public disclosures of information. In addition, we will become subject to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), German Securities Trading Act (*Wertpapierhandelsgesetz*) and the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*). Our accounting, controlling, legal or other corporate administrative functions may in the current set-up not be capable of responding to these additional requirements without difficulties and inefficiencies that may cause us to incur significant additional expenditures and/or expose us to legal, regulatory or civil costs or penalties.

1.7.5 The ability of shareholders to bring actions or enforce judgments against the Company or members of its Management Board or the Supervisory Board may be limited.

The ability of shareholders to bring an action against the Company may be limited. The Company is a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany. The rights of shareholders are governed by German law and by the Company's articles of association (*Satzung*). These rights differ from the rights of shareholders in other jurisdictions. It may be difficult for a shareholder to prevail in a claim against the Company or to enforce liabilities predicated upon the laws of jurisdictions other than Germany.

A shareholder may not be able to enforce a judgment against some or all members of the Company's management board (*Vorstand* – "**Management Board**") or Supervisory Board. It may not be possible for a shareholder to effect service of process upon members of the Management Board or Supervisory Board within such shareholder's country of residence, or to enforce against members of the Management Board or Supervisory Board judgments of courts of such shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a shareholder will be able to enforce any judgment in civil and commercial matters or any judgments against the members of the Management Board or Supervisory Board who are residents of countries other than those in which the judgment is made. In addition, German and other courts may not impose civil liability on members of the Management Board or Supervisory Board in any original action based solely on foreign securities laws brought against the Company or members of the Management Board or Supervisory Board in a court of competent jurisdiction in Germany or other countries.

All members of the Management Board or the Supervisory Board are non-residents of the United States, and consequently the shareholder may be unable to enforce judgments obtained in U.S. courts against them. In addition, non-U.S. courts (including the courts of Germany) may not accept jurisdiction and impose civil liability if proceedings were commenced in such non-U.S. jurisdictions (including the courts of Germany) predicated solely upon U.S. securities law.

2. GENERAL INFORMATION

2.1 Responsibility statement

The following persons each assume responsibility for the contents of this prospectus ("**Prospectus**") pursuant to section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and Article 11 (1) sentence 2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended ("**Prospectus Regulation**"), and declare that the information contained in the Prospectus is, to the best of their respective knowledge, in accordance with the facts, and that the Prospectus makes no omission likely to affect its import:

- Formycon AG ("**Company**" and, together with its consolidated subsidiaries, "**Formycon**", "**Group**", "**we**", "**us**", "**our**" or "**ourselves**"), a stock corporation (*Aktiengesellschaft*) established under the laws of the Federal Republic of Germany ("**Germany**"), having its registered seat in Munich, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany ("**Commercial Register**"), under the registration number HRB 200801, with its business address at Fraunhoferstraße 15, 82152 Planegg-Martinsried, Germany, and Legal Entity Identifier ("**LEI**"): 39120005TZ76GQOY8Z19 (telephone: +49 (0) 89 864667 100; website: www.formycon.com); and
- M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien ("**M.M.Warburg & CO**" or "**Listing Agent**"), Ferdinandstraße 75, 20095 Hamburg, Germany (telephone: +49 (0) 40 3282 0; website: www.mmwarburg.de), LEI: MZI1VDH2BQLFZGLQDO60.

2.2 General disclaimers

If any claims are asserted before a court of law based on the information contained in the Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area ("**EEA**").

The information contained in the Prospectus will not be supplemented subsequent to the date hereof, except for any significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus which may affect the assessment of the securities and which arises or is noted between when this Prospectus is approved and the time when trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) commences, which will be disclosed in a supplement to the Prospectus pursuant to Article 23 of the Prospectus Regulation without undue delay. The obligation to supplement the Prospectus pursuant to Article 23 of the Prospectus Regulation will no longer apply following the expiration of the validity of the Prospectus at the end of the first day of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), currently expected to occur on November 12, 2024.

Information on the Company's website (www.formycon.com) or any other website mentioned in this Prospectus and information accessible via these websites but not included in this Prospectus is neither part of, nor incorporated by reference into this Prospectus, and such information has not been scrutinized or approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**"), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone: +49 (0) 228 4108 0; website: www.bafin.de).

2.3 Validity of the Prospectus

The validity of the Prospectus will expire with the beginning of the trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), which is currently expected to occur on November 12, 2024, and no obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will apply when the Prospectus is no longer valid.

2.4 Competent authority approval

The Prospectus has been approved by BaFin as competent authority under the Prospectus Regulation. BaFin has only approved the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is the subject of the Prospectus. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of the Prospectus. Investors should make their own assessment as to the suitability of investing in the Company's shares.

2.5 Purpose of the Prospectus

The Prospectus relates to the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) of 17,664,427 existing ordinary bearer shares with no par value (*auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien)*) of the Company ("**Shares**"), each such Share with a notional value of EUR 1.00 in the Company's share capital and full dividend rights from January 1, 2024 ("**Uplisting**").

The Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Shares. There will be no public offering or placement of Shares or other securities of the Company in connection with the Uplisting.

Neither the United States Securities and Exchange Commission nor any securities regulatory authority of any state of the United States has approved the Shares or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States of America ("**United States**" or "**U.S.**").

For further information on the Uplisting, see "*3. THE UPLISTING*".

2.6 Forward-looking statements

The Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of the Prospectus. This applies in particular to statements in the Prospectus containing information on our future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which we are exposed. Statements made using words such as "assumes", "anticipates", "could", "is likely", "will", "targets", "intends", "predicts", "forecasts", "plans", "endeavors" or "expects" may be an indication of forward-looking statements.

The forward-looking statements in the Prospectus are subject to assumptions and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause our actual results, including our financial condition and profitability, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in the Prospectus wherever information is contained in the Prospectus regarding our intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which we are subject.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in the Prospectus might not occur or, if they occur, may not have the impact that we expected. In addition, the forward-looking estimates and forecasts reproduced in the Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in the Prospectus, see "*2.7 Sources of market data*").

Moreover, it should be noted that all forward-looking statements only speak as of the date of the Prospectus and that neither the Company nor any the Listing Agent assumes any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments. The foregoing may prevent us from achieving our financial and strategic objectives.

2.7 Sources of market data

The Prospectus contains industry data as well as calculations sourced from industry reports published by third parties, market research reports, publicly available information, and commercial publications of third parties. These publications generally state that the information they contain has originated from sources assumed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on assumptions. In particular, these sources may not, or not fully, as the case may be, reflect the impact of the Russian war against Ukraine, the conflict between Israel and the terrorist organization Hamas and other conflicts, as well as the removal of COVID-19-related restrictions because of, among other things, uncertainties surrounding further developments. In view of the potential effects of these and other events on the economy, society and markets in which we serve or have customers, all current forecasts can be made only with a considerably higher degree of uncertainty. This applies particularly in the context of links and interrelations between the global financial markets, economies, and political decisions, which each individually may have an influence on the economic and political development, and, when combined, are currently impossible to assess with any certainty ex ante.

Irrespective of the assumption of responsibility for the contents of the Prospectus by the Company and the Listing Agent (see "*2.1 Responsibility statement*"), neither the Company nor the Listing Agent has

independently verified the figures, market data or other information on which third parties have based their studies, publications and financial information, or the external sources on which the Company's estimates are based. The Company and the Listing Agent make no representation or warranty as to the accuracy of any such information from third-party studies included in the Prospectus.

Where information in the Prospectus has been sourced from a third party, the Company confirms that this information has been accurately reproduced and that, as far as the Company is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In preparing the Prospectus, the following sources of third-party information were used:

- AJMC – The Center for Biosimilars, Biosimilar Approvals, updated Mach 22, 2024, https://www.center-forbiosimilars.com/biosimilar-approvals ("**AJMC**");
- Bayer AG, presentation "FY/Q4 2023 Results", https://www.bayer.com/en/investors/q4fy-2023-results ("**Bayer, FY23**");
- BCC Research, Biologic Therapeutic Drugs: Technologies and Global Markets, published February 2024; https://www.bccresearch.com/market-research/biotechnology/biologic-therapeutic-drugs-technologies-markets-report.html ("**BCC Global Biologic Therapeutic Drugs Market**");
- Centers for Medicare & Medicaid Services, Medicare Drug Price Negotiation Program: Negotiated Prices for Initial Price Applicability Year 2026, published on August 15, 2024, https://www.cms.gov/newsroom/fact-sheets/medicare-drug-price-negotiation-program-negotiated-prices-initial-price-applicability-year-2026 ("**CMS**");
- Deloitte, Top 10 health care innovations: Achieving more for less, published 2016, https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Life-Sciences-Health-Care/gx-lshc-top-10-health-care-innovations-web-friendly.pdf ("**Deloitte**");
- Drug Discovery & Development, The best-selling pharmaceuticals of 2023: Immunology and oncology return to prominence, published September 2023, https://www.drugdiscoverytrends.com/best-selling-pharmaceuticals-2023/ ("**Drug Discovery & Development**");
- Drug Discovery & Development, Best-selling pharmaceuticals of 2023 reveal a shift in pharma landscape, May 21, 2024, https://www.drugdiscoverytrends.com/best-selling-pharmaceuticals-2023/#:~:text=Keytruda%2C%20a%20strong%2Dselling%20cancer,and%20Tagrisso%2C%20also%20experienced%20growth ("**DD&D, Best Selling 2023**");
- Economist, Why health-care services are in chaos everywhere, published January 2023, https://www.economist.com/finance-and-economics/2023/01/15/why-health-care-services-are-in-chaos-everywhere ("**Economist**");
- European Medicines Agency, EMA/515149/2023 / EMEA/H/C/003820, Keytruda (pembrolizumab) – An overview of Keytruda and why it is authorised in the EU, last updated December 2023, https://www.ema.europa.eu/en/documents/overview/keytruda-epar-medicine-overview_en.pdf ("**EMA Keytruda**");
- European Medicines Agency/European Commission, Biosimilars in the EU – Information guide for healthcare professionals, updated November 2023, https://www.ema.europa.eu/en/documents/leaflet/biosimilars-eu-information-guide-healthcare-professionals_en.pdf ("**EMA/EC Biosimilars in the EU**");
- Generics and Biosimilars Initiative (GaBI), Affordable Care Act to stand in USA, published July 2021, https://gabionline.net/policies-legislation/affordable-care-act-to-stand-in-usa ("**GaBI 2021**");
- GlobalData, Biologics emerge as dominating molecule type in solid tumor indication, says GlobalData, published October 2023, https://www.globaldata.com/media/pharma/biologics-emerge-dominating-molecule-type-solid-tumor-indication-says-globaldata/ ("**GlobalData**");
- Industry Research, Global Pharmaceutical Market Professional Survey, published July 19, 2023, https://www.industryresearch.biz/global-pharmaceutical-market-24338542 ("**Industry Research Pharmaceutical Market**");
- IQVIA Institute for Human Data Science, Assessing the Biosimilar Void – Achieving sustainable levels of biosimilar competition in Europe, published October 2023, https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/assessing-the-biosimilar-void ("**IQVIA Assessing the Biosimilar Void**");

- IQVIA Institute for Human Data Science, Global Use of Medicines 2023 – Outlook to 2027, published January 2023, https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/the-global-use-of-medicines-2023 ("**IQVIA Global Use of Medicines 2023**");
- IQVIA Institute for Human Data Science, Global Use of Medicines 2024 – Outlook to 2028, published January 2024, https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/the-global-use-of-medicines-2024-outlook-to-2028 ("**IQVIA Global Use of Medicines 2024**");
- IQVIA Institute for Human Data Science, The Impact of Biosimilar Competition in Europe – December 2023, published January 2024, https://www.iqvia.com/library/white-papers/the-impact-of-biosimilar-competition-in-europe-2023 ("**IQVIA Impact of Biosimilar Competition**");
- IQVIA Institute for Human Data Science, Pharmaceutical Trends – Top 10 Pharmaceutical Markets Worldwide, 2022, published 2023, https://www.iqvia.com/-/media/iqvia/pdfs/canada/2022-trends/english/11-top10worldwidesales_22.pdf ("**IQVIA Pharmaceutical Markets Worldwide**");
- IQVIA Institute for Human Data Science, Unlocking Biosimilar Potential – Learnings from Physicians Across Therapy Areas, published April 2023, https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/unlocking-biosimilar-potential ("**IQVIA Biosimilar Potential**");
- IQVIA Institute for Human Data Science, Biosimilars in the United States 2023-2027 – Competition Savings, and Sustainability, published January 2023, https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/biosimilars-in-the-united-states-2023-2027 ("**IQVIA U.S. Report**");
- IQVIA Institute for Human Data Science, IQVIA Round Table Biologics und Biosimilars, Die Perspektive für Biosimilars in Europa: Ein Ausblick, February 28, 2024 ("**IQVIA Round Table 2024**");
- Johnson & Johnson, Inc. ("**Johnson & Johnson**"), Form 10-K for the fiscal year ended December 31, 2023, https://www.investor.jnj.com/files/doc_financials/2023/q4/form-10-k-2023-final.pdf ("**Johnson & Johnson, Annual Report FY 2023**");
- McKinsey & Company, Three imperatives for R&D in biosimilars, published August 2022, https://www.mckinsey.com/industries/life-sciences/our-insights/three-imperatives-for-r-and-d-in-biosimilars ("**McKinsey**");
- Merck & Co., Inc. ("**Merck**"), "Merck Announces Fourth-Quarter and Full-Year 2023 Financial Results", https://www.merck.com/news/merck-announces-fourth-quarter-and-full-year-2023-financial-results/ ("**Merck, PR FY23**");
- National Center of Biotechnology Information, National Library of Medicine, https://www.ncbi.nlm.nih.gov/books/NBK476194/table/app8.t1/ ("**NCBI, Stelara**");
- Niazi SK. The Inflation Reduction Act: A boon for the generic and biosimilar industry. J Clin Pharm Ther. 2022 Nov;47(11):1738-1751. doi: 10.1111/jcpt.13783. Epub 2022 Oct 7. PMID: 36207987; PMCID: PMC9828046, https://pubmed.ncbi.nlm.nih.gov/36207987/ ("**Niazi 2022**");
- Novartis AG ("**Novartis**" and, together with its subsidiaries, "**Novartis Group**"), Annual Report 2023, https://www.novartis.com/investors/financial-data/annual-results ("**Novartis, Annual Report FY 2023**");
- OECD, Life expectancy and healthy life expectancy at age 65, https://www.oecd-ilibrary.org/life-expectancy-and-healthy-life-expectancy-at-age-65_20624248-en.pdf?itemId=%2Fcontent%2Fcomponent%2F20624248-en&mimeType=pdf ("**OECD Life Expectancy**");
- Persistence, Anti-VEGF Market Outlook (2023-2030), https://www.persistencemarketresearch.com/market-research/anti-vegf-market.asp ("**Persistence, Anti-VEGF Market Outlook**");
- Regeneron Pharmaceuticals, Inc. ("**Regeneron**"), press release "Regeneron Reports Fourth Quarter and Full Year 2023 Financial and Operating Results", https://investor.regeneron.com/news-releases/news-release-details/regeneron-reports-fourth-quarter-and-full-year-2023-financial/ ("**Regeneron, PR FY23**");
- Projan, S. J., Gill, D., Lu, Z., & Herrmann, S. H. (2004). Small molecules for small minds? The case for biologic pharmaceuticals. Expert Opinion on Biological Therapy, 4(8), 1345–1350, published August 2004; https://doi.org/10.1517/14712598.4.8.1345 ("**Projan et. al., 2004**");
- RBC Capital Markets, The healthcare data explosion, https://www.rbccm.com/en/gib/healthcare/episode/the_healthcare_data_explosion ("**RBC Capital Markets**");

- Reuters, Merck seeks more deals to prepare for Keytruda's revenue decline, February 1, 2024, https://www.reuters.com/business/healthcare-pharmaceuticals/merck-posts-better-than-expected-quarterly-results-soaring-keytruda-sales-2024-02-01/ ("**Reuters**");
- Robert Koch Institut, Zentrum für Krebsregisterdaten, Lungenkrebs (Bronchialkarzinom), last updated December 7, 2023, https://www.krebsdaten.de/Krebs/DE/Content/Krebsarten/Lungenkrebs/lungenkrebs.html ("**RKI Krebsregisterdaten**");
- Roland Berger, The shift toward regulated drug pricing, February 5, 2024, https://www.rolandberger.com/en/Insights/Publications/US-pharmaceutical-pricing-at-a-crossroads.html ("**Roland Berger**");
- Schiestl et. al., The Path Towards a Tailored Clinical Biosimilar Development, BioDrugs, 3/2020, published June 2020, https://www.springermedizin.de/the-path-towards-a-tailored-clinical-biosimilar-development/24111408 ("**Development Path, Schiestl et. Al 2020**");
- United Nations, UN Chronicle, Lifestyle Diseases: An Economic Burden on the Health Services, published June 2013, https://www.un.org/en/chronicle/article/lifestyle-diseases-economic-burden-health-services ("**U.N. Lifestyle diseases**");
- United Nations, World Population Prospects 2022: Summary of Results, published 2022 https://www.un.org/development/desa/pd/content/World-Population-Prospects-2022 ("**U.N. World Population Prospects 2022**");
- Tewabe A, Abate A, Tamrie M, Seyfu A, Abdela Siraj E. Targeted Drug Delivery - From Magic Bullet to Nanomedicine: Principles, Challenges, and Future Perspectives. J Multidiscip Healthc. 2021 Jul 5;14:1711-1724. doi: 10.2147/JMDH.S313968. PMID: 34267523; PMCID: PMC8275483, published online July 2021, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8275483/ ("**Tewabe et. al., 2021**");
- World Health Organization (WHO), Climate change, published October 2023, https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health ("**WHO Climate Change**");
- World Health Organization (WHO), Global spending on health report 2022: Rising to the pandemic's challenges, published December 2022, https://www.who.int/publications/i/item/9789240064911 ("**WHO Report 2022**");
- World Health Organization (WHO), Global spending on health report 2023: Coping with the pandemic, published December 2023, https://apps.who.int/nha/database/DocumentationCentre/GetFile/62053151/en ("**WHO Report 2023**");
- World Health Organization (WHO), Total pharmaceutical expenditure as % of total health expenditure, last updated October 2023, https://gateway.euro.who.int/en/indicators/hfa_578-6770-total-pharmaceutical-expenditure-as-of-total-health-expenditure/#id=19673 ("**WHO Total Pharmaceutical Expenditure**"); and
- Zhao L, Ren TH, Wang DD. Clinical pharmacology considerations in biologics development. Acta Pharmacol Sin. 2012 Nov;33(11):1339-47. doi: 10.1038/aps.2012.51. Epub 2012 Sep 24. PMID: 23001474; PMCID: PMC4011353, published online September 2012, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4011353/ ("**Zhao et. al., 2012**").

The Prospectus also contains estimates of market and other data, and information derived from such data, that cannot be obtained from publications by market research institutes or from other publicly available sources but are rather based on the Company's assessments. These assessments by the Company, in turn, are based in part on internal market observations, the evaluation of industry information (from conferences, sector events, etc.) and on various market studies, including the sources listed above. We believe that our estimates of market and other data and the information derived from such data assist investors in gaining a better understanding of the industry in which we operate and our position therein. They may differ from estimates made by our competitors or from current and future studies conducted by market research institutes or other independent sources. To the extent this third-party information concerns forecasts and other forward-looking information, actual circumstances could differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements.

Information contained on any website mentioned in the Prospectus, including our own website (www.formycon.com), is not incorporated by reference and does not form part of the Prospectus by means of incorporation by reference.

2.8 Documents available for inspection

For the period during which the Prospectus is valid, the following documents will be available for inspection on the Company's website (www.formycon.com) under the "Investors" section:

- the Company's articles of association (*Satzung* – "**Articles of Association**");
- the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2024 ("**H1 2024**") (including comparative figures as of and for the six-month period ended June 30, 2023 ("**H1 2023**")) prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**EU**"), ("**IFRS**") on interim financial reporting (the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34)) ("**H1 2024 Unaudited Consolidated Interim Financial Statements**");
- the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2023 ("**Fiscal Year 2023**") (including comparative figures as of and for the fiscal year ended December 31, 2022 ("**Fiscal Year 2022**")) prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 315e (1) of the German Commercial Code (*Handelsgesetzbuch* – "**HGB**") ("**2023 Audited Consolidated Financial Statements**");
- the audited consolidated financial statements of the Company as of and for the Fiscal Year 2022 (including comparative figures as of and for the fiscal year ended December 31, 2021 ("**Fiscal Year 2021**")) prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 315e (1) HGB ("**2022 Audited Consolidated Financial Statements**");
- the audited consolidated financial statements of the Company as of and for the Fiscal Year 2021 prepared in accordance with the German generally accepted accounting principles of the HGB (German GAAP) ("**2021 Audited Consolidated Financial Statements**"); and
- the audited unconsolidated financial statements of the Company as of and for the Fiscal Year 2023 prepared in accordance with the generally accepted accounting principles of the HGB (German GAAP) ("**2023 Audited Unconsolidated Financial Statements**").

The aforementioned financial statements are included in the section "*17 FINANCIAL INFORMATION*" beginning on page F-1.

The Company's future consolidated financial statements, unconsolidated financial statements and condensed consolidated interim financial statements will be available from the Company on its website (www.formycon.com). The Company's consolidated and unconsolidated financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website (www.formycon.com) or any other website mentioned in this Prospectus and information accessible via these websites but not included in this Prospectus is neither part of, nor incorporated by reference into this Prospectus.

2.9 Currency presentation

In the Prospectus,

- "**euro**" and "**EUR**" refer to the single European currency adopted by certain participating member states of the EU, including Germany;
- "**USD**" refer to the legal currency of the United States and its territories;
- "**GBP**" refers to legal currency of the United Kingdom and its associated territories;
- "**CHF**" refers to the legal currency and legal tender of Switzerland and Liechtenstein; and
- "**JPY**" refers to the legal currency of Japan.

The functional currency of the Group is the euro, which is the presentation currency applied for its preparation of the financial statements.

2.10 Presentation of figures

Where financial information in the tables in this Prospectus is labelled "audited", this means that it has been taken from the 2023 Audited Consolidated Financial Statements or the 2022 Audited Consolidated Financial Statements. The label "unaudited" is used in the tables to indicate financial information that has not been taken from the 2023 Audited Consolidated Financial Statements or the 2022 Audited Consolidated Financial Statements but has been taken from (i) the H1 2024 Unaudited Consolidated Interim Financial Statements, (ii) the Company's internal accounting records or internal reporting systems or (iii) has been calculated on the basis of the financial information form the above-mentioned sources.

Since the Company applied IFRS for the first time for the 2022 Audited Consolidated Financial Statements, all financial information (including all segment information) as of December 31, 2021 and for the Fiscal Year 2021 presented in the text, tables and discussions in the Prospectus is taken or derived from the comparable financial information included in the 2022 Audited Consolidated Financial Statements.

Unless indicated otherwise, financial information presented in the text and tables in this Prospectus is shown in millions of euros (in EUR million) and is commercially rounded to one digit after the decimal point. Changes, including percentage changes, are calculated based on the figures as presented in this Prospectus and commercially rounded to one digit after the decimal point. Rounded figures in tables may not add up exactly to the totals contained in those tables and the aggregated percentages may not exactly equal 100%. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables.

Financial information presented in parentheses denotes the negative of such figure presented. A dash ("–") means that the relevant figure is not available, while a zero ("0.0") means that the relevant figure has been rounded to or equals zero.

To compare figures over more than two periods, a compound annual growth rate ("**CAGR**") may be shown, which indicates the annual mean rate of growth for each year of the relevant period.

2.11 Presentation of financial information

2.11.1 Application of IFRS and HGB

The Company applied IFRS for the first time for the 2022 Audited Consolidated Financial Statements. The 2023 Audited Consolidated Financial Statements and the 2022 Audited Consolidated Financial Statements have therefore been prepared in accordance with IFRS. The 2021 Audited Consolidated Financial Statements have been prepared in accordance with the German generally accepted accounting principles of the HGB (German GAAP). The H1 2024 Unaudited Consolidated Interim Financial Statements have been prepared in accordance with IFRS as applicable for interim financial reporting (the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34)). The 2023 Audited Unconsolidated Financial Statements were prepared in accordance with the German generally accepted accounting principles of the HGB (German GAAP).

KPMG AG Wirtschaftsprüfungsgesellschaft ("**KPMG**"), Berlin, Germany, Munich office, Friedenstraße 10, 81671 Munich, Germany, audited the 2023 Audited Consolidated Financial Statements, the 2022 Audited Consolidated Financial Statements and the 2023 Audited Unconsolidated Financial Statements in accordance with section 317 HGB and in compliance with German generally accepted standards for financial statement audit promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.* – "**IDW**") and has issued unqualified independent auditors' reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. PanTaxAudit GmbH Wirtschaftsprüfungsgesellschaft ("**PanTaxAudit**"), Munich, Germany, audited the 2021 Audited Consolidated Financial Statements in accordance with section 317 HGB and in compliance with German generally accepted standards for financial statement audit promulgated by the IDW and issued an unqualified independent auditors' report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon.

2.11.2 Segmentation

Since the Company applied IFRS for the first time for the 2022 Audited Consolidated Financial Statements, the Company applies IFRS 8 Segment Reporting starting in the Fiscal Year 2022. All segment information as of December 31, 2021 and for the Fiscal Year 2021 presented in the text, tables and discussions in the Prospectus is therefore taken or derived from the comparable financial information included in the 2022 Audited Consolidated Financial Statements.

The Group's segments are determined, and the disclosures for each segment are made, based on the criteria that the chief operating decision makers use internally for allocating resources and assessing the profitability of the Group's components. At the Company, the chief operating decision maker is the Company's management board (*Vorstand* – "**Management Board**"), which allocates resources and evaluates segment performance on the basis of the management reports submitted to it. The following segment reporting was prepared in accordance with this definition. In evaluating the performance of the Group's business segments, the Management Board relies upon operating profit/loss as the primary measure of profitability.

The Management Board monitors and directs activities at the level of the Group's individual development projects. Project progress, operational performance and financial performance are reported on a monthly basis along with a deviation analysis from the approved plan for each project. The Group's development projects thus also represent the Group's reportable segments.

The Company currently manages its business in seven segments each representing a separate development project: FYB201, FYB202, FYB203, FYB206, FYB207, FYB208 and FYB209. With the recently initiated development launch of FYB210, a new Biosimilar candidate, FYB210 will be added as an additional segment. The business activity of all segments is biopharmaceutical development. Except for FYB207, all of these are

Biosimilars (as defined under "*7.1 Overview*" below), and thus the operating activities do not differ significantly between the segments. For the purposes of internal reporting, almost all of the Group's costs are allocated to the individual projects.

2.12 Non-IFRS Financial Measures (Alternative Performance Measures)

This Prospectus contains non-IFRS financial measures, including EBITDA, Adjusted EBITDA and Working Capital (each as defined below), that are not required by, or presented in accordance with, IFRS. In accordance with the Commission Delegated Regulation (EU) 2016/301 and the European Securities and Markets Authority ("**ESMA**") Guidelines on alternative performance measures of October 5, 2015 ("**ESMA Guidelines**"), the following sections set out information related to certain financial measures of the Company that are not defined by IFRS and which the Company regards as alternative performance measures within the meaning of the ESMA Guidelines ("**Alternative Performance Measures**").

These Alternative Performance Measures are not defined by IFRS or any other internationally accepted accounting principles, and such items should not be considered as an alternative to the historical financial results or other indicators of our results of operations and financial position based on IFRS financial measures. In particular, they should not be considered as alternatives to the Group's profit/loss after tax as an indicator of the Group's performance and profitability, or as alternatives to cash flows from operating activities as an indicator of its financial strength. The Alternative Performance Measures, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our Alternative Performance Measures are calculated.

We have defined our Alternative Performance Measures as follows:

- "**EBITDA**" (earnings before interest, tax, depreciation and amortization) means operating profit (EBIT) before depreciation of property, plant and equipment, amortization of right-of-use (ROU) assets and amortization of intangible assets.
- "**Adjusted EBITDA**" means EBITDA plus the at equity result of Bioeq AG ("**Bioeq AG**"), Zug, Switzerland, as reported under IFRS.
- "**Working Capital**" means the sum of trade and other receivables, contract assets as well as cash and cash equivalents less contract liabilities and trade payables.

We present EBITDA because we believe that this measure is relevant to an understanding of the Group's financial performance. It is a common measure of operating profitability which excludes non-cash depreciation of property, plant and equipment and amortization of intangible assets. Because EBITDA excludes certain expense items that are not directly related to current business operations, the Management Board believes that the indicator is suitable for measuring the Group's operating performance.

We use Adjusted EBITDA to present the total revenue from our FYB201 project, which is reported below EBITDA as at equity results due to the Company's existing 50% stake in Bioeq AG, as regular operating income. This adjustment facilitates a clearer emphasis on the direct financial contributions of FYB201 to our business success and provides a more transparent insight into our actual operational performance.

Working Capital is an indicator of our liquidity position.

We present these Alternative Performance Measures as (i) they are used by management to measure operating performance, including profitability and liquidity, in presentations to our board members, and as a basis for strategic planning and forecasting, and (ii) they represent similar measures that are widely used by certain investors, securities analysts and other parties as supplemental measures of performance. These measures enhance management's and investors' understanding of our financial performance.

Even though the Alternative Performance Measures are used by management to assess ongoing operating performance and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS. For example, some of the limitations for the Alternative Performance Measures include the following:

- they exclude certain tax payments that may represent a reduction in cash available to us;
- they do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary to service interest payments on our debts and

- they do not reflect our payments to make acquisitions of new subsidiaries or businesses or acquire non-controlling interests.

For further information, including a reconciliation of the Alternative Performance Measures to IFRS measures, see "*7.4 Key financial information*".

3. THE UPLISTING

3.1 Subject matter of the Uplisting

As of the date of the Prospectus, the Shares are included to trading on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) and, simultaneously, in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). On November 4, 2024, the Company, together with the Listing Agent, applied for the Uplisting, i.e. the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) of all existing 17,664,427 Shares.

3.2 Expected timetable for the Uplisting

The following is the expected timetable of the Uplisting, which remains subject to change:

November 8, 2024	• Approval of the Prospectus by BaFin • Publication of the approved Prospectus on the Company's website (www.formycon.com) under the "Investors" section
November 11, 2024	• Uplisting • Publication of the Uplisting by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in the German Federal Gazette (*Bundesanzeiger*) and on the website of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (www.boerse-frankfurt.de)
November 12, 2024	Commencement of trading in the Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard)

The Prospectus and any supplements thereto (if any) will be published on the Company's website (www.formycon.com) under the "Investors" section.

3.3 Information on the Shares

3.3.1 Share capital of the Company and governing law

As of the date of the Prospectus, the Company's share capital amounts to EUR 17,664,427.00 and is divided into 17,664,427 Shares. The Company's share capital has been fully paid up.

The Shares were created pursuant to the laws applicable to a German stock corporation (*Aktiengesellschaft* – "**AG**"), in particular the German Stock Corporation Act (*Aktiengesetz* – "**AktG**").

3.3.2 Voting rights

Each Share carries one vote at the Company's shareholders' meeting (*Hauptversammlung*). All Shares confer the same voting rights. There are no restrictions on voting rights. Major shareholders do not have different voting rights.

3.3.3 Dividend and liquidation rights

Each Share carries full dividend rights as from January 1, 2024. See "*4. DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE*" for the Company's dividend policy.

The Company's paying agent is Bankhaus Gebr. Martin Aktiengesellschaft, Göppingen, Germany.

In the event of the Company's liquidation, the AktG provides that any assets remaining following settlement of the Company's liabilities shall be distributed among the Company's shareholders in proportion to their shareholdings.

3.3.4 Form and certification of the Shares

All Shares are ordinary bearer shares with no par value of the Company, each such Share with a notional value of EUR 1.00 in the Company's share capital. The Shares are represented by one global share certificate, which is deposited with Clearstream Banking Aktiengesellschaft ("**Clearstream**"), Mergenthalerallee 61, 65760 Eschborn, Germany.

Section 4 (5) sentence 1 of the Articles of Association excludes the right of the shareholders to receive individual share certificates.

All Shares provide holders thereof with the same rights and no Shares provide any additional rights or advantages.

3.3.5 Currency

The Shares are denominated in EUR.

3.3.6 International Securities Identification Number (ISIN), German Securities Code (*Wertpapier-Kenn-Nummer (WKN)*)/Trading symbol of the Shares

International Securities Identification Number (ISIN)	DE000A1EWVY8
German Securities Code (*Wertpapier-Kenn-Nummer (WKN)*)	A1EWVY
Trading symbol	FYB

3.3.7 Transferability of the Shares

The Shares are freely transferable in accordance with the legal requirements for bearer shares (*Inhaberaktien*). There are no prohibitions on disposals or restrictions with respect to the transferability of the Shares.

3.4 Uplisting and commencement of trading

As of the date of the Prospectus, the Shares are included to trading on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) with simultaneous inclusion in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

On November 4, 2024, the Company, together with the Listing Agent, applied for the Uplisting, i.e. the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) of all existing 17,664,427 Shares. The decision by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) approving the Uplisting is expected to be published in the German Federal Gazette (*Bundesanzeiger*) and on the website of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (www.boerse-frankfurt.de) on or about November 11, 2024.

Trading in the Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) is expected to commence on or about November 12, 2024.

3.5 Costs of the Uplisting

The total costs associated with the Uplisting are expected to be approximately EUR 1.2 million.

3.6 Reasons for the Uplisting

The Company intends to pursue the Uplisting to provide shareholders with increased transparency levels and to gain increased access to the capital markets and thus benefitting from additional sources of financing for the future growth of the business. The Company believes that the Uplisting will provide a number of benefits to Formycon, including enhanced visibility and recognition and increased flexibility and ability to support and develop Formycon's business.

3.7 Material interests, including conflicts of interest

The Company has an interest in the Uplisting to provide shareholders with increased transparency levels and to gain increased access to the capital markets and thus benefitting from additional sources of financing for the future growth of the business. The Company believes that the Uplisting will provide a number of benefits to Formycon, including enhanced visibility and recognition as well as increased flexibility and ability to support and develop Formycon's business.

For its services as Listing Agent, M.M.Warburg & CO receives a customary fixed commission which becomes due upon consummation of the Uplisting. Therefore, M.M.Warburg & CO has a financial interest in the success of the Uplisting. In addition, M.M.Warburg & CO is mandated as designated sponsor of the Shares (see "*3.8 Designated sponsors*"). Furthermore, M.M.Warburg & CO or its affiliates may from time to time in the future have business relationships or may perform services for the Company and/or other companies of Formycon in the ordinary course of business.

None of the aforementioned interests in the Uplisting constitute a conflict of interests or a potential conflict of interests. Consequently, there are no conflicts of interest with respect to the Uplisting.

3.8 Designated sponsors

M.M.Warburg & CO and ODDO BHF SE (together, "**Designated Sponsors**") are mandated as designated sponsors of the Shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreements between the Designated Sponsors and the Company, the Designated Sponsors, among other things, place limited buy and sell orders for the Shares in the electronic trading system

of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Shares.

4. DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE

4.1 General provisions relating to profit allocation and dividend payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For an AG under the AktG, the distribution of dividends for a given fiscal year and the amount and payment date thereof are resolved by the shareholders' meeting (*Hauptversammlung*). Such resolution is the responsibility of the shareholders' meeting of the following fiscal year, which must take place in the first eight months of the fiscal year, and which decides on the proposal adopted by the Management Board and the Company's supervisory Board (*Aufsichtsrat* – "**Supervisory Board**") for the appropriation of profits.

Dividends may only be distributed from the Company's distributable profit (*Bilanzgewinn*). The distributable profit is calculated based on the Company's annual financial statements prepared in accordance with the requirements of the HGB. Accounting regulations under the HGB differ from the IFRS in material aspects.

When determining the amount available for distribution, net income for the fiscal year must be adjusted for profit/loss carry-forward from the prior fiscal year and release of or allocations to reserves. Certain reserves are required to be set up by law and must be deducted when calculating profit available for distribution. Certain additional limitations apply if self-created intangible assets or deferred tax assets have been capitalized or certain plan assets that exceed corresponding pension liabilities have been capitalized. The Management Board must prepare the annual financial statements (balance sheet, income statement and notes to the financial statements) and the management report for the previous fiscal year by the statutory deadline, and present these to the auditors and then the Supervisory Board after preparation. At the same time, the Management Board must present a proposal for the allocation of the Company's distributable profit pursuant to section 170 AktG and present the proposal to the Supervisory Board which it intends to make to the shareholders' meeting with regard to the distribution of profit. Pursuant to section 171 AktG, the Supervisory Board must review the annual financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit, and report to the shareholders' meeting in writing on the results. The Supervisory Board must submit its report to the Management Board within one month of the documents being received. If the Supervisory Board approves the annual financial statements after its review, these are deemed adopted unless the Management Board and Supervisory Board resolve to assign adoption of the annual financial statements to the shareholders' meeting. If the Management Board and Supervisory Board choose to allow the shareholders' meeting to adopt the annual financial statements, or if the Supervisory Board does not approve the annual financial statements, the Management Board must convene a shareholders' meeting without delay.

The resolution of the Company's shareholders' meeting on the allocation of the distributable profits requires a simple majority of the votes cast. If the Management Board and the Supervisory Board adopt the annual financial statements, they can allocate an amount of up to half of the Company's net loss/income for the year to other retained earnings. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net loss/income for the year to be allocated to other retained earnings. Pursuant to Section 17(2) of the Articles of Association, the Company's shareholders' meeting may also resolve to distribute the distributable profit by way of a dividend in kind in addition to or instead of a cash dividend.

Dividends resolved by the Company's shareholders' meeting are due and payable on the third business day following the day of the relevant Company's shareholders' meeting, unless a later due date is provided in the dividend resolution or the Articles of Association, in compliance with the rules of the respective clearing system. Since all of the Company's dividend entitlements will be evidenced by one or more global share certificates deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts and German custodian banks are under an obligation to distribute the funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank regarding the terms and conditions applicable in their case. Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) immediately after the Company's shareholders' meeting. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends. Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For more information on the taxation of dividends, see "*16. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY*". Any dividends not claimed within three years become time-barred. If dividend payment claims expire, the Company becomes the beneficiary of the dividends.

4.2 Dividend policy and dividend per Share

In the period beginning on January 1, 2021 and ending on the date of this Prospectus, the Company has not paid dividends to its shareholders.

We currently intend to retain all available funds and any future earnings to support our operations and to finance the growth and development of our business. Therefore, we currently do not intend to pay dividends for the foreseeable future.

Any future decision to pay dividends will be made in accordance with applicable laws and will depend upon, among other things, our results of operations, financial condition, contractual restrictions and capital requirements and any proposals by the Management Board and Supervisory Board regarding dividend payments will be subject to the approval at a shareholders' meeting. Our ability to pay dividends may be limited by the terms of our existing and future financial liabilities or preferred securities should the Company decide to issue such preferred securities in the future. We can make no predictions as to the size of future profits available for distribution, or whether distributable profit will be available at all, and hence we cannot guarantee that dividends will be paid in the future.

5. CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables set forth, on an unaudited basis and under IFRS, Formycon's consolidated actual capitalization and indebtedness as of August 31, 2024 derived from the Company's internal accounting records or reporting systems.

Investors should read the following tables in conjunction with "7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS", the H1 2024 Unaudited Consolidated Interim Financial Statements and additional financial information contained elsewhere in the Prospectus.

5.1 Capitalization

in EUR million (unaudited)	As of August 31, 2024
Total current debt (including current portion of non-current debt)[1]	**52.8**
thereof guaranteed	–
thereof secured[2]	1.5
thereof unguaranteed/unsecured	51.3
Total non-current debt (excluding current portion of non-current debt)[3]	**320.9**
thereof guaranteed	–
thereof secured[4]	9.4
thereof unguaranteed/unsecured	311.5
Shareholder equity[5]	**572.6**
Share capital[6]	17.7
Legal reserve[7]	495.2
Other reserves[8]	59.7
Total[9]	**946.3**

(1) Total current debt is referred to as "total current liabilities" in the H1 2024 Unaudited Consolidated Interim Financial Statements and consists of current lease obligations, trade payables, current income tax liabilities and other current liabilities
(2) Referred to as "current lease obligations" in the H1 2024 Unaudited Consolidated Interim Financial Statements.
(3) Total non-current debt is referred to as "total non-current liabilities" in the H1 2024 Unaudited Consolidated Interim Financial Statements and consists of non-current lease obligations, deferred tax liabilities and other non-current liabilities.
(4) Referred to as "non-current lease obligations" in the H1 2024 Unaudited Consolidated Interim Financial Statements.
(5) Shareholder equity is referred to as "equity" of the Company in the H1 2024 Unaudited Consolidated Interim Financial Statements.
(6) Share capital is referred to as "subscribed capital" in the H1 2024 Unaudited Consolidated Interim Financial Statements.
(7) Legal reserve is referred to as "capital reserve" in the H1 2024 Unaudited Consolidated Interim Financial Statements.
(8) Other reserves is referred "retained earnings" and "period income (loss)" in the H1 2024 Unaudited Consolidated Interim Financial Statements.
(9) Total reflects the sum of total current debt, total non-current debt and shareholder equity.

5.2 Indebtedness

in EUR million (unaudited)	As of August 31, 2024
A. Cash[1]	**31.9**
B. Cash equivalents	–
C. Other current financial assets	0
D. Liquidity (A. + B. + C.)	**31.9**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[2]	–
F. Current portion of non-current financial debt[3]	33.4
G. Current financial indebtedness (E. + F.)	**33.4**
H. Net current financial indebtedness (G. - D.)	**1.5**
I. Non-current financial debt (excluding current portion and debt instruments)[4]	192.1
J. Debt instruments	–
K. Non-current trade and other payables	–
L. Non-current financial indebtedness (I. + J. + K.)	**192.1**
M. Total financial indebtedness (H. + L.)	**193.6**

(1) Cash is referred to as "cash and cash equivalents" in the H1 2024 Unaudited Consolidated Interim Financial Statements.
(2) Current financial debt comprises the current portion of the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*") and conditional purchase price, both referred to as "other current liabilities" and "current lease obligations" in the H1 2024 Unaudited Consolidated Interim Financial Statements.
(3) Current portion of non-current financial debt comprises the current portion of the conditional purchase price obligations.
(4) Non-current financial debt comprises the non-current portion of the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*") and conditional purchase price, both referred to as "other non-current liabilities" and "non-current lease obligations" in the H1 2024 Unaudited Consolidated Interim Financial Statements.

5.3 Lease Liabilities

As of August 31, 2024, current financial debt (E.) includes current lease obligations in the amount of EUR 1.5 million; non-current financial debt (I.) includes non-current lease obligations in the amount of EUR 9.4 million.

5.4 Contingent and indirect liabilities

As of August 31, 2024, the Company had no major contingent or indirect liabilities of the Company.

5.5 Statement on working capital

In the Company's opinion, the working capital of the Group is sufficient to meet the Group's present requirements over at least the next twelve months from the date of the Prospectus.

6. PROFIT FORECASTS

6.1 Profit forecast of the Group's EBITDA and Adjusted EBITDA for the Fiscal Year 2024

The profit forecasts for the Group's (i) EBITDA (as defined below) and (ii) Adjusted EBITDA (as defined below) for the fiscal year ending December 31, 2024 ("**Fiscal Year 2024**") prepared by the Company and, together with the explanatory notes (hereinafter collectively referred to as the "**Profit Forecasts 2024**") reflect the expectations of the Management Board with respect to the Group's EBITDA and the Group's Adjusted EBITDA for the Fiscal Year 2024.

The Profit Forecasts 2024 are not a representation of facts and should not be interpreted as such by prospective investors. Rather, the Profit Forecasts 2024 reflect our forward-looking expectations. Any forward-looking statements, including the Profit Forecasts 2024, are necessarily based on a number of assumptions and estimates about future events and significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond our control, and upon assumptions with respect to future business decisions that are subject to change.

The Profit Forecasts 2024 are based on assumptions made by the Management Board with respect to the development of factors influencing the Group's EBITDA and Adjusted EBITDA for the Fiscal Year 2024 as set out below. These assumptions relate to factors (i) that are beyond our control and (ii) to factors that can be influenced by us. Although the Management Board believes that these assumptions are reasonable on the date on which the Profit Forecasts 2024 were prepared, they may subsequently prove to have been unjustified, incomplete, or incorrect in the future. If any of these assumptions prove to have been unjustified, incomplete, or incorrect, the Group's actual EBITDA and/or Adjusted EBITDA for the Fiscal Year 2024 could materially deviate from the respective Profit Forecasts 2024. Accordingly, prospective investors should treat this information with caution and should not place undue reliance on the Profit Forecasts 2024.

The respective financial information for the Fiscal Year 2023 and for H1 2024 presented for comparative reasons is based on the 2023 Audited Consolidated Financial Statements (see "*2.8 Documents available for inspection*"), which were prepared in accordance with IFRS, and the H1 2024 Unaudited Consolidated Interim Financial Statements (see "*2.8 Documents available for inspection*"), which were prepared in accordance with IFRS applicable to interim financial reporting (International Accounting Standards 34).

6.2 Definition of EBITDA and Adjusted EBITDA

We use EBITDA and Adjusted EBITDA as key performance indicators for the Group on a consolidated basis to manage our operational business and we consider both EBITDA and Adjusted EBITDA to be indicative of our operating performance and are commonly used as key performance indicators in our industry. We understand that both EBITDA and Adjusted EBITDA are broadly used by analysts and investors in assessing our operating performance. EBITDA and Adjusted EBITDA are calculated based on data from our internal reporting system.

EBITDA is derived and calculated from reported operating profit/loss ("**EBIT**") and is defined as EBIT before depreciation of property, plant and equipment, depreciation of right-of-use (ROU) assets and amortization of intangible assets. Adjusted EBITDA is EBITDA as defined above plus the at equity result of Bioeq AG, as reported under IFRS.

EBITDA and Adjusted EBITDA are not measures required by or recognized under, or presented in accordance with, IFRS. EBITDA and Adjusted EBITDA are Alternative Performance Measures as defined in the ESMA Guidelines (see "*2.12 Non-IFRS Financial Measures (Alternative Performance Measures)*"). Since EBITDA and Adjusted EBITDA are not defined by IFRS or any other accepted accounting principles, prospective investors should not consider them as alternatives to our net profit/loss as an indicator of our profitability, or as alternatives to cash flows from operating activities as an indicator of our financial strength as determined or defined by IFRS. EBITDA and Adjusted EBITDA, each as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our EBITDA and Adjusted EBITDA are calculated. Even though EBITDA and Adjusted EBITDA are used by the Management Board to assess ongoing operating performance, and though EBITDA and Adjusted EBITDA are commonly used by investors, they have significant limitations as an analytical tool and prospective investors should not consider them in isolation, or as substitutes for, the analysis of our results of operations as reported under IFRS.

The following table provides a reconciliation of as EBIT to EBITDA and Adjusted EBITDA:

Reconciliation	Line item
	EBIT
+	Depreciation of property, plant and equipment
+	Depreciation of right-of-use (ROU) assets
+	Amortization of intangible assets
=	**EBITDA**
+	At equity result of Bioeq AG as reported under IFRS
=	**Adjusted EBITDA**

6.3 Profit Forecasts 2024

Based on the current development of the Fiscal Year 2024, we expect the Group's (i) EBITDA for the Fiscal Year 2024 to be in a range from negative EUR 25 million to negative EUR 15 million and (ii) Adjusted EBITDA for the Fiscal Year 2024 to be in a range from a negative EUR 5 million to EUR 5 million.

6.4 Explanatory notes to the Profit Forecasts 2024

6.4.1 Basis of preparation

The Profit Forecasts 2024 were prepared in accordance with the principles of the IDW set forth in IDW Accounting Practice Statement: Preparation of Forecasts and Estimates in Accordance with the Specific Requirements of the Regulation on Prospectuses (IDW AcPS AAB 2.003) (*IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen der Prospektverordnung (IDW RH HFA 2.003)*) issued by the IDW.

Although EBITDA and Adjusted EBITDA are not IFRS measures, the Profit Forecasts 2024 were derived using IFRS accounting principles, as adopted by the EU. The accounting principles applied are described in the notes to the 2023 Audited Consolidated Financial Statements and in the selected notes of the H1 2024 Unaudited Consolidated Interim Financial Statements. The Profit Forecasts 2024 have been compiled based on the factors and assumptions stated below and prepared on a basis which are both (i) comparable with the historical financial information included in the Prospectus, and (ii) consistent with the Group's accounting policies.

In preparing the Profit Forecasts 2024, we have considered several factors relating to the Group's EBITDA and the Adjusted EBITDA. The development of these factors is based on specific assumptions made by the Management Board, which are set forth below.

6.4.2 Factors beyond our control and related assumptions

The Profit Forecasts 2024 are subject to factors beyond our control. These factors and our assumptions regarding their development and impact are described below:

Factor 1: Unforeseen events

Unforeseen events might occur that could result in material or lasting constraints on our ongoing operations, such as, but not limited to, force majeure, including natural disasters (e.g. fires, floods, hurricanes, storms and earthquakes), conflicts, wars or terrorist attacks (other than specified below under "*Factor 5: Geopolitical environment*"), extraordinary macroeconomic events, cyber-attacks, maintenance outages, power or equipment failure, social unrest, work stoppages and public health concerns, including any pandemic situations (e.g. situation during COVID-19 pandemic, in particular lockdowns, mandated store closures and curfews).

For the purpose of the Profit Forecasts 2024, we assume no material unforeseen events that could result in material or lasting constraints on our ongoing operations in Fiscal Year 2024.

Factor 2: Legal and regulatory framework

The Biosimilars market is subject to governmental regulation worldwide. The requirements and conditions for the regulatory approval of drugs by the relevant authorities are subject to constant change. Risks and opportunities from the legal and regulatory framework have a considerable influence on our ongoing operations, e.g. affecting market sizes, as well as our position in the markets, in which our products are commercialized, and the volumes or average selling prices of our products. Material changes to regulations governing Biosimilars and their interchangeability with the original patent drugs also have an impact on competition or pricing and thus on revenue for the Biosimilars market as a whole and on our products in particular.

For the purpose of the Profit Forecasts 2024, we assume a stable legal and regulatory framework and thus, no material impact from changes of regulations adversely affecting our ongoing operations in Fiscal Year 2024.

Furthermore, we assume that we are in full compliance with applicable laws, regulations and standards in the countries in which we operate.

For the purpose of the Profit Forecasts 2024, we further assume that accounting estimates and management judgements made in connection with legal proceedings in the H1 2024 Unaudited Consolidated Interim Financial Statements will remain unchanged and continue to be valid for the Fiscal Year 2024.

Factor 3: Market development and competitive environment

As developer of Biosimilars, we operate in the pharmaceutical market, which is part of the healthcare market. The market is highly competitive and attracts a range of both global and local players. We compete in the global Biosimilars market with, in particular, other Biosimilar manufacturers and with manufacturers of the Reference drugs, which may seek to defend their market position and establish barriers to market entry (e.g. through life-cycle management). Additionally in some countries, our products may become subject to competition from lower priced versions of our products and competing products from countries with government-imposed price controls. If the lower priced versions of our products were also to be of lower quality, this may adversely affect our reputation and the market acceptance of our Biosimilars (see "*Factor 7: Acceptance by patients and health institutions*").

For the purpose of the Profit Forecasts 2024, we assume that potential changes in the market development will not have a negative impact on our ongoing operations in Fiscal Year 2024. Furthermore, for the purpose of the Profit Forecasts 2024, we assume that the competitive environment will remain unchanged compared to Fiscal Year 2023 and thus, has no further material impact on our ongoing operations in Fiscal Year 2024 as our operations to a large extent consist of revenues that are contractually agreed with our commercialization partners that sell, market, and distribute our products in certain agreed upon territories and fields, such as ophthalmology, immunology and immune-oncology ("**Commercialization Partners**").

Factor 4: Market share in the Biosimilars market

Our market share is dependent on the development of the global Biosimilars market. Shifts in industry market share and the size of the Biosimilars market can be influenced by factors beyond our control, including product-related issues or safety alerts, as well as changes in physicians' behavior. Our market share also depends on the competition from manufacturers or distributors of Reference Drugs (see "*Factor 3: Market development and competitive environment*"), potentially affecting our operational result. Moreover, the reduction in pricing from the manufacturer of the Reference Drug upon the market entry of new and competing Biosimilars or the conclusion of discount agreements with health insurers or other major buyers over extended contractually binding periods would present significant challenges for the Biosimilars in gaining market share.

For the purpose of the Profit Forecasts 2024, we assume a stable market share in the United States and a slight increase in market share in the diversified Non-U.S. markets for Fiscal Year 2024 compared to Fiscal Year 2023 with no further material impact on ongoing operations in Fiscal Year 2024.

Factor 5: Geopolitical environment

The current geopolitical environment has an impact on global economic conditions as a whole and could adversely affect the demand for our Biosimilar products, our business, our operational result, access to credit and capital markets and, therefore, our ability to execute our strategy. In particular, Russian war against Ukraine and the ongoing conflict in the Middle East, already have a significant negative macroeconomic impact in Europe and worldwide and are expected to continue to do so. The Russian war against Ukraine has led to increased energy prices and disruptions in energy supplies, which have already resulted in higher prices and scarcity of raw materials, intermediate products and services that are important to us. We attempt to mitigate these risks through a long-term sourcing strategy based upon strategic partners and transparent pricing. In addition, the armed conflict in the Middle East could potentially have a material adverse effect on our supply chain and/or on the customers of our Biosimilar products and ultimately on our business and operations in the respective region.

For the purpose of the Profit Forecasts 2024, we assume no further material negative impact that could arise from further escalation of ongoing geopolitical tensions on our ongoing operations in Fiscal Year 2024.

Factor 6: Economic and political environment

As an independent and globally active developer of high-quality Biosimilars, our business is subject to fluctuations in the global economy. Our target markets include emerging markets with potentially volatile economic and political conditions, including inflation development, interest rates, protectionist measures, global trade and tariff frameworks. Due to the ongoing demographic trends, in particular increasing global life expectancy and growing prominence of chronic diseases, the need for medical care and therapies and thus healthcare expenditures generally increase. However, changes in the economic environment are not expected to have a material impact on our operations in short-term but rather in long-term.

For the purpose of the Profit Forecasts 2024, we assume no material effects from changes of the economic environment on our ongoing operations in Fiscal Year 2024.

Factor 7: Acceptance by patients and health institutions

The successful marketing of our products and our reputation rely on the acceptance of our products not only by patients, but also by public and private health insurers, pharmacists, physicians, health institutions, and other parties, depending on the countries in which our products are commercialized. This is dependent on the perception of the products as effective, safe, cost-effective and convenient treatments as well as on the receptiveness of physicians and pharmacists to the products. The acceptance of our products and thus, our operational result depend also on the availability of our products in sufficient quantities to satisfy customer demand and prevalence of the disease for which a product is prescribed (see "*Factor 8: Availability and pricing of materials, products, services and machines*").

For the purpose of the Profit Forecasts 2024, we assume that our marketing strategies for the Biosimilar products are effective and that there is corresponding market acceptance of our business activities by customers, patients, healthcare institutions or other independent third parties in the Fiscal Year 2024.

Factor 8: Availability and pricing of materials, products, services and machines

Our operations are highly dependent on the supply availability and reasonable pricing of high-quality materials, primary products, services, machinery or other auxiliary materials that are required in the Research and Development ("**R&D**") process as well as for the subsequent production and marketing of the products. Affordable, high-quality active ingredients and auxiliary materials are essential to our business due to the nature of the developed products. Raw materials and preliminary products can be subject to strong price fluctuations, which have been exacerbated since the beginning of the Russian war against Ukraine and the associated increase in energy costs.

For the purpose of the Profit Forecasts 2024, besides the adverse impact on our supply chain that could arise from further escalation of ongoing geopolitical tensions (see "*Factor 5: Geopolitical environment*"), we assume a stable global supply chain situation and the materials, primary products, services, in particular manufacturing and testing, as well as machinery and equipment to be available as necessary in Fiscal Year 2024.

Moreover, for the purpose of the Profit Forecasts 2024, we assume reasonable pricing of high-quality materials, pre-products, services, machinery or other auxiliary materials and no material negative impact resulting from price increases since the prices of the most relevant materials are to a material extent contractually fixed with our suppliers for the Fiscal Year 2024.

Factor 9: Product recalls and other quality control issues

Biosimilar products could cause undesirable side effects or have other properties that could limit their commercial potential, which could result in recalls or in the revocation of the regulatory approvals of such products, which could in turn lead to potential claims for damages throughout the supply chain of our products, reduced patient demand, lower rates of prescription of our products by physicians and reluctance by pharmacists to dispense our products.

Potential product recalls or other quality control issues of our first launched Biosimilar FYB201 could adversely affect the Adjusted EBITDA in Fiscal Year 2024 since the earnings resulting from sales of the FYB201 product are reported below EBITDA as at equity result due to the Company's existing 50% stake in Bioeq AG. However, we also generate revenues relating to FYB201 from development contracts, maintenance contracts and through license income which are included in the EBITDA (see "*Factor 24: EBITDA adjustments*").

For the purpose of the Profit Forecasts 2024, we assume no events that lead to product recalls or other quality control issues and therefore have no impact on our ongoing operations in Fiscal Year 2024.

Factor 10: Key personnel and workforce

Due to the specialized scientific and research-intensive nature of our business we are dependent on recruiting and retaining highly qualified and capable personnel for all stages of our processes, in particular the development of Biosimilars from early-stage analysis to regulatory approval. To minimize the risk of losing know-how and key personnel, including scientific, technical, regulatory and quality management personnel, we have implemented several staff motivation and retention initiatives, along with talent planning to ensure that future succession is in place. To limit the risk of staff absences resulting from illness, we have established a health management system. Additionally, intensified competition for qualified personnel in operational and enabling functions, from other companies, academic institutions, government entities and other organizations has an impact on wages and salaries and thus our personnel costs (see "*Factor 23: Personnel expenses*").

For the purpose of the Profit Forecasts 2024, we assume no negative impact on our ongoing operations in Fiscal Year 2024 from capacity constraints related to our workforce and to achieve our business objectives in compliance with the regulatory requirements. Furthermore, for the purpose of the Profit Forecasts 2024, we

assume that we will be able to recruit, retain and train a sufficient number of highly qualified employees for our ongoing operations in Fiscal Year 2024, including key management, scientific, technical, regulatory, quality management and other personnel.

Factor 11: Foreign exchange rate movements

As our products are commercialized globally and we source products and services internationally, we are exposed to financial risks that may arise from fluctuations in currency exchange rates. Our functional currency is EUR. The transactions from which such foreign currency risk may arise are primarily denominated in USD, CHF and GBP. In addition, we hold bank accounts denominated in USD.

For the purpose of the Profit Forecasts 2024, we assume the following average exchange rates based on internal estimates:

Currency rates	**For the Fiscal Year 2024**
USD/EUR	1.08
CHF/EUR	0.95
GBP/EUR	0.85

For the purpose of the Profit Forecasts 2024, we assume the currency rate USD/EUR to be the most relevant to our operations in Fiscal Year 2024. Furthermore, for the purpose of the Profit Forecasts 2024, we assume no significant impact from foreign exchange rate movements on our ongoing operations in Fiscal Year 2024.

6.4.3 Factors that can be influenced by us and related assumptions

In addition to the factors and assumptions that are beyond our control, the Profit Forecasts 2024 are subject to factors that can be influenced by us. These factors and our assumptions regarding their development and impact are described below:

Factor 12: Clinical trials

Our wholly owned subsidiary Clinical Research GmbH (previously operating under Bioeq GmbH) serves as clinical trial sponsor for the Biosimilar candidates FYB201, FYB202 and FYB203, and thus as the official contracting entity for these clinical trials from a regulatory perspective. For FYB206 and all following development projects, we will act as the clinical trial sponsor instead of Clinical Research GmbH. In particular, the clinical trial sponsor bears the financial risks and the risk of liability towards participating patients or other test subjects.

In order to assess and ensure quality and safety through all phases of the clinical trial process, we and Clinical Research GmbH manage these risks through an appropriate industry-standard monitoring and quality management system, using a risk-based approach. Any liability risks, which may nonetheless arise, are further managed through the insurance of participating patients within the framework of legal requirements. Moreover, as clinical trial sponsor, we and Clinical Research GmbH are obligated to comply with detailed and rigorous regulatory requirements for good clinical practice ("**GCP**") when conducting clinical trials of medicinal products for human use under the EU Clinical Trials Regulation, which apply to clinical trials worldwide and which serve to protect patients and ensure the integrity and correctness of the data and findings generated through the trials.

For the purpose of the Profit Forecasts 2024, we assume that we and our clinical trial sponsor are in compliance with the applicable regulatory requirements at all stages of the clinical trial process in Fiscal Year 2024.

Factor 13: Development of new products

Our business relies on developing and launching new Biosimilar products on time, among the first group of Biosimilars to launch. In this context, the development process depends in particular on the exclusivity periods under the U.S. Biologics Price Competition and Innovation Act of 2009 ("**BPCIA**"), regulatory approvals, operational, manufacturing or clinical readiness or patent litigations.

Our value creation is fundamentally based on our development pipeline and thus, depending on necessary investments. We plan all steps of product development with reasonable time allowances for delays that might arise. In this context, our development process along with the planned license and milestone payments and subsequent revenues depends on the provision of necessary capacities from our partners (see "*Factor 15: Reliance on third parties*") and the successful realization of the project cycle without short-term changes or delays which also requires full functionality of laboratory equipment and IT equipment. In addition, the successful approval and market launch of new products rely on the legal protection of our own intellectual property and know-how as well as the protection of the legitimate intellectual property rights of third parties, such as patents, trademarks and design rights.

For the purpose of the Profit Forecasts 2024, we assume the development of new products in pipeline to be successful, on time and in a cost-efficient manner. Furthermore, for the purpose of the Profit Forecasts 2024, we assume adequate legal protection of our intellectual property and non-infringement of intellectual property rights of third parties in Fiscal Year 2024.

Factor 14: Reliance on commercial partnerships

We rely on commercial partnerships and cooperation agreements with established pharmaceutical players. The customer base for our products, as well as our revenue and profit margins are dependent on a high level of service, competitive pricing and timely and complete supply from our Commercialization Partners. Our revenue is derived from milestone payments, license payments and from the profits achieved by our Commercialization Partners (see "*Factor 16: Revenue*"). Accordingly, our ability to collaborate with strong Commercialization Partners, the commercial terms that we negotiate with our partners, as well as the net sales or gross margin that our Commercialization Partners generate from sales of Biosimilar products developed by us have a material impact on our revenue.

For the purpose of the Profit Forecasts 2024, we assume that we will be able to maintain our commercial partnerships and that there will be no material changes in the commercial terms and conditions of the agreements with reliable Commercialization Partners in Fiscal Year 2024. Moreover, for the purpose of the Profit Forecasts 2024, we assume that our Commercialization Partners comply with the requirements of the relevant regulatory authorities in Fiscal Year 2024.

Factor 15: Reliance on third parties

Our business highly depends on third parties, in particular our contract development and manufacturing organizations ("**CDMOs**") and suppliers. We rely on CDMOs to manufacture active ingredients (drug substances) and drug products (fill and finish) to supply our product needs and requirements for preclinical and clinical studies, similarity and stability investigations, and to ramp up production in preparation for commercial launch and supply.

Since CDMOs also store critical components of our product candidates and perform services (e.g. release tests) for us related to the product compliance with regulatory requirements, they play a critical role in our development process. Therefore, development and manufacturing costs depend on our third-party suppliers' compliance with the complex development and production processes required for Biosimilars as well as with the stringent regulatory requirements, inspections and audits, which apply to gaining regulatory approval. Given our dependence on third parties, the success of our business relies on our ability to maintain and renew relationships on commercially viable terms with reliable third parties.

For the purpose of the Profit Forecasts 2024, we assume that we will be able to maintain our contractual relationships with third parties and that there will be no material changes in the commercial terms and conditions of our agreements in Fiscal Year 2024. Moreover, for the purpose of the Profit Forecasts 2024, we assume that our third parties comply with the requirements of the relevant regulatory authorities in Fiscal Year 2024.

Factor 16: Revenue

We mainly generate revenues from (i) milestone payments, (ii) development contracts, (iii) royalties as well as (iv) maintenance contracts with our Commercialization Partners:

(i) Milestone payments are triggered upon reaching corresponding development stages (e.g. for clinical, regulatory, launch, market sales milestones). Milestone payments from our partners allow us to finance the development of our Biosimilar candidates before they generate revenue from commercialization.

(ii) A large part of our revenue results from development contracts under so called "Fulle Time Equivalent (FTE) agreements" for the provision of staff for development work on Biosimilar candidates that have been previously licensed-out or are under development through partnerships. The costs incurred for the development work are passed on to our Commercialization Partners, in most cases including a mark-up.

(iii) Once a partnered project has been approved by the regulatory authority and our licensing partner has started the sales and marketing of the product, we are eligible to receive corresponding royalties. This means that we receive a share of the revenues generated by our Commercialization Partner, which are paid on a quarterly basis. In most cases, the revenue participation is based on a royalty on net sales or profits.

(iv) Revenues from maintenance contracts relate to the regular testing of Biosimilar products for our Commercialization Partners in order to retain the regulatory approval. The costs incurred for the testing are passed on to our Commercialization Partners, in most cases including a mark-up.

In Fiscal Year 2024, we assume our revenues relating to our Biosimilar products FYB201, FYB202 and FYB203 as described below:

FYB201

FYB201, developed in collaboration with the jointly controlled Bioeq AG, is used for various eye diseases that cause damage to the retina and thus adversely affect visual acuity. In Fiscal Year 2022, we achieved successfully regulatory approval of this Biosimilar product. Revenues relating to FYB201 are generated by license income from the granting of exclusive marketing rights to Bioeq AG based on product sales within the licensed territories since the market launch of FYB201 in Fiscal Year 2022. We also generate revenues from development contracts for the subsequent development of a pre-filled syringe (PFS) application system for administering the Biosimilar FYB201 as well as from maintenance contracts.

As Bioeq AG is under joint control and therefore accounted for at equity, earnings resulting from sales of the FYB201 product are not included in our EBITDA. Adjusted EBITDA, in contrast, includes earnings resulting from sales of the FYB201 product (see "*Factor 24: EBITDA adjustments*").

In Fiscal Year 2024, we assume revenues of FYB201 to increase significantly compared to Fiscal Year 2023 mainly resulting from higher license payments based on the contractual agreements with Bioeq AG due to sales growth of the Biosimilar product FYB201.

FYB202

FYB202 has successfully completed the clinical trial stage and is close to market approval and subsequent launch. The Biosimilar is used for various severe inflammatory disorders. FYB202 is developed in partnership with and Fresenius Kabi SwissBioSim GmbH ("**Fresenius Kabi**"), Eysins, Switzerland,a subsidiary of Fresenius Kabi Aktiengesellschaft, and planned to be launched after Fiscal Year 2024. Hence, revenues relating to the Biosimilar product FYB202 are mainly generated by reaching statutory milestones, in particular the successful closing of the global commercialization agreement with Fresenius Kabi as well as the successful completion of phase I clinical trials.

In Fiscal Year 2024, we assume revenues of FYB202 to decrease considerably compared to Fiscal Year 2023 due to lower development activities and thus, declining product development costs and costs incurred for the management of clinical studies invoiced to Fresenius Kabi including a mark-up, partially compensated by the sale of remains of development activities to Fresenius Kabi. Furthermore, part of the expected milestone payments has already been recognized and reported in Fiscal Year 2023 as accrued revenue for a success-based milestone payment and therefore the full amount of the milestone payments will not be reflected in revenues for Fiscal Year 2024.

FYB203

FYB203 is our second advanced-stage Biosimilar product, for which we received market approval by U.S. Food and Drug Administration ("**FDA**") in June 2024 and we expect market approval by European Medicines Agency ("**EMA**") after Fiscal Year 2024. FYB203 suppresses the formation of blood vessels in the retina that deteriorate eyesight. The product is developed in partnership with Klinge Biopharma GmbH ("**Klinge**"). Revenues relating to FYB203 are generated from development contracts, milestone payments and royalties.

In Fiscal Year 2024, we assume revenues to decrease significantly compared to Fiscal Year 2023 based on the assumption of lower development activities following the market approval by FDA in June 2024 and thus, declining product development costs and lower costs incurred for the management of clinical studies invoiced to our partner Klinge.

FYB206 – FYB210

FYB206 has reached important development milestones in both process development as well as the preclinical phase. The two preclinical Biosimilar candidate development projects FYB208 and FYB209 are in a state of technical development as of the date of the Prospectus. The innovative COVID-19 fusion protein (FYB207) was re-evaluated and de-prioritized due to significant changes in the pandemic situation. In addition, we initiated a new development program (FYB210) in September 2024.

In Fiscal Year 2024, we assume that we do not generate revenues relating to the Biosimilars FYB206, FYB207, FYB208, FYB209 and FYB210.

Group

Overall, for the purpose of the Profit Forecasts 2024, we assume our revenues to be in a range of EUR 55 million and EUR 65 million based on the product-specific assumptions described above and that current partnership agreements with our Commercialization Partners will remain in place and the contractual situation will remain unchanged in Fiscal Year 2024 compared to Fiscal Year 2023.

Factor 17: Cost of sales

Cost of sales include the costs directly related to generated revenue (see "*Factor 16: Revenue*") and thus costs that can be allocated to our partnered projects FYB201, FYB202 and FYB203. They primarily consist of contract research expenses, including material costs concerning the production of our products as well as personnel costs (see "*Factor 23: Personnel expenses*").

For the purpose of the Profit Forecasts 2024, we assume that the current partnership agreements with suppliers will remain in place and the contractual situation will remain unchanged in Fiscal Year 2024 compared to Fiscal Year 2023. We further assume no material negative impact resulting from price increases on our ongoing operations in Fiscal Year 2024 since the prices of the most relevant materials are to a material extent contractually fixed with our suppliers for the Fiscal Year 2024.

For the purpose of the Profit Forecasts 2024, we assume cost of sales to decrease considerably compared to Fiscal Year 2023, primarily driven by lower development costs relating to FYB203 following the market approval by FDA in June 2024, in line with the anticipated revenue development generated with FYB203 in Fiscal Year 2024.

Factor 18: R&D expenses

Our ability to maintain and grow our business depends to a large extent on the success of our R&D activities. To ensure the success of our R&D activities, we commit substantial human and capital resources to our product development and the fulfilment of our regulatory obligations, both through our internal dedicated resources and through externally provided services from reputable high-quality contract research organizations ("**CROs**") and CDMOs.

R&D expenses primarily comprise expenses related to the development of new products and ongoing development of existing products and technology incurred in connection with non-partnered projects FYB207, FYB208, FYB209 and FYB210. Our R&D expenses mainly include external services from CROs and CDMOs as well as costs for our own workforce for the work performed (see "*Factor 23: Personnel expenses*") that is directly attributable to specific R&D projects.

For the purpose of the Profit Forecasts 2024, we assume R&D expenses to increase significantly, primarily due to higher external and personnel costs, driven by further acceleration of the development of our products in Fiscal Year 2024 compared to Fiscal Year 2023.

Factor 19: Administrative expenses

Administrative expenses mainly consist of legal and advisory expenses, IT and insurance costs. In connection with the Uplisting, we assume additional expenditures in Fiscal Year 2024 to fulfil the additional requirements without difficulties and inefficiencies.

For the purpose of the Profit Forecasts 2024, we assume administrative expenses to increase significantly compared to Fiscal Year 2023, mainly driven by rising personnel costs resulting from a higher number of administrative staff as well as higher consulting costs for various strategic projects, including costs related to the Uplisting.

Factor 20: Selling expenses

Selling expenses primarily consist of public related costs and costs for product marketing.

For the purpose of the Profit Forecasts 2024, we assume selling expenses to increase significantly compared to Fiscal Year 2023 due to higher requirements of the capital market and increasing efforts in preparation of the product launches of FYB202 and FYB203 anticipated for the period after Fiscal Year 2024.

Factor 21: Other Operating Expenses

Other operating expenses consist of non-periodic and miscellaneous other expenses.

For the purpose of the Profit Forecasts 2024, we assume other operating expenses at a stable level in Fiscal Year 2024 compared to the Financial Year 2023.

Factor 22: Depreciation & Amortization

Depreciation and amortization relate to depreciation of property, plant and equipment ("**PPE**"), amortization of intangible assets as well as depreciation of right-of-use (ROU) assets. Capitalized right-of-use (ROU) assets include rights to use leased space for our headquarters, technical equipment and machinery, and vehicles leased for employee use.

Depreciation and amortization are allocated to various cost positions, mainly to other operating expenses (see "*Factor 21: Other Operating Expenses*"), but also to cost of sales (see "*Factor 17: Cost of sales*") and R&D expenses (see "*Factor 18: R&D expenses*").

For the purpose of the Profit Forecasts 2024, we assume depreciation of PPE and amortization of intangibles to increase significantly compared to Fiscal Year 2023 mainly due to increased investments in Fiscal Year 2023. Furthermore, for the purpose of the Profit Forecasts 2024, we assume depreciation of right-of-use (ROU) assets to increase moderately compared to Fiscal Year 2023 due to the additional rental of premises.

Factor 23: Personnel expenses

Personnel expenses are not reported as a single item (cost-of-sales method) but are allocated directly to the individual income statement items. Our personnel costs can be broken down into personnel costs for cost of sales (see "*Factor 17: Cost of sales*"), R&D (see "*Factor 18: R&D expenses*"), selling (see "*Factor 20: Selling expenses*") and administration (see "*Factor 19: Administrative expenses*"). In addition to the number of employees, our personnel expenses are also affected by wage levels, which are influenced by inflation, among other things.

For the purpose of the Profit Forecasts 2024, we assume personnel expenses to increase significantly compared to Financial Year 2023 mainly due to a planned growth in the number of employees in low double-digit percentage range across all divisions as well as a salary increase in single-digit percentage range in Fiscal Year 2024.

Factor 24: EBITDA adjustments

Adjusted EBITDA includes our at equity participation in earnings from Bioeq AG, which generates earnings solely from the operational success of our approved FYB201 product. As Bioeq AG is under joint control and therefore accounted for at equity, earnings resulting from sales of the FYB201 product are not included in our operating income and therefore excluded from EBITDA. Adjusted EBITDA, in contrast, includes earnings resulting from sales of the FYB201 product (see "*Factor 16: Revenue*").

For the purpose of the Profit Forecasts 2024, we assume the at equity result of Bioeq AG to increase significantly in comparison to Fiscal Year 2023, primarily driven by a stronger market development along with higher revenues generated with FYB201 and lower development costs.

*Factor 25: Mergers & Acquisitions ("**M&A**")*

As part of our strategy, we plan to continue using strategic opportunities to further accelerate our growth and value creation and may consider acquisitions of businesses in the long-term.

However, for the purpose of the Profit Forecasts 2024, we assume no M&A activities in Fiscal Year 2024 and therefore no impact on revenues, EBITDA and Adjusted EBITDA in Fiscal Year 2024.

6.4.4 Other explanatory notes

The Profit Forecasts 2024 do not take into account any extraordinary events, results from non-recurring activities and extraordinary tax expenses within the meaning of IDW Accounting Practice Statement 2.003 (IDW AcPS AAB 2.003), except where explicitly stated otherwise in the explanatory notes above.

As the Profit Forecasts 2024 relate to a fiscal year not yet completed and are based on several assumptions and estimates about future uncertain future and actions (factors), they inherently involve considerable uncertainties. Because of these uncertainties, the Group's EBITDA and Adjusted EBITDA for the Fiscal Year 2024 may differ materially from the Profit Forecasts 2024.

The Profit Forecasts 2024 were prepared solely for the inclusion in this Prospectus and represent the best estimates of the Management Board as of November 6, 2024.

7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following management's discussion and analysis of net assets, financial condition and results of operation together with our financial statements including the related notes and other financial information included elsewhere in the Prospectus. We have taken or derived the financial information in this section from (i) the 2023 Audited Consolidated Financial Statements, (ii) the 2022 Audited Consolidated Financial Statements, (iii) the 2023 Audited Unconsolidated Financial Statements, (iv) the H1 2024 Unaudited Consolidated Interim Financial Statements and (v) the Company's internal accounting records or internal reporting systems.

The Company applied IFRS for the first time for the 2022 Audited Consolidated Financial Statements. The 2023 Audited Consolidated Financial Statements and the 2022 Audited Consolidated Financial Statements have therefore been prepared in accordance with IFRS. All financial information (including all segment information) as of December 31, 2021 and for the Fiscal Year 2021 presented in this section is taken or derived from the comparable financial information included in the 2022 Audited Consolidated Financial Statements.

The H1 2024 Unaudited Consolidated Interim Financial Statements have been prepared in accordance with IFRS as applicable for interim financial reporting (the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34)). The 2023 Audited Unconsolidated Financial Statements were prepared in accordance with the German generally accepted accounting principles of the HGB (German GAAP).

KPMG audited the 2023 Audited Consolidated Financial Statements, the 2022 Audited Consolidated Financial Statements and the 2023 Audited Unconsolidated Financial Statements in accordance with section 317 HGB and in compliance with German generally accepted standards for financial statement audit promulgated by the IDW and issued unqualified independent auditors' reports (Bestätigungsvermerke des unabhängigen Abschlussprüfers) thereon. All aforementioned financial statements as well as the aforementioned unqualified independent auditors' reports are included in the section "17. FINANCIAL INFORMATION" beginning on page F-1.

This section contains Alternative Performance Measures, including EBITDA, Adjusted EBITDA and Working Capital, which are not required by, or presented in accordance with IFRS or HGB (for further information, see "2.12 Non-IFRS Financial Measures (Alternative Performance Measures)").

Where financial information in the tables in this section is labelled "audited", this means that it has been taken from the 2023 Audited Consolidated Financial Statements or the 2022 Audited Consolidated Financial Statements. The label "unaudited" is used in the tables to indicate financial information that has not been taken from the 2023 Audited Consolidated Financial Statements or the 2022 Audited Consolidated Financial Statements but has been taken from (i) the H1 2024 Unaudited Consolidated Interim Financial Statements, (ii) the Company's internal accounting records or internal reporting systems or (iii) has been calculated on the basis of the financial information form the above-mentioned sources.

Unless indicated otherwise, financial information presented in the text and tables below is shown in millions of Euro (in EUR million) and is commercially rounded to one digit after the decimal point. Changes, including percentage changes, are calculated based on the figures as presented in this Prospectus and commercially rounded to one digit after the decimal point. Rounded figures in tables may not add up exactly to the totals contained in those tables and the aggregated percentages may not exactly equal 100%. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables.

Financial information presented in parentheses denotes the negative of such figure presented. A dash ("–") means that the relevant figure is not available, while a zero ("0.0") means that the relevant figure has been rounded to or equals zero.

To compare figures over more than two periods, a CAGR may be shown, which indicates the annual mean rate of growth for each year of the relevant period.

Certain information in the management's discussion and analysis set forth below and elsewhere in this Prospectus includes forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in these forward-looking statements (see "2.6 Forward-looking statements").

7.1 Overview

We are an independent and globally active business specializing in the development of high-quality Biosimilars, i.e., biopharmaceutical drugs that are developed as follow-on products to existing "reference" biopharmaceuticals ("**Reference Drugs**") and that can be launched after the market exclusivity of the respective Reference Drug has expired ("**Biosimilars**"). Biosimilars require very significant time, effort, and expertise, both in their development and in their subsequent production because of their molecular size, structural complexity, and their production using living cell systems. Compared to innovative biopharmaceutical drugs, which are large complex molecules typically extracted from a variety of natural sources ("**Biological Drugs**"), the

development of Biosimilars is less costly and the success rate for developing Biosimilars is considerably higher. Biosimilars therefore offer exceptional opportunities for healthcare providers and insurers to combine cost efficiency with highly effective treatment options.

We cover the entire value chain of functional disciplines in the development of Biosimilars with core development operations being performed in-house, complemented by third-party activities under very close monitoring and guidance. This starts with the selection of highly promising pipeline candidates, continues with the analytical characterization of such candidates, and includes preclinical in-vitro studies, production process development and manufacturing at commercial scale, designing and conducting clinical trials, and extends to the compilation and submission of regulatory approval application documents, based on which we manage the entire regulatory procedure until final approval.

Our current pipeline focuses on the fields of ophthalmology, immunology, and immuno-oncology, as well as for the treatment of other key chronic diseases and currently consists of three approved Biosimilars (FYB201, FYB202 and FYB 203), one Biosimilar candidate in the clinical phase (FYB206) and two preclinical (FYB208 and FYB209) Biosimilar candidates. Furthermore, the launch of development for FYB210, a new Biosimilar candidate, has recently been initiated.

7.2 Segment reporting

Since the Company applied IFRS for the first time for the 2022 Audited Consolidated Financial Statements, the Company applies IFRS 8 Segment Reporting starting in the Fiscal Year 2022. All segment information as of December 31, 2021 and for the Fiscal Year 2021 presented in this section is therefore taken or derived from the comparable financial information included in the 2022 Audited Consolidated Financial Statements.

The Group's segments are determined, and the disclosures for each segment are made, based on the criteria that the primary operating decision makers use internally for allocating resources and assessing the profitability of the Group's components. At the Company, the key decision maker is the Management Board, which allocates resources and evaluates segment performance on the basis of the management reports submitted to it. The following segment reporting was prepared in accordance with this definition. In evaluating the performance of the Group's business segments, the Management Board relies upon operating profit/loss as the primary measure of profitability.

The Management Board monitors and directs activities at the level of the Group's individual development projects. Project progress, operational performance and financial performance are reported on a monthly basis along with a deviation analysis from the approved plan for each project. The Group's development projects thus also represent the Group's reportable segments.

The Company currently manages its business in seven segments, each representing a separate development project: FYB201, FYB202, FYB203, FYB206, FYB207, FYB208 and FYB209. With the recently initiated development launch of FYB210, a new Biosimilar candidate, , the segment FYB210 will be added as an additional segment. The business activity of all segments is the development of Biosimilars. Except for FYB207, which is our innovative COVID-19 fusion protein, all of these are Biosimilars, and thus the operating activities do not differ significantly between segments. For the purposes of internal reporting, almost all of the Group's costs are allocated to the individual projects.

The tables below show the financial performance for the period with respect to each of our reporting segments, as set forth in notes to Audited Consolidated Financial Statements for the Fiscal Year 2022 and the Fiscal Year 2023.

in EUR thousand	FYB201	FYB202	FYB203	FYB206	FYB207	FYB208	FYB209	Total for reportable operating segments	Rest	Group
	audited, unless indicated otherwise									
2023										
External revenue	14,885	37,356	25,456					77,696		77,696
Segment revenue	**14,885**	**37,356**	**25,456**					**77,696**		**77,696**
Segment profit (loss)	(16,159)	12,502	(1,672)		(2,847)	(3,646)	(4,173)	(15,850)	92,092	76,242
Finance income									102,210	102,210
Finance expenses									(2,962)	(2,962)
At Equity result	(19,362)							(19,362)		(19,362)
Allocated costs (cost of sales, research and development expenses, administrative expenses)	(11,275)	(24,185)	(26,456)		(2,847)	(3,346)	(4,072)	72,181	(2,768)	(74,949)
Other expenses (selling expenses, miscellaneous)									(1,229)	(1,229)
Depreciation and amortization	(286)	(668)	(672)		(72)	(85)	(103)	1,887		(1,887)
Income taxes									(3,275)	(3,275)
Assets										
Investments participations at equity	167,004							167,044		167,044
Other additions to non-current assets	14,111	3,717		16,073				33,902	1,406	35,307
2022										
External revenue	12,125	2,576	27,795					42,497		42,497
Segment revenue	**12,125**	**2,576**	**27,795**					**42,497**		**42,497**
Segment profit (loss)	(12,870)	89,157	637	(6,334)	(6,921)	(1,034)	(1,293)	61,342	(25,350)	35,992
Finance income									432	432
Finance expenses									(22,952)	(22,952)
At Equity result	(12,932)	89,776						76,844		76,844
Allocated costs (cost of sales, research and development expenses, administrative expenses)	(11,676)	(3,092)	(26,287)	(6,130)	(6,699)	(1,001)	(1,251)	(56,136)	(784)	(56,920)
Other expenses (selling expenses, miscellaneous)									(1,442)	(1,442)
Depreciation and amortization	(387)	(103)	(872)	(203)	(222)	(33)	(42)	(1,862)		(1,862)
Income taxes									(604)	(604)
Assets										
Investments participations at equity	186,406							186,406		186,406
Other additions to non-current assets	291,639	615,424		5,733				912,796	(19,305)	893,491
2021										
External revenue	11,591	10,360	14,162		500			36,613		36,613
Segment revenue	**11,591**	**10,360**	**14,162**		**500**			**36,613**		**36,613**
Segment profit (loss)	12	48	3	(5,361)	(8,162)			(13,460)	170	(13,290)
Finance income									39	39
Finance expenses									(247)	(247)
At Equity result		1						1		1
Allocated costs (cost of sales, research and development expenses, administrative expenses)	(11,248)	(10,017)	(13,754)	(5,208)	(8,414)			(48,641)	232	(48,409)
Other expenses (selling expenses, miscellaneous)									(772)	(772)
Depreciation and amortization	(331)	(295)	(405)	(153)	(248)			(1,432)		(1,432)
Income taxes									917	917
Assets										
Investments participations at equity		23,615						23,615		23,615
Other additions to non-current assets		2,989						2,989	1,368	4,357

7.3 Key factors affecting our results of operations, financial condition and cash flows

Our results of operations, have been, and will continue to be, affected by a number of important factors, including the following:

7.3.1 Market opportunity for Biosimilars due to Reference Drugs' loss of exclusivity

We believe that the growth and evolution of the market for Biosimilars in general and of our revenue in particular during recent years have been largely driven by the increasing number of high-value Biological Drugs for which market exclusivity has expired. The loss of exclusivity of highly sought-after and revenue-generating Reference Drugs offers developers of Biosimilars like us the chance to enter the market of this drug and benefit from a more cost-effective development process.

Going forward, we expect that significant revenue currently attributable to Reference Drugs will become accessible to Biosimilar competition over the next decade. We estimate that 45 blockbuster Reference Drugs with expected cumulative sales of more than USD 200 billion will come off patent by 2032 (*source: McKinsey*).

According to McKinsey, the global market for Biosimilars has been steadily growing for years and is expected to continue to expand at high rates. For more information on the market for Biosimilars, see "*8.1.5 The Biosimilars market*". Accordingly, our results of operations, financial condition and cash flows in the future will be

influenced by our ability to (i) tap into the vast pool of Reference Drugs coming off-patent by identifying promising Biosimilar candidates, (ii) successfully develop Biosimilars in a cost-efficient and timely manner so that we can bring them to market in the first launch group of Biosimilar products for identical or competing Reference Drugs and (iii) contract with strong commercialization partners for our Biosimilars.

7.3.2 Regulatory developments

Biosimilars companies, like all pharmaceutical companies, are subject to substantial regulatory requirements. New legislation or changes in the existing legislation can therefore have a significant impact on our financial results. For example, the reduction of regulation could lead to earlier market entries of our Biosimilar products (subject to market exclusivity) and reduce costs. At the same time, however, market access barriers may be reduced which may increase competition.

In the United States, regulatory policy and development including increased funding of the competent authorities have led to more Biosimilar approvals, and consequently potentially increased competition for our product portfolio. Steps were being taken by the FDA to enhance competition, promote access and lower drug prices. While these FDA initiatives are expected to benefit our Biosimilar product pipeline, they will also benefit competitors that seek to launch products in established Biosimilars markets where our products are being marketed currently or in the future. Furthermore, the EU is currently revising the entire legislative framework for drugs (including, e.g., the Directive 2001/83/EC of the European Parliament and of the Council of November 6, 2001 on the Community code relating to medicinal products for human use (Pharmaceutical Directive), the Regulation (EC) No 726/2004 of the European Parliament and of the Council of March 31, 2004 laying down Community procedures for the authorization and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency (European Medicines Agency Regulation), the Regulation (EC) No 141/2000 of the European Parliament and of the Council of December 16, 1999 on orphan medicinal products (Orphan Drugs Regulation) and the Regulation (EC) No 1901/2006 of the European Parliament and of the Council of December 12, 2006 on medicinal products for paediatric use (Paediatric Regulation). The draft legislation published by the European Commission on April 26, 2023, is part of the EU Pharmaceutical Strategy for Europe, and is currently undergoing the ordinary legislative procedure in the European Parliament and Council of the EU. The new framework is expected to be implemented in the next two to four years and may result in changes to the legislative framework based on which our operations are currently designed. Furthermore, a committee of the EMA is currently assessing the possibility of limiting the scope for clinical trials required for the authorization of Biosimilars while maintaining the highest standards of safety and efficacy. The corresponding new draft guideline has not yet been published and will not be relevant (if at all) until early 2025 at the earliest. Both, the legislative reform as well as EMA assessment, however, aim to, *inter alia*, facilitate early market entry of biosimilar medicinal products, contributing to patient access and affordability. While this could lead to earlier market entries of our Biosimilar products, this would also benefit our competitors and increase competition. Other legislative changes may further negatively impact off-patent product market entry if the data and/or market exclusivity regimes are amended so as to favor originator products over new Biosimilars entrants.

In addition, new laws and proposals could serve to change, directly and indirectly, the BPCIA, including the incentives to develop Biosimilar products, as well as the ability of Biosimilar manufacturers to accelerate the launch of their new Biosimilar products. In addition, new laws and proposals could impact the ability of brand manufacturers to protect their investments in the intellectual property associated with their branded specialty and innovative biologic medicinal products. These regulatory developments and other factors may adversely impact market sizes, as well as our position in the markets in which our products are marketed, and the volumes or average selling prices of our products. Failure to build up an industry-leading performance in the United States to develop and commercialize high-complexity Biosimilar products could adversely affect our revenue and profitability (see also sections "*1.2.1 Changes in regulatory policy in various countries may lead to price erosion and consequently to a decline in our revenue and profits from our Biosimilar products.*" and "*1.4.7 Legal and regulatory reforms may affect our ability to develop and commercialize our products.*").

7.3.3 Development of our product pipeline

We believe that our results of operations, Our current products and product pipeline focuses on the fields of ophthalmology, immunology, and immuno-oncology, as well as for the treatment of other key chronic diseases and currently consists of three approved Biosimilars (FYB201, FYB202 and FYB 203), one Biosimilar candidate in the clinical phase (FYB206) and two preclinical (FYB208 and FYB209) Biosimilar candidates. Furthermore, the launch of development for FYB210, a new Biosimilar candidate, has recently been initiated.

In order to expand our product pipeline, we are dependent on the expiration of the patent protection of key biological Reference Drugs. We estimate that 45 blockbuster Reference Drugs with expected cumulative sales of more than USD 200 billion will come off patent by 2032 (*source: McKinsey*).

7.3.4 Reliance on third parties

As we do not have the internal resources to manufacture Biosimilars at a scale required for commercialization, or to commercialize Biosimilars ourselves, we outsource and/or out-license the manufacturing, packaging, storage, marketing and distribution of our products to third parties.

For the global marketing of our approved Biosimilars, we rely upon our Commercialization Partners. By out-licensing sales and marketing, we believe we are able to realize and leverage several benefits, including a global reach of the products, benefitting from the local expertise of our partners and combining our products with the larger portfolios of our partners. Our current Commercialization Partners are Teva Pharmaceutical Industries Ltd. and Sandoz AG, Basel, Switzerland, (via Bioeq AG; each for FYB201) and Fresenius Kabi, a subsidiary of Fresenius Kabi Aktiengesellschaft (for FYB202), who sell, market, and distribute our products in certain agreed upon territories and fields, such as ophthalmology, immunology and immuno-oncology. Our revenue is entirely derived from our Commercialization Partners. We generate revenue from them through our development work performed for them and their advance payments and milestone payments to us. When they sell our products once approved by the relevant pharmaceutical regulators, we participate in their marketing success through royalties. Accordingly, our revenue depends on our ability to partner with strong Commercialization Partners, on the commercial terms that we negotiate with our partners, as well as on the net sales or gross margin that our Commercialization Partners generate from sales of Biosimilar products developed by us.

In addition to our Commercialization Partners, we rely on CDMOs to manufacture active ingredients (drug substance) and drug product (fill and finish) to supply our product needs and requirements for preclinical and clinical studies, similarity and stability investigations, and to ramp up production in preparation for commercial launch and supply. CDMOs also store critical components of our Biosimilar candidates and perform services (e.g., release tests) for us related to the product compliance with regulatory requirements and thus play a critical role in our development process. We select our partners carefully and are convinced of their reliability. Nevertheless, it cannot be ruled out that our partners may cause failures or delays in the development of our products (see "*1.3.2 We rely on third parties to manufacture active ingredients and finished products as well as to market our products and are therefore dependent on the production and marketing efforts and success of such third parties.*").

7.3.5 R&D investments

We have extensive R&D capabilities with a total of 172.6 full-time equivalents ("**FTEs**") as of June 30, 2024, corresponding to 80% of our workforce. We believe that with our strong, science-based R&D capabilities, we are in an excellent position to successfully execute our current projects and expand our product pipeline by developing further Biosimilars. We therefore constantly invest in our R&D capabilities. Investments we make into R&D and development of our products and product pipeline contribute to our future growth and improvement of our market position, and we expect to continue to make substantial investments in this area in coming years. Through continued spending in our R&D capabilities, we intend to drive revenue and profit growth through continuously expending our pipeline. Our ability to leverage the significant investments in research and new product development which we made in recent years is critical to our future performance.

Our primary R&D expenses include external services purchased from CRO's / CDMO's as well as costs for our own workforce for the work performed that is directly attributable to a specific R&D project. We have spent the equivalent of 97.9%, 45.9%, 100.9% and 35.4%, respectively, of our total revenue on R&D in H1 2024 and the Fiscal Years 2021, 2022 and 2023. R&D in this case comprises R&D expenses as recorded in the respective profit and loss line plus CAPEX for R&D projects. However, this does not include R&D expenditure recorded in profit and loss as cost of sales as they form the basis for revenue from R&D recharges and milestones. However, we expect R&D expenses remaining to decrease as a proportion of our revenue as the mid- and long-term revenues will continue to grow and will be not so much dependent on R&D recharges but more on increasing license income from already finished R&D activities.

7.3.6 R&D expenditure allocation

Expenditure in relation to R&D activities may be allocated in three different ways for the company depending on the project status and on the status of potential partnerships. If a project is funded by Formycon and there is neither a development nor a commercial partner, the expenditure, depending on the status of the program is either recognized as R&D expense in the consolidated statement of profit or loss, or after technical proof of similarity ("**TPoS**") as capital expenditures on development activities (Investments in intangible assets). However, as soon as a partner is added to a project and revenues are realized from that partnership, either from recharges of development expense or from contractually agreed milestones (independent of payment terms), all related expenditure is thereafter prospectively classified as cost of sales in the consolidated statement of profit or loss and therefore no longer included in the R&D investment as per above (see "*7.3.5 R&D investments*" above). As an example, all expenditure for FYB202 was included in cost of sales up until April 30, 2022 as the third-party development partner FYB202 Project GmbH reimbursed Formycon for all development

expenses. With the acquisition of the third-party partner as of May 1, 2022, all expenditure from there on was capitalized as development project in progress and therefore moved to CAPEX for intangibles. As of February 1, 2023, the Company signed a commercialization agreement with Fresenius Kabi based on which the pro rata revenue was realized and with that all expenditure from thereon moved back into the consolidated statement of profit or loss as cost of sales.

Thus, depending on the status of the development and the status of any potential partnerships the allocation of expenditure is subject to change both from the consolidated statement of profit or loss to CAPEX and back and within the different lines in the consolidated statement of profit or loss.

7.3.7 Managing our growth efficiently

We have experienced significant growth in the past, increasing our revenue from EUR 36.6 million in the Fiscal Year 2021 by 112.3% to EUR 77.7 million in the Fiscal Year 2023. In the same period, we expanded our workforce from 137 FTEs in the Fiscal Year 2021 by 43.8% to 197 FTEs in the Fiscal Year 2023. Total aggregate staff expenses amounted to EUR 13.8 million in Fiscal Year 2021 compared to EUR 22.3 million in Fiscal Year 2023. For the Fiscal Year 2024, we expect consolidated revenue to be in the range of EUR 55 million to EUR 65 million. This will mainly be resulting from sales contributions from the marketing proceeds of FYB201, which will be launched in additional countries and regions in 2024. In addition, there is expected revenue from development services for the out-licensed and partnered projects FYB201 and FYB203, which are lower than in previous years due to the advanced stage of the projects. Some of the revenue from the milestone payments expected for FYB202 in 2024 were already recognized in 2023 and reported as an expected deferred success payment. Therefore, the milestone payments will not be reflected in full as revenue in the Fiscal Year 2024, which is why the revenue forecast for the Fiscal Year 2024 is below the previous year's level.

As it is our strategic goal to sustainably expand the scope of our business activities, we intend to continue to invest heavily into the expansion of our project pipeline to bring new Biosimilars to market at regular intervals in order to meet growing demand for Biosimilars. In parallel with this strategic thrust, we are pursuing an organizational growth strategy so that we have the resources to compete as an integrated pharmaceuticals company, specifically within the Biosimilars segment.

7.3.8 Seasonality

While we overall do not tend to experience seasonality within our business, our comparable revenue growth and margins may vary from quarter to quarter and between fiscal years. Part of our future cash inflows and/or revenues which may not occur simultaneously can consist of significant upfront payments when concluding a new partnership or receiving milestone or success payments when achieving an important development target. Furthermore, we intend to introduce new products into the markets with revenues ramping up. These effects may trigger significant volatility between quarters and/or fiscal years, for example depending on when we reach certain contractually agreed milestones, and such volatility cannot always be forecasted since our revenue recognition partially depends on external factors such as the time of admission of a new Biosimilar by relevant regulators. Where our results of operations differ significantly from quarter-to-quarter and from fiscal year to fiscal year, such differences are therefore often a result of external influences and not necessarily attributable to an underlying change in our business or due to seasonality.

7.3.9 M&A

As part of our strategy, we plan to continue using strategic opportunities to further accelerate our growth and value creation. With the acquisition of the shares in Clinical Research GmbH (previously operating under Bioeq GmbH) through the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") as of May 1, 2022, the Group consolidated the revenues of Clinical Research GmbH generated with third parties for the first time for the period May to December 2022. At the same time FYB202 Project GmbH, which was a third-party partner until April 30, 2022, became fully consolidated as part of Formycon from May 1, 2022. Hence the recharges of development expenditure from Formycon AG to FYB202 Project GmbH which have been third-party revenue up until April 30, 2022 turned into intercompany revenue and therefore have been eliminated starting May 1, 2022 resulting in a corresponding decline of our revenue. We believe that these and any future acquisitions will affect our revenue and profitability, including due to the expansion of our product pipeline.

7.4 Key financial information

The following table presents our key indicators of performance and financial condition for H1 2024 and H1 2023 as well as for the Fiscal Years 2023, 2022 and 2021:

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited, unless stated otherwise)			(unaudited)	
Revenue	77.7	42.5	36.6	26.9	43.8
EBITDA	1.5	(15.9)	(12.6)	(16.9)	7.3
Adjusted EBITDA	13.3	(28.8)[1]	(12.6)[1]	(2.1)	1.1

(1) Unaudited

in EUR million	As of December 31,			As of June 30,
	2023	2022	2021	2024
	(unaudited)			(unaudited)
Working Capital	38.9	14.0	29.3	63.0

Aside from IFRS performance measures like revenue, we also use Alternative Performance Measures (see "*2.12 Non-IFRS Financial Measures (Alternative Performance Measures)*") with definitions that may vary from our peers, including EBITDA, Adjusted EBITDA and Working Capital, to monitor and evaluate our operating and financial performance. We believe that these Alternative Performance Measures provide useful and relevant information regarding our performance and improve our ability to assess our financial condition. While similar measures are widely used in the industry in which we operate, the financial measures we use may not be comparable to other similarly titled measures used by other companies, nor are they intended to be substitutes for measures of financial performance or financial position as prepared in accordance with IFRS.

7.4.1 EBITDA and Adjusted EBITDA

We use EBITDA and Adjusted EBITDA as key performance indicators for the Group on a consolidated basis to manage our operational business and we consider both EBITDA and Adjusted EBITDA to be indicative of our operating performance. We understand that both EBITDA and Adjusted EBITDA are broadly used by analysts and investors in assessing our operating performance. EBITDA and Adjusted EBITDA are based on our internal reporting system. We believe that both EBITDA and Adjusted EBITDA are commonly used as key performance indicators in our industry.

EBITDA and Adjusted EBITDA are no measures required by or recognized under, or presented in accordance with, IFRS. EBITDA and Adjusted EBITDA are Alternative Performance Measures as defined in the ESMA Guidelines (see "*2.12 Non-IFRS Financial Measures (Alternative Performance Measures)*").

We define EBITDA (earnings before interest, tax, depreciation and amortization) as EBIT before depreciation of property, plant and equipment, amortization of right-of-use (ROU) assets and amortization of intangible assets.

We define Adjusted EBITDA as EBITDA plus the at equity result of Bioeq AG as reported under IFRS.

Since EBITDA and Adjusted EBITDA are not defined by IFRS or any other accepted accounting principles, prospective investors should not consider it as an alternative to the historical financial results or other indicators of our performance, assets or liabilities based on IFRS measures. In particular, it should not be considered as an alternative to our net profit/loss as an indicator of our profitability, or as an alternative to cash flows from operating activities as an indicator of our financial strength. EBITDA and Adjusted EBITDA, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our Alternative Performance Measures are calculated. Even though these Alternative Performance Measures are used by the Management Board to assess ongoing operating performance, and though these types of measures are commonly used by investors, they have important limitations as analytical tools and prospective investors should not consider them in isolation, or as substitutes for, the analysis of our results of operations, financial position and cash flows as reported under IFRS.

The following table sets forth the calculation of our EBITDA and Adjusted EBITDA for H1 2024 and H1 2023 as well as for the Fiscal Years 2023, 2022 and 2021 and provides a reconciliation of EBITDA and Adjusted EBITDA to EBIT as most comparable IFRS financial measure:

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited, unless stated otherwise)			(unaudited)	
EBIT	(0.4)	(17.7)	(14.0)	(18.0)	6.4
Depreciation of property, plant and equipment	0.6	0.7	0.6	0.4	0.3
Depreciation of right-of-use (ROU) assets	1.1	1.0	0.9	0.6	0.5
Amortization of intangible assets	0.2	0.2	(0.1)	0.1	0.1
EBITDA	**1.5**	**(15.9)**	**(12.6)**	**(16.9)**	**7.3**
At equity result of Bioeq AG	11.8	(12.9)	–	14.8	(6.2)
Adjusted EBITDA	**13.3**	**(28.8)**	**(12.6)**[1]	**(2.1)**	**1.1**

(1) Unaudited

7.4.2 Working Capital

Through close attention to our Working Capital, the Management Board is able to monitor liquidity needs and changes and to work on measures to ensure that our financial soundness is maintained into the future. All else being equal, a higher level of Working Capital means a lower risk of liquidity shortfalls.

We define Working Capital as the sum of trade and other receivables, contract assets as well as cash and cash equivalents less contract liabilities and trade payables.

The following table sets forth the calculation of our Working Capital as of June 30, 2024 as well as of December 31, 2023, 2022 and 2021:

in EUR million	As of December 31,			As of June 30,
	2023	2022	2021	2024
	(audited, unless stated otherwise)			(unaudited)
Trade and other receivables	11.6	14.3	10.9	10.5
+ Contract assets	16.6	1.2	1.0	28.8
+ Cash and cash equivalents	27.0	9.8	25.0	40.6
– Contract liabilities	–	–	–	–
– Trade payables	16.3	11.3	7.6	16.9
Working Capital (unaudited)	**38.9**	**14.0**	**29.3**	**63.0**

7.5 Results of operations

The following table provides an overview of our results of operations for H1 2024 and H1 2023 as wells as for the Fiscal Years 2023, 2022 and 2021:

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Revenue	77.7	42.5	36.6	26.9	43.8
Cost of sales	(54.4)	(30.4)	(26.5)	(25.0)	(26.2)
R&D expenses	(9.2)	(16.9)	(16.8)	(9.7)	(5.2)
Selling expenses	(0.8)	(1,4)	(0.6)	(0.6)	(0.4)
Administrative expenses	(13.3)	(11.4)	(6.5)	(9.3)	(5.5)
Other operating expenses	(0.4)	(0.3)	(0.2)	(0.3)	(0.1)
Other operating income	0.0	0.3	0.1	0.0	0.0
EBIT	**(0.4)**	**(17.7)**	**(14.0)**	**(18.0)**	**6.4**

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Income from investment participations at equity	(19.4)	76.8	0.0	14.8	(6.2)
Finance income	102.2	0.4	0.0	0.8	9.0
Finance expenses	(3.0)	(23.0)	(0.2)	(5.3)	(0.1)
Change in expected credit loss model	(0.4)	–	–	(0.0)	–
Net finance income	79.4	54.3	(0.2)	10.3	2.7
Profit before tax	**79.1**	**36.6**	**(14.2)**	**(7.7)**	**9.0**
Income tax expense	(3.3)	(0.6)	0.9	(2.4)	(7.3)
Profit (loss) for the period	**75.8**	**36.0**	**(13.3)**	**(10.1)**	**1.8**
Other comprehensive income (OCI)	–	–	–	–	–
Comprehensive income (loss) for the period	**75.8**	**36.0**	**(13.3)**	**(10.1)**	**1.8**

7.5.1 Revenue

In the current phase of the Company, our Biosimilars are sold and distributed via our Commercialization Partners. We therefore generate our revenue from the provision of FTE-based development services, including services with respect to the management of clinical studies, for the Biosimilar candidates out-licensed or developed within partnerships, as well as royalties from sales of biosimilars under the license agreement through the licensee. The provision of development may either generate revenue through direct recharge to the customer or from upfront and milestone payments. Depending on the agreement behind potential revenue from upfront and milestone payments these might generate revenue under IFRS 15 upfront, upon payment, pro rate over the period until the criteria are fulfilled or only at finalization of the related project progress. Revenue for development services is recognized over time in the period in which the development services are provided. Development services rendered but not yet invoiced are reported as contract assets. Revenue is recorded over time using the cost-to-cost method. Associated costs are recognized in profit or loss as they are incurred. This may include revenue resulting from milestone and upfront payments if these payments are linked to achieving certain development stages. In this context revenue is recognized independent of the actual payments resulting in either contracts assets if the development progress exceeds the payments or a contract liability if payments exceed the actual progress. If milestone or upfront payments relate to the progress that is already achieved upon signature of the respective agreement the related revenue is recognized immediately.

With respect to license payments, revenue is recognized at the time the license is granted if the amount can be reliably determined. As a rule, however, such license revenues depend upon actual product sales and thus the total amount generated thereby can only be reliably determined with the passage of time. Once product sales are generated, license revenues become due and payable to the Group with relatively short payment terms. Since our business activities take place exclusively in Germany, our revenue is therefore generated in Germany only.

The following table sets forth a geographical breakdown of our revenue based on customer for the periods indicated:

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Germany	25.5	32.0	24.5	7.4	14.2
Switzerland	52.2	10.5	12.1	19.5	29.6
Total	**77.7**	**42.5**	**36.6**	**26.9**	**43.8**

H1 2024 compared to H1 2023

In H1 2024, our revenue decreased compared to H1 2023 by EUR 16.9 million or 38.6%. The decrease is due to a one-time impact of EUR 10.0 million in 2023 received upon the signature of our commercialization

agreement for FYB202 which did not reoccur in 2024. At the same time revenue from development recharges for projects FYB201 and FYB203 decreased from EUR 19.0 million to EUR 11.8 million as the development activities on these projects are declining due to the project stage.

Fiscal Year 2023 compared to Fiscal Year 2022

In the Fiscal Year 2023, our revenue increased by EUR 35.2 million, or 82.8%, from EUR 42.5 million in the Fiscal Year 2022 to EUR 77.7 million. The increase is largely due to EUR 37.7 million revenue realized in connection with the license agreement with Fresenius Kabi for FYB202 (see "*9.16.4.1 License Agreement FYB201*") of which EUR 25 million have been received in cash as the respective milestones have been completed. The remainder represents the pro rate revenue for milestones expected to be finalized at a later point.

Fiscal Year 2022 compared to Fiscal Year 2021

In the Fiscal Year 2022, our revenue increased by EUR 5.9 million, or 16.1%, from EUR 36.6 million in the Fiscal Year 2021 to EUR 42.5 million. The increase is largely due to the change in the Group's structure and scope of consolidation. With the acquisition of the shares in Clinical Research GmbH (previously operating under Bioeq GmbH) through the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") as of May 1, 2022, the Group consolidated the revenues of Clinical Research GmbH (previously operating under Bioeq GmbH) generated with third parties for the first time for the period May to December 2022. At the same time FYB202 Project GmbH, which was a third party until April 30, 2022, became fully consolidated from May 1, 2022. Hence the recharges of development expenditure from the Company to FYB202 Project GmbH which have been third-party revenue up until April 30, 2022 turned into intercompany revenue and therefore have been eliminated starting May 1, 2022 resulting in a corresponding decline of our revenue.

7.5.2 Cost of sales

Cost of sales includes all costs directly related to the sales generated and thus all costs that can be allocated to the Group's partnered projects.

The following table provides a breakdown of our cost of sales for the periods indicated:

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Cost of materials	(1.6)	(2.8)	(1.8)	(0.7)	(2.1)
Contract research expenses	(35.7)	(24.2)	(19.2)	(17.3)	(16.6)
Staff expenses	(11.9)	(3.5)	(4.8)	(5.8)	(5.4)
Depreciation, amortization and write-downs	(0.4)	(0.3)	(0.3)	(0.2)	(0.2)
Other expenses	(4.8)	(0.4)	(0.4)	(1.0)	(1.9)
Total	**(54.4)**	**(30.4)**	**(26.5)**	**(25.0)**	**(26.2)**

H1 2024 compared to H1 2023

In H1 2024, the cost of sales decreased by EUR 1.2 million or 4.5% compared to H1 2023. While expenses for the partnered projects FYB201 and FYB203 decreased analogous to revenue, expense for FYB202 increased accordingly.

Fiscal Year 2023 compared to Fiscal Year 2022

In the Fiscal Year 2023, the cost of sales increased by EUR 24.0 million, or 78.9%, from EUR 30.4 million in the Fiscal Year 2022 to EUR 54.4 million. This development is in line with the increase in revenue mainly due to EUR 24.8 million cost of sales incurred in connection with the license agreement with Fresenius Kabi for FYB202 (see "*9.16.4.2 License Agreement FYB202*"). Furthermore, staff expense as a part of cost of sales increased from EUR 3.5 million to EUR 11.9 million as the allocation of internal resources was significantly shifted in 2023 to projects FYB202 and FYB203 where internal staff was heavily involved in compiling the documentation for the filings with FDA and EMA during the year.

Fiscal Year 2022 compared to Fiscal Year 2021

In the Fiscal Year 2022, the cost of sales increased by EUR 3.9 million, or 14.7%, from EUR 26.5 million in the Fiscal Year 2021 to EUR 30.4 million. This was mainly a result of the increase of contract research expenses from EUR 19.2 million in the Fiscal Year 2021 by EUR 5.0 million, or 26.0%, to EUR 24.2 million in the Fiscal Year 2022 mainly caused by the aforementioned consolidation effects (see "*7.5.1 Revenue*") which resulted

in an increase of cost of sales from Clinical Research GmbH (previously operating under Bioeq GmbH) and a reduction for project FYB202 where costs where capitalized after May 1, 2022 and is in line with respective revenue development.

7.5.3 R&D expenses

R&D expenses include all such costs attributable to the Group's not yet partnered projects.

The following table provides a breakdown of our R&D expenses for the periods indicated:

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Cost of materials	(0.4)	(0.5)	(0.2)	(0.4)	(0.3)
Contract research expenses	(8.0)	(16.1)	(14.6)	(6.7)	(4.9)
Staff expenses	(3.0)	(5.1)	(5.3)	(2.0)	(2.6)
Depreciation, amortization and write-downs	(0.2)	(0.3)	(0.4)	(0.1)	(0.1)
Grants received	2.9	5.8	4.6	–	2.8
Other expenses	(0.5)	(0.7)	(0.9)	(0.5)	(0.1)
Total	**(9.2)**	**(16.9)**	**(16.8)**	**(9.7)**	**(5.2)**

H1 2024 compared to H1 2023

In H1 2024, R&D expenses increased by EUR 4.5 million or 86.5% compared to H1 2023. The increase is mainly due to increasing expenditure on the younger project FYB208 and FYB209 which increased significantly compared to H1 2023. At the same time in 2023 a government grant of EUR 2.8 million was realized for FYB207 which did not reoccur in 2024.

Fiscal Year 2023 compared to Fiscal Year 2022

In the Fiscal Year 2023, R&D expenses decreased by EUR 7.7 million, or 45.6%, from EUR 16.9 million in the Fiscal Year 2022 to EUR 9.2 million. This was mainly a result of the decrease of contract research expenses from EUR 16.1 million in the Fiscal Year 2022 by EUR 8.1 million, or 50.3%, to EUR 8.0 million in the Fiscal Year 2023 mainly caused by the significantly reduced efforts on FYB207 and the capitalization of R&D expenses related to FYB206 from July 1, 2022 in the amount of EUR 5.7 million in the Fiscal Year 2022 and EUR 16.1 million in the Fiscal Year 2023.

Fiscal Year 2022 compared to Fiscal Year 2021

In the Fiscal Year 2022, R&D expenses increased by EUR 0.1 million, or 0.6%, from EUR 16.8 million in the Fiscal Year 2021 to EUR 16.9 million. This increase was only minor despite the increase of the contract research expenses from EUR 14.6 million in the Fiscal Year 2021 by EUR 1.5 million, or 10.3%, to EUR 16.1 million in the Fiscal Year 2022, because the latter was offset by the increase of grants received for the research on Project FYB207 which are offset against the related expense according to IAS 20 from EUR 14.8 million in the Fiscal Year 2021 by EUR 4.6 million, or 26.1%, to EUR 1.2 million in the Fiscal Year 2022 to EUR 5.8 million. In addition, the research activities for FYB208 and FYB209 were started during the year which increased the respective expenses. This was offset by a decrease in R&D expenses attributable to FYB206 as the relevant expenditure was capitalized according to IAS 38 after FYB206 reached TPoS in mid-2022.

7.5.4 Selling expenses, administrative expenses and other expenses

The following table provides a breakdown of our selling expenses, administrative expenses and other expenses for the periods indicated:

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Staff expenses	(7.5)	(6.0)	(4.1)	(4.5)	(3.5)
Marketing expenses	(0.6)	(0.3)	(0.3)	(0.4)	(0.3)
Legal and advisory expenses	(3.3)	(4.4)	(0.9)	(3.0)	(1.0)
IT expenses	(0.8)	(0.5)	(0.5)	(0.5)	(0.4)
Depreciation, amortization and write-downs	(1.1)	(1.4)	(1.1)	(0.7)	(0.7)
Other expenses	(1.2)	(0.6)	(0.5)	(1.1)	(0.2)
Total	**(14.5)**	**(13.2)**	**(7.4)**	**(10.2)**	**(6.1)**

H1 2024 compared to H1 2023

In H1 2024 the accumulated selling expenses, administrative expenses and other expenses increased by EUR 4.1 million or 67.2% compared to H1 2023. The increase is due to an increase in staff expense caused by the increase in workforce during 2023 and H1 2024. In addition, legal and advisory expenses increased by EUR 2.0 million due to several strategic and financing projects in H1 2024.

Fiscal Year 2023 compared to Fiscal Year 2022

The accumulated selling expenses, administrative expenses and other expenses increased by EUR 1.2 million, or 9.2%, from EUR 13.1 million in the Fiscal Year 2022 to EUR 14.5 million in the Fiscal Year 2023. Such increase mainly reflects the growth of the Company which leads to increased need for personnel also in administrative functions and which was only partly offset by the reduction of other cost items.

Fiscal Year 2022 compared to Fiscal Year 2021

The accumulated selling expenses, administrative expenses and other expenses increased by EUR 5.8 million, or 79.5%, from EUR 7.3 million in the Fiscal Year 2021 to EUR 13.1 million in the Fiscal Year 2022. Such increase mainly related to the increase of legal and advisory expenses from EUR 0.9 million in the Fiscal Year 2021 by EUR 3.5 million, or 388.9%, to EUR 4.4 million in the Fiscal Year 2022 covering especially the expenses related to the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") and the expenses related to the increase of staff from EUR 4.1 million in the Fiscal Year 2021 by EUR 1.9 million, or 46.3%, to EUR 6.0 million in the Fiscal Year 2022 caused by the increasing workforce of the Group in that field.

7.5.5 Other operating income

Other operating income consists mainly of income from insurance reimbursements, income from damage claims, and income from other periods.

H1 2024 compared to H1 2023

In H1 2024, other operating income was at the same level as in H1 2023.

Fiscal Year 2023 compared to Fiscal Year 2022

In the Fiscal Year 2023, other operating income decreased by EUR 0.3 million from EUR 0.3 million in the Fiscal Year 2022 to EUR 0.0 million. This decrease results from an insurance indemnification received in 2022 for a damage claimed in 2017.

Fiscal Year 2022 compared to Fiscal Year 2021

In the Fiscal Year 2022, other operating income increased by EUR 0.2 million, or 200.0%, from EUR 0.1 million in the Fiscal Year 2021 to EUR 0.3 million. This increase results from an insurance indemnification received in 2022 for a damage claimed in 2017.

7.5.6 EBIT

EBIT is net income generated from the Group's continuing sales-generating primary activities plus other income and expenses from operating activities, but excluding finance income and finance expenses, participations in the profits and losses of companies accounted for using the equity method, and income taxes.

H1 2024 compared to H1 2023

In H1 2024, EBIT decreased from positive EUR 6.4 million to negative EUR 18.0 in 2024. The decrease is a result from the decrease in revenue, especially due to the one-time impact in 2023 and the increase especially in R&D expense and administrative expense.

Fiscal Year 2023 compared to Fiscal Year 2022

In the Fiscal Year 2023, EBIT decreased by EUR 17.3 million, or 97.7%, from EUR 17.7 million in the Fiscal Year 2022 to EUR 0.4 million. This decrease results from the increase in revenue accompanied with an increase in cost of sales from FYB202 and the reduced R&D expenses.

Fiscal Year 2022 compared to Fiscal Year 2021

In the Fiscal Year 2022, EBIT increased by EUR 3.7 million, or 26.4%, from EUR 14.0 million in the Fiscal Year 2021 to EUR 17.7 million. This loss increase mainly results from the increase of administrative expenses from EUR 6.5 million in the Fiscal Year 2021 by EUR 4.9 million, or 75.4%, to EUR 11.4 million in the Fiscal Year 2022 due to the costs of the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*"), the conversion of our accounting principles to IFRS, the restructuring of the Management Board, and the subsequent integration of the new subsidiaries into the Group.

7.5.7 Net finance income

The following table provides a breakdown of our net finance income for the periods indicated:

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Realized and unrealized gains from foreign currency translation	0.1	0.1	0.0	0.0	0.0
Accrued interest income	2.8	0.3	0.0	0.7	0.4
Investment gain from FYB 202 GmbH & Co. KG	–	89.8	–	–	–
Investment gain from Bioeq AG	11.8	–	–	14.8	–
Change in fair value of conditional purchase price FYB201	99.3	–	–	–	8.5
Finance income	**114.0**	**90.2**	**0.0**	**15.6**	**9.0**
Bank fees	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)
Realized and unrealized losses from foreign currency translation	(0.2)	(0.0)	(0.1)	(0.0)	(0.0)
Interest expense from lease liabilities	(0.1)	(0.1)	(0.0)	(0.1)	(0.0)
Interest expense	0.0	(0.1)	(0.0)	(0.0)	(0.0)
Share of loss from associate Bioeq AG	–	(12.9)	–	–	(6.2)
Extraordinary amortization of the shares in Bioeq AG	(31.2)	–	–	–	–
Change in conditional purchase price based on fair value	(2.7)	(22.8)	–	(5.0)	–
Change in expected credit loss model	(0.4)	–	–	(0.0)	–
Finance expenses	**(34.6)**	**(35.9)**	**(0.2)**	**(5.3)**	**(6.3)**
Net finance income	**79.4**	**54.3**	**(0.2)**	**10.3**	**2.7**

H1 2024 compared to H1 2023

Net finance income in H1 2024 increased by EUR 7.6 million or 281.5% compared to H1 2023. The increase is mainly due to an increase in the At-Equity result from negative EUR 6.2 million to positive EUR 14.8 million due to the positive performance of FYB201. At the same time the in 2023 the change in fair value of the earn

out obligations resulted in an income of EUR 8.5 million due to interest rate fluctuations while in 2024 the result was a EUR 5.0 million expense due to the passage of time.

Fiscal Year 2023 compared to Fiscal Year 2022

In the Fiscal Year 2023, our net finance income increased by EUR 25.1 million, or 46.2%, from EUR 54.3 million in the Fiscal Year 2022 to EUR 79.4 million. This was mainly due to revaluation of the conditional purchase price obligations on FYB201 and FYB202 which lead to a (net) finance income of EUR 96.6 million in 2023 compared to a finance expense of EUR 22.8 million in 2023. In addition, the one-time effect from the revaluation of shares in FYB 202 GmbH & Co. KG, in 2022 of EUR 89.8 million (income) did not reoccur and at the same time a one-time expense from the impairment of the share in Bioeq AG of EUR 31.2 million was recognized. Finally, the operational success of FYB201 lead to an increase in the at equity result of Bioeq AG from negative EUR 12.9 million to positive EUR 11.8 million.

Fiscal Year 2022 compared to Fiscal Year 2021

In the Fiscal Year 2022, our net finance income increased by EUR 54.5 million from a negative EUR 0.2 million in the Fiscal Year 2021 to EUR 54.3 million. This was mainly due to a revaluation of the share in FYB202 GmbH & Co. KG before disposal of the share. This share was recognized at fair value after FYB 202 GmbH & Co. KG sold its share in FYB202 Project GmbH to the Company in the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") and resulted in a non-recurring, non-cash gain in the amount of EUR 89.8 million.

7.5.8 Profit before tax

H1 2024 compared to H1 2023

In H1 2024 our profit before tax decreased from positive EUR 9.1 million in H1 2023 to negative EUR 7.7 million. The decrease is due to the decrease in EBIT, partially compensated by the higher net finance income.

Fiscal Year 2023 compared to Fiscal Year 2022

In the Fiscal Year 2023, our profit before tax increased by EUR 42.5 million, or 116.1%, from EUR 36.6 million in the Fiscal Year 2022 to EUR 79.1 million. This increase results from the decrease in operating loss from EUR 17.7 million to EUR 0.4 million and an increase in net finance income from EUR 54.3 million to EUR 79.4 million.

Fiscal Year 2022 compared to Fiscal Year 2021

In the Fiscal Year 2022, our profit before tax increased by EUR 50.8 million from a negative EUR 14.2 million in the Fiscal Year 2021 to EUR 36.6 million. This increase mainly results from the increase of the net finance income from a negative EUR 0.2 million in the Fiscal Year 2021 by EUR 54.5 million to EUR 54.3 million in the Fiscal Year 2022 (see "*7.5.7 Net finance income* ").

7.5.9 Income tax expense

The following table provides a breakdown of our income tax expense for the periods indicated:

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Current tax expense	(0.0)	0.2	0.0	(0.0)	0.0
Deferred tax expense					
from valuation at equity	(0.3)	(0.3)	(2.6)	0.2	(0.0)
from differing asset valuations	(0.0)	0.0	0.0	0.0	(0.0)
from capitalization of certain leases as right-of-use (ROU) assets and corresponding liabilities from lease obligations	(0.0)	(0.0)	0.0	(0.0)	(0.0)
from recognition of cash-settled share-based payment transactions	(0.0)	–	–	(0.0)	–
from capitalization of certain internally generated intangible assets	8.7	7.1	–	6.6	7.1
other	(0.1)	–	–	(0.0)	(0.4)

from deferred taxes on tax loss carryforwards	(5.0)	(6.4)	1.6	(4.2)	0.6
Total tax expense	**3.3**	**0.6**	**(0.9)**	**2.4**	**7.3**

H1 2024 compared to H1 2023

In H1 2024, our total tax expense decreased from EUR 7.3 million in H1 2023 to EUR 2.4 million. The decrease is due to an increase in tax loss carryforwards recognized.

Fiscal Year 2023 compared to Fiscal Year 2022

In the Fiscal Year 2023, our total tax expense increased by EUR 2.7 million, or 450.0%, from EUR 0.6 million in Fiscal Year 2022 to EUR 3.3 million. This increase mainly results from deferred tax expense from the disposal of shares in FYB 202 GmbH & Co. KG in 2022.

Fiscal Year 2022 compared to Fiscal Year 2021

In the Fiscal Year 2022, our total tax expense increased by EUR 1.5 million from a negative EUR 0.9 million in the Fiscal Year 2021 to a positive EUR 0.6 million. This increase mainly results mainly from the recognition of a deferred tax liability resulting from the capitalization of development expense.

7.5.10 Profit (loss) for the period

H1 2024 compared to H1 2023

Profit for the period decreased in H1 2024 by EUR 11.9 million compared to H1 2023 to negative EUR 10.1 million. The decrease is due to the decrease in profit before tax partially compensated by the decrease in tax expense.

Fiscal Year 2023 compared to Fiscal Year 2022

In the Fiscal Year 2023, our profit for the period increased by EUR 39.8 million, or 110.6%, from EUR 36.0 million in the Fiscal Year 2022 to EUR 75.8 million. This increase results from the increase of profit before tax from EUR 36.6 million to EUR 79.1 million net of the increase in tax expense from EUR 0.6 million to EUR 3.3 million.

Fiscal Year 2022 compared to Fiscal Year 2021

In the Fiscal Year 2022, our profit (loss) for the period increased by EUR 49.3 million from a negative EUR 13.3 million in the Fiscal Year 2021 to positive EUR 36.0 million. This increase mainly results from the increase of the profit before tax from a negative EUR 14.2 million in the Fiscal Year 2021 by EUR 50.8 million to positive EUR 36.6 million in the Fiscal Year 2022 (see "*7.5.8 Profit before tax*").

7.6 Assets, equity and liabilities

7.6.1 Assets

The following table provides an overview of our assets as of June 30, 2024 as well as of December 31, 2023, 2022 and 2021:

in EUR million	As of December 31,			As of June 30,
	2023	2022	2021	2024
	(audited)			(unaudited)
Goodwill	44.5	44.5	–	44.5
Other intangible assets	508.4	488.4	0.7	524.9
Right-of-use (ROU) assets	9.3	8.9	5.7	11.1
Property, plant and equipment	3.0	2.6	2.7	3.7
Investment participations at equity	167.0	186.4	23.6	181.8
Financial assets	90.9	92.3	–	85.9
Total non-current assets	**823.2**	**823.2**	**32.8**	**851.9**
Inventories	0.5	0.6	0.2	2.1
Trade and other receivables	11.6	14.3	10.9	10.6
Contract assets	16.6	1.2	1.0	28.8

in EUR million	As of December 31,			As of June 30,
	2023	2022	2021	2024
	(audited)			(unaudited)
Other financial assets	0.0	–	0.2	0.0
Prepayments and other assets	11.3	4.6	0.6	13.6
Income tax receivables	0.1	–	–	0.2
Cash and cash equivalents	27.0	9.8	25.0	40.6
Total current assets	**67.1**	**30.5**	**37.9**	**95.9**
Total assets	**890.4**	**853.7**	**70.7**	**947.8**

7.6.1.1 Non-current assets

June 30, 2024 compared to December 31, 2023

Compared to December 31, 2023, non-current assets increased by EUR 28.7 million or 3.5% to EUR 851.9 million as of June 30, 2024. The increase is due to an increase of the participation in Bioeq AG of EUR 14.8 million which matches the at-equity result in the profit and loss statement. In addition, EUR 16.7 million development expense have been capitalized on the unfinished development of FYB206.

December 31, 2023 compared to December 31, 2022

Compared to December 31, 2022, our non-current assets increased by EUR 20 thousand and still amounted to EUR 823.2 million as of December 31, 2023. This was mainly a result of the increase on intangible assets from EUR 488.4 million to EUR 508.4 million due to the ongoing capitalization of FYB206 development cost which was set off by the decrease of the carrying amount of investments accounted for using the equity method of the share in Bioeq AG from EUR 186.4 million to EUR 167.0 million.

December 31, 2022 compared to December 31, 2021

Our non-current assets increased from EUR 32.8 million as of December 31, 2021 by EUR 790.4 million to EUR 823.2 million as of December 31, 2022. This was mainly a result of the initial recognition of intangible assets (development activities on FYB202 and Goodwill) in course of the purchase price allocation performed on the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") and financial assets (50% share in Bioeq AG and shareholder loan to Bioeq AG (see "*9.16.3 Shareholder loan to Bioeq AG*") in course of the initial recognition at fair values.

7.6.1.2 Current assets

June 30, 2024 compared to December 31, 2023

Compared to December 31, 2023, current assets increased by EUR 28.8 million or 42.8% to EUR 95.9 million. The increase is mainly due to the increase in cash and cash equivalents of EUR 13.6 million (see "7.7 *Liquidity and capital resources*") and an increase in contract assets resulting from the deferral of milestones payments for FYB202 of EUR 12.2 million.

December 31, 2023 compared to December 31, 2022

Our current assets increased from EUR 30.5 million as of December 31, 2022 by EUR 36.6 million, or 120.0%, to EUR 67.1 million as of December 31, 2023. This was mainly a result of an increase in contracts assets from FYB202 revenue recognition, an increase on prepayments on future development activities from external providers and an increase of cash resulting from the issue of share capital in 2023.

December 31, 2022 compared to December 31, 2021

Our current assets decreased from EUR 37.9 million as of December 31, 2021 by EUR 7.4 million, or 19.5%, to EUR 30.5 million as of December 31, 2022. This was mainly a result of a decrease in cash during the period partially compensated by higher trade receivables based on December development activities and prepayments made to suppliers.

7.6.1.3 Total assets

June 30, 2024 compared to December 31, 2023

Total assets increased from EUR 890.4 million as of December 31, 2023 to EUR 947.8 million as of June 30, 2024. This is a result of the respective increases in current and non-current assets.

December 31, 2023 compared to December 31, 2022

Our total assets increased from EUR 853.7 million as of December 31, 2022 by EUR 36.7 million, or 4.3%, to EUR 890.4 million as of December 31, 2023. This was mainly a result of the increase of the current assets which increased from EUR 30.5 million as of December 31, 2022 by EUR 36.6 million, or 120.0%, to EUR 67.1 million as of December 31, 2023 (see "*7.6.1.2 Current assets*").

December 31, 2022 compared to December 31, 2021

Our total assets increased from EUR 70.7 million as of December 31, 2021 by EUR 783.0 million, or 1,107.5%, to EUR 853.7 million as of December 31, 2022. This was mainly a result of the increase of the non-current assets which increased from EUR 32.8 million as of December 31, 2021 by EUR 790.4 million, or 2,409.8%, to EUR 823.2 million as of December 31, 2022 (see "*7.6.1.1 Non-current assets*").

7.6.2 Equity and liabilities

The following table provides an overview of our equity and liabilities as of June 30, 2024 as well as December 31, 2023, 2022 and 2021:

in EUR million	As of December 31,			As of June 30,
	2023	2022	2021	2024
	(audited)			(unaudited)
Subscribed capital	16.1	15.1	11.1	17.7
Capital reserve	412.9	343.4	82.8	494.9
Accumulated loss carryforward	(2.0)	(38.0)	(24,7)	73.8
Period income (loss)	75.8	36.0	(13.3)	(10.1)
Total equity	**502.8**	**356.6**	**55.9**	**576.3**
Non-current lease obligations	7.8	7.6	4.4	9.6
Other non-current liabilities	187.7	319.3	–	191.0
Deferred tax liabilities	122.8	119.5	–	125.2
Total non-current liabilities	**318.3**	**446.5**	**4.4**	**325.9**
Provisions	0.4	–	–	–
Current lease obligations	1.2	0.9	0.9	1.2
Other current liabilities	51.3	38.3	1.9	27.4
Trade payables	16.3	11.3	7.6	16.9
Current income tax liabilities	0.1	0.1	–	0.0
Total current liabilities	**69.3**	**50.7**	**10.4**	**45.6**
Total liabilities	**387,6**	**497.1**	**14.8**	**371.5**
Total equity and liabilities	**890.4**	**853.7**	**70.7**	**947.8**

7.6.2.1 Equity

June 30, 2024 compared to December 31, 2023

Compared to December 31, 2023, our equity increased by EUR 73.5 million or 14.6% to EUR 576.3 million as of June 30, 2024. The increase is due an increase in subscribed capital by EUR 1.6 million which was carried out in February 2024 leading to total proceeds of EUR 82.8 million. The Shares issued through the capital increase were subscribed by Richter Gedeon Vegyészeti Gyár Nyilvánosan Működő Rt. ("**Gedeon Richter**"), Budapest, Hungary. At the same time profit for the period of negative EUR 10.1 million decreases equity.

December 31, 2023 compared to December 31, 2022

Our equity increased from EUR 356.6 million as of December 31, 2022 by EUR 146.2 million, or 41.0%, to EUR 502.8 million as of December 31, 2023. This was, besides the net income for the period of EUR 75.8 million, mainly a result of the increase in subscribed share capital of EUR 1.0 million and of the capital reserve from EUR 343.4 million as of December 31, 2022 by EUR 69.5 million, or 20.2%, to EUR 412.9 million as of December 31, 2023. This was due to the issuance of shares in 2023.

December 31, 2022 compared to December 31, 2021

Our equity increased from EUR 55.9 million as of December 31, 2021 by EUR 300.7 million, or 537.9%, to EUR 356.6 million as of December 31, 2022. This was, besides the net income for the period of EUR 36.0 million, mainly a result of the increase in subscribed capital of EUR 4.0 million and of the capital reserve from EUR 82.8 million as of December 31, 2021 by EUR 260.6 million, or 314.7%, to EUR 343.4 million as of December 31, 2022. This was due to the capital increase against contribution in kind in connection with the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*").

7.6.2.2 Liabilities

7.6.2.2.1 Non-current liabilities

June 30, 2024 compared to December 31, 2023

Compared to December 31, 2023 non-current liabilities increased by EUR 7.6 million or 2.3% to EUR 325.9 million as of June 30, 2024. The increase was mainly due to an increase in non-current lease liabilities of EUR 1.8 million due to additional office and laboratory space rented during 2024 and an increase in the non-current conditional purchase price obligations relating to the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") of EUR 5.0 million due to the unwinding of discount.

December 31, 2023 compared to December 31, 2022

Our non-current liabilities decreased from EUR 446.5 million as of December 31, 2022 by EUR 128.2 million, or 28.7%, to EUR 318.3 million as of December 31, 2023. This was mainly a result of the decrease of other non-current liabilities from EUR 319.3 million in the Fiscal Year 2022 by EUR 131.6 million, or 41.2%, to EUR 187.7 million in the Fiscal Year 2023. This mainly caused by a revaluation of the conditional purchase price obligations relating to the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") based on latest market expectations. In addition, EUR 20 million had been repaid on the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*").

December 31, 2022 compared to December 31, 2021

Our non-current liabilities increased from EUR 4.4 million as of December 31, 2021 by EUR 442.1 million, or 10,047.7%, to EUR 446.5 million as of December 31, 2022. This was mainly a result of the recognition of other non-current liabilities as of December 31, 2022 in the amount of EUR 319.3 million which include conditional purchase price payments in the amount of EUR 299.3 million relating to the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") and the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*") in the amount of EUR 20.0 million. In addition, in the course of the purchase price allocation performed on the ATHOS Transaction a deferred tax liability of EUR 119.1 million was recognized.

7.6.2.2.2 Current liabilities

June 30, 2024 compared to December 31, 2023

Compared to December 31, 2023 current liabilities decreased by EUR 23.7 million or 34.2% to EUR 45.6 million as of June 30, 2024. The decrease was mainly due to the complete repayment of the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*") of EUR 20.0 million and EUR 0.5 million accrued interest as well as payments on the conditional purchase price obligations relating to the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") of EUR 4.9 million.

December 31, 2023 compared to December 31, 2022

Our current liabilities increased from EUR 50.7 million as of December 31, 2022 by EUR 18.6 million, or 36.7%, to EUR 69.3 million as of December 31, 2023. This was mainly a result of the increase of other current liabilities from EUR 38.3 million in the Fiscal Year 2022 by EUR 13.0 million, or 33.9%, to EUR 51.3 million in the Fiscal Year 2023 mainly caused by an increase in the current share of the conditional purchase price obligations relating to the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") from FYB201 from EUR 14.9 million to EUR 27.2 million.

December 31, 2022 compared to December 31, 2021

Our current liabilities increased from EUR 10.4 million as of December 31, 2021 by EUR 40.3 million, or 387.5%, to EUR 50.7 million as of December 31, 2022. This was largely a result of the increase of other current liabilities from EUR 1.9 million as of December 31, 2021 by EUR 36.4 million, or 1,915.8%, to EUR 38.3 million as of December 31, 2022. The major portion of these other current liabilities amounting to EUR 20.8 million is attributable to the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*") to facilitate the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") and the current portion of the conditional purchase price obligations relating to the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*") of EUR 14.9 million.

7.7 Liquidity and capital resources

7.7.1 Overview

During all of the periods presented, our operations and other liquidity requirements were mainly funded through equity and the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*"). Our primary requirements for liquidity and capital are to finance capital expenditures, R&D activities and investments into project development, working capital, and general corporate purposes.

Our primary sources of liquidity are cash and cash equivalents, equity measures and the Existing Shareholder Loan (until December 31, 2024) (see "*9.16.2.1 Existing Shareholder Loan*")/New Shareholder Loan (as from January 1, 2025) ("*9.16.2.2 New Shareholder Loan*). Over both the short and long term, our focus will continue to be on operational excellence and on the generation of stable cash flows. In addition, we will continue to try to opportunistically utilize all possibilities to broaden our financing base and refinance existing liabilities on both the debt and/or the equity side.

As of June 30, 2024, we had cash and cash equivalents of EUR 40.6 million, while as of December 31, 2023, we had cash and cash equivalents of EUR 27.0 million (compared to EUR 9.8 million and EUR 25.0 million as of December 31, 2022 and 2021, respectively). Our cash and cash equivalents consist of cash at banks and short-term investments in both EUR and USD.

With respect to the Existing Shareholder Loan, see "*9.16.2.1 Existing Shareholder Loan*" and "*15.1.7 Existing Shareholder Loan*". With respect to the New Shareholder Loan, see "*9.16.2.2 New Shareholder Loan*".

With respect to the Company's capital increases, see "*13.1.2 Development of the share capital*".

7.7.2 Working Capital

The following table sets forth the calculation of our Working Capital (see "*7.4.2 Working Capital*") as of June 30, 2024 as well as of December 31, 2023, 2022 and 2021:

in EUR million	As of December 31,			As of June 31,
	2023	2022	2021	2024
	(audited, unless stated otherwise)			(unaudited)
Trade and other receivables.....	11.6	14.3	10.9	10.5
+ Contract assets.....	16.6	1.2	1.0	28.8
+ Cash and cash equivalents	27.0	9.8	25.0	40.6
– Contract liabilities.....	–	–	–	–
– Trade payables.....	16.3	11.3	7.6	16.9
Working Capital (unaudited).....	**38.9**	**14.0**	**29.3**	**63.0**

June 30, 2024 compared to December 31, 2023

Working Capital as of June 30, 2024 increased by EUR 24.1 million to EUR 63.0 million compared to December 31, 2023. The increase is mainly due to an increase in cash and cash equivalents by EUR 13.6 million based on the share issue and an increase in contract assets by EUR 12.2 million.

December 31, 2023 compared to December 31, 2022

Our Working Capital increased from EUR 14.0 million as of December 31, 2022 by EUR 24.9 million, or 177.8%, to EUR 38.9 million as of December 31, 2023, mainly driven by an increase in cash and cash equivalents by EUR 25.0 million resulting from the capital increase in February 2023 after repayment of the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*") and after investments in FYB206 and the increase in contract assets from EUR 1.2 million to EUR 16.6 million as a result of the revenue recognized but not yet invoiced from FYB202.

December 31, 2022 compared to December 31, 2021

Our Working Capital decreased from EUR 29.3 million as of December 31, 2021 by EUR 15.3 million, or 52.2%, to EUR 14.0 million as of December 31, 2022. This was mainly a result of the cash outflows resulting from operations partially compensated by the draw down of the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*").

7.7.3 Cash flows

The following table sets out our cash flows for H1 2024 and H1 2023 as wells as for the Fiscal Years 2023, 2022 and 2021:

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Comprehensive income (loss) for the period.	75.8	36.0	(13.3)	(10.1)	1.8
Adjustments for non-cash items:					
Depreciation and amortization	1.9	1.9	1.6	1.1	0.9
Net finance income	(79.4)	(54.3)	0.2	(10.3)	(2.7)
Effect of stock options	1.6	0.5	0.8	0.8	0.7
Net loss (gain) arising from disposals of non-current assets	0.0	0.0	0.0	0.0	0.0
Other non-cash transactions	(0.0)	–	–	0.3	–
Income tax expense	3.3	0.6	(0.9)	2.4	7.3
Changes in operating assets and liabilities:					
Decrease (increase) in inventories	0.1	(0.3)	(0.1)	(1.7)	(0.4)
Decrease (increase) in trade and other receivables	2.7	3.2	(4.2)	0.9	(16.7)
Decrease (increase) in contract assets	(15.4)	(0.1)	(0.3)	(12.2)	(7.0)
Decrease (increase) in other financial assets	–	0.2	0.1	–	–
Decrease (increase) in prepayments and other assets	(6.7)	(4.0)	–	(2.3)	(1.8)
Increase (decrease) in contract liabilities	–	–	–	–	1.3
Increase (decrease) in other liabilities	1.1	0.7	0.4	(0.3)	(0.4)
Increase (decrease) in trade payables	5.0	(2.8)	2.3	0.6	8.4
Increase (decrease) in provisions	0.4	–	–	(0.4)	0.4
Income taxes paid	(0.2)	(0.3)	–	(0.0)	(0.2)
Net cash from operating activities	**(9.8)**	**(18.9)**	**(13.4)**	**(31.2)**	**(8.3)**
Investments in intangible assets	(20.2)	(26.2)	(0.5)	(16.6)	(12.3)
Investments in property, plant and equipment	(1.0)	(0.6)	(0.4)	(1.0)	(0.3)
Investments in financial assets	–	(11.4)	(3.0)	–	–
Acquisition of subsidiaries net of cash acquired	–	1.1	–	–	–
Repayments of loans granted	3.3	–	–	5.0	–
Interest received	0.5	0.0	0.0	0.8	0.2
Net cash from investing activities	**(17.4)**	**(37.1)**	**(3,9)**	**(11.9)**	**(12.3)**
Proceeds from issuance of shares	70.5	1.8	1.5	82.8	70.1
Transaction costs with regard to issuance of shares	(1.7)	–	–	–	(1.7)
Inflows (outflows) relating to financial liabilities	–	40.0	–	(25.4)	(20.2)
Payment of lease liabilities	(1.1)	(0.9)	(1.0)	(0.6)	(0.5)
Payments from loan repayments	(23.1)	–	–	–	–
Interest paid	(0.1)	(0.1)	(0.2)	(0.2)	0.0

in EUR million	Fiscal Year			H1	
	2023	2022	2021	2024	2023
	(audited)			(unaudited)	
Net cash from financing activities	**44.4**	**40.7**	**0.3**	**56.6**	**47.7**
Net increase (decrease) in cash and cash equivalents	**17.2**	**(15.2)**	**(17.0)**	**13.6**	**27.0**
Cash and cash equivalents as of January 1	**9.8**	**25.0**	**42.0**	**27.0**	**9.8**
Cash and cash equivalents as of December 31/June 30	**27.0**	**9.8**	**25.0**	**40.6**	**36.9**

7.7.3.1 Net cash from operating activities

H1 2024 compared to H1 2023

Cash outflows from operating activities increased compared to H1 2023 by EUR 22.9 million to EUR 31.2 million. The increase is mainly due to milestone payments received for FYB202 of EUR 25 million in 2023 which did not reoccur in 2024.

Fiscal Year 2023 compared Fiscal Year 2022

Our cash outflows from operating activities decreased by EUR 9.1 million from a cash outflow of EUR 18.9 million in the Fiscal Year 2022 to a cash outflow of EUR 9.8 million in the Fiscal Year 2023. This decrease resulted primarily from the increase in operating profit, partially compensated by the increase in working capital excluding cash.

Fiscal Year 2022 compared Fiscal Year 2021

Our cash outflows from operating activities increased by EUR 5.5 million from a cash outflow of EUR 13.4 million in the Fiscal Year 2021 to a cash outflow of EUR 18.9 million in the Fiscal Year 2022. This increase mainly resulted from higher prepayments as well as other assets and reduced liabilities.

7.7.3.2 Net cash from investing activities

H1 2024 compared to H1 2023

Cash flow from investing activities for H1 2024 with negative EUR 11.9 million is on the level of the cash flows in H1 2023. While repayments of the loan to Bioeq AG of EUR 5 million have been received in 2024 capitalized expenditure increased from EUR 12.3 million for FYB202 and FYB206 to EUR 16.6 million for FYB206.

Fiscal Year 2023 compared Fiscal Year 2022

Our cash outflows from investing activities reduced by EUR 19.7 million from a cash outflow of EUR 37.1 million in the Fiscal Year 2022 to a cash outflow of EUR 17.4 million in the Fiscal Year 2023. This decrease resulted primarily from lower investments in intangible assets as in 2022 also expenditure on FYB202 was capitalized and from an increase on the net cash flow from the shareholder loan granted to Bioeq AG (see "*9.16.3 Shareholder loan to Bioeq AG*") from negative EUR 10 million to positive EUR 3.3 million.

Fiscal Year 2022 compared Fiscal Year 2021

Our cash outflows from investing activities increased by EUR 33.2 million from a cash outflow of EUR 3.9 million in the Fiscal Year 2021 to a cash outflow of EUR 37.1 million in the Fiscal Year 2022. This increase resulted from the investments in the projects FYB202 and FYB206 where expenditure on the development was capitalized starting May 1, 2022 and July 1, 2022 respectively after achieving TPoS.

7.7.3.3 Net cash from financing activities

H1 2024 compared to H1 2023

Cash flow from financing activities increased from EUR 47.7 million in H1 2023 to EUR 56.6. million in H1 2024. The proceeds from the issuance of shares 2024 exceeds the proceeds net of transaction cost of 2023 of EUR 68.4 million by EUR 14.4 million. At the same time, EUR 4.9 million have been repaid on the conditional purchase price obligations relating to the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*").

Fiscal Year 2023 compared Fiscal Year 2022

Our cash inflow from financing activities increased by EUR 3.7 million from a cash inflow of EUR 40.7 million in the Fiscal Year 2022 to a cash inflow of EUR 44.4 million in the Fiscal Year 2023. This increase was due to draw down of parts of the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*") of EUR 40 million while in 2023 EUR 23.1 million have been paid on the Existing Shareholder Loan as repayment and

interest. At the same time, the capital increase in 2023 resulted in net proceeds of EUR 68.8 million (see "*13.1.2.2 The Company in its current legal form as AG*").

Fiscal Year 2022 compared Fiscal Year 2021

Our cash inflow from financing activities increased by EUR 40.4 million from a cash inflow of EUR 0.3 million in the Fiscal Year 2021 to a cash inflow of EUR 40.7 million in the Fiscal Year 2022. This increase resulted from the grant of the Existing Shareholder Loan in the amount of EUR 40.0 million (see "*9.16.2.1 Existing Shareholder Loan*").

7.8 Financial liabilities

Financial liabilities mainly include lease obligations, repayment obligations under the Existing Shareholder Loan (see "*9.16.2.1 Existing Shareholder Loan*") and conditional purchase price payments (see "*15.1.5 Conditional purchase price payments of the Company to Santo Holding AG in connection with the ATHOS Transaction*" and "*15.1.6 Conditional purchase price payments of the Company to FYB 202 GmbH & Co. KG in connection with the ATHOS Transaction*").

The following table shows the remaining maturities of financial liabilities as of September 30, 2024:

in EUR million	Payment due in						
	<1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
	(unaudited)						
Lease obligations	1.2	1.4	1.3	1.2	1.1	4.7	10.9
Conditional purchase price payments	31.9	29.1	35.3	24.1	17.3	76.9	214.6

7.9 Capital expenditures

We make capital investments as a regular part of our business. Capital expenditures is the sum of investments in intangible assets, investments in property, plant and equipment and acquisitions of subsidiaries net of cash acquired.

7.9.1 Historical capital expenditures

The following table shows our capital expenditures for H1 2024 and H1 2023 as wells as for the Fiscal Years 2023, 2022 and 2021:

in EUR million	Fiscal Year			H1	
	2023	**2022**	**2021**	**2024**	**2023**
	(audited, unless otherwise indicated)			**(unaudited)**	
Investments in intangible assets	20.2	26.2	0.5	16.6	12.3
Investments in property, plant and equipment	1.0	0.6	0.4	1.0	0.3
Acquisition of subsidiaries net of cash acquired	–	(1.1)	–	–	–
Capital expenditures (unaudited)	**21.2**	**25.7**	**0.9**	**17.6**	**12.6**

In H1 2024, our capital expenditures amounted to EUR 17.6 million, with the majority relating to investments into intangible assets, which comprised development expenditure on FYB206 of EUR 17.6 million.

In the Fiscal Year 2023, our capital expenditures amounted to EUR 21.2 million, with the majority relating to investments into intangible assets, which relate in majority to the development of FYB206.

In the Fiscal Year 2022, our capital expenditures amounted to EUR 25.7 million, with the majority relating to investments into intangible assets, which comprised in majority capitalized development expenditure in the project FYB202 at the amount of EUR 21.0 million and the project FYB206 at the amount of EUR 5.7 million.

In the Fiscal Year 2021, our capital expenditures amounted to EUR 0.9 million, comprising investments in intangible assets, mainly software licenses at the amount of EUR 0.5 million and investments in mainly laboratory and IT equipment.

7.9.2 Capital expenditures between June 30, 2024 and the date of the Prospectus

Between June 30, 2024 and the date of the Prospectus, our capital expenditures amounted to EUR 8.6 million, comprising EUR 8.2 million development cost for FYB206 and EUR 0.4 million in technical machinery and equipment and leasehold improvements. We financed these investments from our working capital.

7.9.3 Ongoing and future capital expenditures

As of the date of the Prospectus, our ongoing capital expenditures amounted to EUR 5.4 million in aggregate, comprising EUR 5.3m development cost for FYB206 and EUR 0.1m in technical equipment in Germany. We are financing these investments from our working capital.

As of the date of the Prospectus, the Management Board and the Supervisory Board have not resolved on any future investments.

Apart from these investments, we have not completed, entered into a firm commitment, or resolved to enter into such a commitment with respect to any material investment for the Fiscal Year 2024 or beyond.

7.10 Off-Balance Sheet Arrangements

The Group has no material off-balance sheet arrangements as of September 30, 2024.

7.11 Financial risk management

The Management Board has overall responsibility for the establishment and oversight of the Group's risk management framework. Toward this end, the Management Board has appointed staff members responsible for managing and further developing the Group's risk management policies. These staff members report regularly to the Management Board on their activities. The risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Group's activities.

As of the date of the Prospectus, we have exposure to the following risks arising from financial instruments:

7.11.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In the case of Formycon, credit risk arises principally from receivables as well as from the Group's holdings in cash and cash equivalents. The carrying amounts of financial assets and contract assets represent the maximum potential credit exposure.

In determining whether the credit risk of a financial asset has increased significantly since its initial recognition and in estimating expected credit losses, the Group considers information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience as well as published external credit ratings, which also incorporate forward-looking information.

During the Fiscal Years 2022 and 2021, no impairment losses on financial assets were recognized because the total calculated expected credit losses amount was immaterial. In the Fiscal Year 2023, an expected credit loss of EUR 0.4 million was recognized based on the expected credit loss model of IFRS 9.

7.11.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

7.11.3 Foreign currency risk

To the extent that there is a mismatch between the currencies in which purchases and credit transactions are denominated and the functional currency of the relevant consolidated company, the Group is exposed to transactional foreign currency risk. The functional currency of consolidated companies is, in all cases, the euro (EUR). The transactions from which such foreign currency risk may arise are primarily denominated in USD, GBP and CHF, as well as to a small extent JPY. In addition, the Group holds bank accounts denominated in USD. As of June 30, 2024 and December 31, 2023, 2022 and 2021, the net foreign currency risk reflected in Group's balance sheet (approx.ch of the currencies, in thousands) was as follows:

in thousands	USD	GBP	CHF	JPY
as of June 30, 2024				
Bank accounts	4.425	0	0	0
Trade payables	192	28	98	0
Net risk exposure	(4,233)	28	98	0

as of December 31, 2023				
Bank accounts	368	0	0	0
Trade payables	52	1	294	84
Net risk exposure	(316)	1	294	84
as of December 31, 2022				
Bank accounts	365	0	0	0
Trade payables	761	51	194	254
Net risk exposure	396	51	194	254
as of December 31, 2021				
Bank accounts	396	0	0	0
Trade payables	1,284	244	951	0
Net risk exposure	888	244	951	0

7.12 Significant accounting policies

See note 6 of the Audited Consolidated Financial Statements for the Fiscal Year 2023 for a description of our accounting policies and significant estimates and assessments in preparing the financial statements.

7.13 Additional information from the 2023 Audited Unconsolidated Financial Statements

Certain information from the 2023 Audited Unconsolidated Financial Statements prepared in accordance with the German generally accepted accounting principles of the HGB (German GAAP) is presented below. These financial statements are used to calculate the Company's distributable profit (*Bilanzgewinn*). Dividends to limited liability shareholders of the Company may only be distributed from the Company's distributable profit. The generally accepted accounting principles of the HGB differ from IFRS in material respects.

In the Fiscal Year 2023, the Company's revenue increased by EUR 9.7 million, or 33.9%, from EUR 28.3 million in the Fiscal Year 2022 to EUR 37.9 million. The increase is largely due to an increase internally recharged development activities.

In the Fiscal Year 2023, the Company's net income decreased by EUR 231.9 million, from EUR 65.8 million in the Fiscal Year 2022 to negative EUR 166.1 million. This decrease results mainly from the initial recognition of the earn out obligations under German GAAP and the related impairment on the respective financial assets. The impairment results from the application of different discount rates, weighted average cost of capital (WACC) (approx. 12%) for financial assets and the discount rate published by the German Federal Reserve for discounting provisions (approx. 1%).

The Company's equity amounted to EUR 363.9 million as of December 31, 2023, compared to EUR 459.6 million as of December 31, 2022. The decrease results from the negative net income partially compensated by the proceeds from the capital increase in 2023.

8. MARKETS AND COMPETITION

Unless otherwise indicated, market information, forecasts and statements about the position of Formycon in its markets, and about market and industry developments and trends, including growth rates, are based on our assessments and estimates, using underlying data from third parties. See "2.7 Sources of market data" for an overview of the sources we used. The forward-looking statements in this section are subject to uncertainties, as they relate to future events, and are based on estimates and assessments that may be inaccurate. Additional factors that should be considered in assessing the market and competitive data and, in particular, projected growth rates, are described in sections "2.6 Forward-looking statements", "2.7 Sources of market data" and "6. PROFIT FORECASTS".

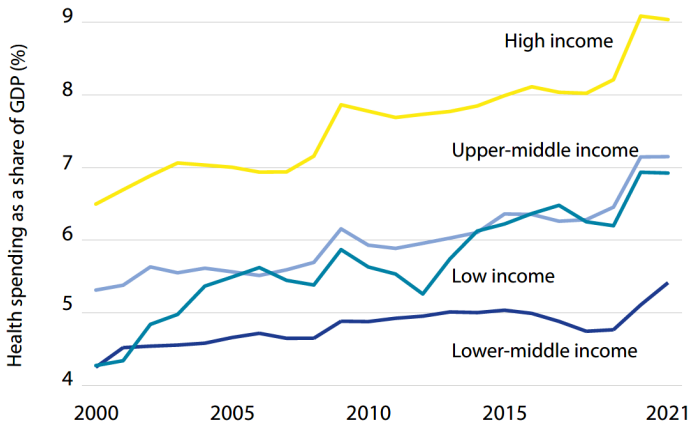
8.1 Markets

As a developer of Biosimilars, we are active in the pharmaceutical market, which is part of the healthcare market. While we are based in Germany, our products are developed for the global markets, including the United States, the EU, Switzerland, the United Kingdom of Great Britain and Northern Ireland ("**United Kingdom**"), Japan, Canada, Australia, the Middle East and North Africa ("**MENA**") region and Latin America.

Our market position is influenced by the economic development of the healthcare market in general (see "*8.1.1 The healthcare market*") and of the pharmaceutical market, in particular the market for Biological Drugs (see "*8.1.2 Development and outlook*") and for Biosimilars (see "*8.1.5 Biosimilars market*").

8.1.1 The healthcare market

Healthcare expenditure represents a significant share of the global gross domestic product. Global health spending continued to rise in 2021, reaching a new high of USD 9.8 trillion, or 10.3% of the global gross domestic product, as compared to USD 9 trillion in 2020, representing year-on-year growth of 8.9% The growth in health spending in 2021 was primarily underpinned by a sharp budgetary response from domestic government spending. (*source: WHO Report 2023, WHO Report 2022*).



Overall, health spendings increased significantly since 2000 and global health systems have demonstrated remarkable resilience in the face of the COVID-19 pandemic, global inflation, and regional conflicts. In high-income countries, average health spending as a share of gross domestic product was around 9% in 2020 and 2021, up from 8.2% in 2019. In upper-middle income countries, health spending as a share of gross domestic product remained steady, just over 7% in 2020 and 2021, up from 6.5% in 2019. In lower-middle income countries, average health spending as a share of gross domestic product rose from 4.8% in 2019 to 5.1% in 2020 and to 5.4% in 2021. In low-income countries, health spending as a share of gross domestic product rose from 6.2% in 2019 to 6.9% in 2020 and remained stable at 6.9% in 2021 (*source: WHO Report 2023*).

Going forward, the healthcare market is expected to grow to USD 15 trillion by 2030 (*source: RBC Capital Markets*). However, despite the significant public and private funds available, healthcare systems around the world are under massive strain, partly because of the COVID-19 pandemic and its associated costs (*source: Economist*). Health plans, healthcare providers, life sciences companies and governments are facing rising costs and inconsistent outcomes, while they are at the same time challenged to improve care and the overall health of the population and to reduce spending. Consequently, healthcare can be considered as an industry in need of innovation (*source: Deloitte*).

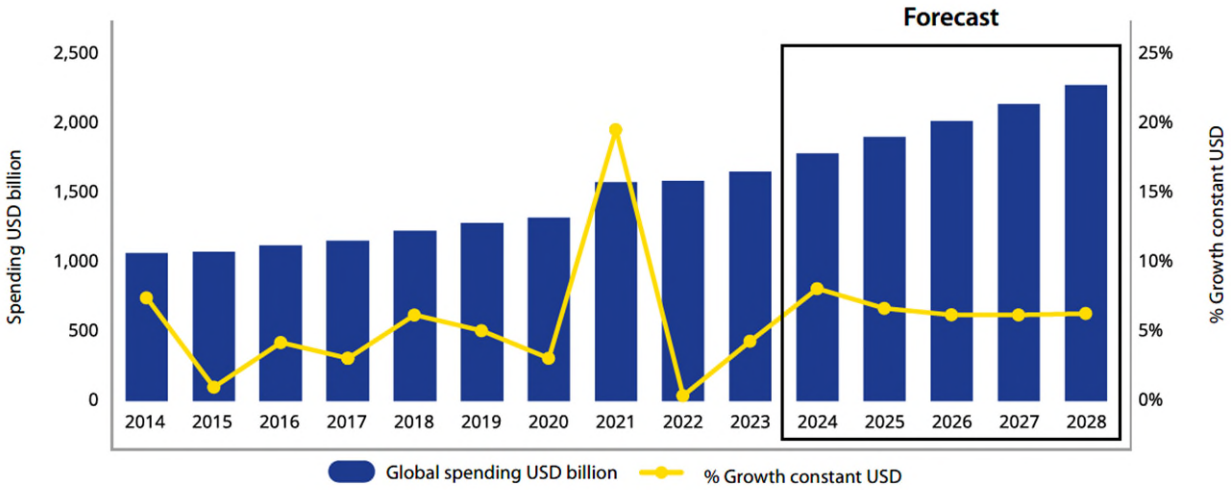
8.1.2 Development and outlook

Pharmaceutical spending represents a significant component of total healthcare expenditure worldwide and, for example, accounted for 22.5% of total health expenditure in the EU in 2020 (*source: WHO Total Pharmaceutical Expenditure*).

The size of the overall global pharmaceutical market in 2022 is estimated at USD 1.49 trillion and is expected to expand at a CAGR of 5.3% during the forecast period, reaching USD 2.0 trillion by 2028 (*source: Industry Research Pharmaceutical Market*). The United States is the largest pharmaceutical market globally, accounting for pharmaceutical sales of USD 631.5 billion in 2022. Europe is the second largest market, with Germany, the United Kingdom, France, Spain and Italy together accounting for pharmaceutical sales of USD 199.3 billion in 2022 (*source: IQVIA Pharmaceutical Markets Worldwide; prices reported at the ex-manufacturer level*).

Pharmaceutical spending is expected to increase in the coming years, although overall growth trends are anticipated to stabilize after the disruptions caused by the COVID-19 pandemic between 2020 and 2023. The global spending on drugs is exceeding pre-pandemic growth rates and is expected to continue significantly above those trends through 2028. On a global level, annual expenditure on the purchase of drugs from manufacturers (before off-invoice discounts and rebates) is expected to grow with a CAGR of 5-8% from 2024 to 2028 by more than USD 600 billion to USD 2.3 trillion. This growth is predominantly driven by the sale of existing branded drugs in the leading ten developed markets (U.S., Japan, Germany, France, Italy, Spain, United Kingdom, Canada, South Korea and Australia), which is set to grow by USD 385 billion until 2028. New products in the leading ten developed markets are expected to add USD 193 billion to overall global spending. On the other hand, upcoming patent expiries are expected to reduce global spending by USD 192 billion due to replacement or substitution by less costly drugs like conventional generics and Biosimilars. Other developed markets and less developed yet fast-growing markets are expected to contribute a further USD 184 billion to pharmaceutical spending (encompassing existing and new drugs) (*source: IQVIA Global Use of Medicines 2024*).

The chart below gives an overview of the recent developments and the outlook for pharmaceutical spending.



Source: IQVIA Global Use of Medicines 2024

The global use of drugs has also exceeded pre-pandemic growth rates and is expected to continue substantially above pre-pandemic trends through 2028. The global use of drugs by volume is expected to reach nearly 3.8 trillion defined daily doses in 2028, up 400 million doses from the level in 2023, representing a CAGR of 2.3%. This growth is mainly driven by China, India and other Asian markets, all growing by a CAGR in excess of 3%. Countries in Latin America have grown more rapidly than other regions in the last five years (CAGR of 6.2%) and are expected to continue to grow at a CAGR of 1.9% through 2028. In North America (CAGR of 1.3%), Western Europe (CAGR of 1.1%) and Japan (CAGR of 0.6%) drug usage is expected to grow more slowly through 2028, partly due to their existing higher per capita use. In 2024, volume growth in Eastern Europe is expected to return to trends present prior to the start of the Ukraine war (*source: IQVIA Global Use of Medicines 2024*).

8.1.2.1 Key drivers

The pharmaceutical market is largely non-cyclical. Spending on prescription and non-prescription (over-the-counter) drugs is non-discretionary in nature and has historically increased throughout a variety of cyclical periods. The steady growth of global pharmaceutical expenditure, which is set to continue, is driven by the following key sector drivers:

Supportive demographic trends

Global population growth is a fundamental megatrend that is shaping the socio-economic landscape worldwide. The latest projections by the United Nations suggest that the global population could grow to around 8.5 billion in 2030, 9.7 billion in 2050 and 10.4 billion in 2100 (*source: U.N. World Population Prospects 2022*). This demographic development has a profound impact on society, the economy and the environment in which companies operate. A growing population means increased demand for basic resources, such as healthcare services and medical care. In particular, the need for pharmaceuticals to treat various diseases and health conditions increases, as a growing population brings with it a higher prevalence of disease. This increased demand for drugs and medical products, for which spending is largely non-discretionary is offering pharmaceutical companies new opportunities for the development and marketing of their products.

In addition, demand for healthcare and pharmaceuticals is driven by an ageing population. As birth rates have slowed and life expectancy has increased, older people are expected to make up a larger proportion of the population. Worldwide, people aged 65 years or over outnumbered children under the age of five for the first time in 2018. In 2022, globally there were 771 million people aged 65 years or over, almost three times as many as in 1980 (258 million). The older population is projected to reach 994 million by 2030 and 1.6 billion by 2050.The share of the global population aged 65 years or above is projected to rise from 10% in 2022 to 16% in 2050 (*source: U.N. World Population Prospects 2022*). The risk of illness and ill-health generally increases with age. A population with an older demographic structure can expect a greater incidence and prevalence of certain diseases, and thus a higher demand for healthcare and, as a consequence, higher spending on pharmaceuticals or a higher average spend per person.

Demographic trends not only show an increase in the proportion and number of older people, but also a significant increase in the life expectancy of this population group. Worldwide, countries have experienced tremendous gains in life expectancy at age 65 for both men and women in recent decades. On average across OECD countries, life expectancy at age 65 increased by 5.7 years between 1970 and 2019, though followed by a decline between 2019 and 2020 due to the COVID-19 pandemic (*source: OECD Life Expectancy*). With an increasing number of people reaching an advanced age, the need for medical care and therapies to treat age-related illnesses and chronic diseases is also growing. The increasing lifespan and the ongoing need for pharmaceutical solutions for an ageing population creates long-term growth potential for the pharmaceutical market.

Lifestyle and chronic diseases

Increased healthcare expenditure is also linked to the increasing prevalence of so-called lifestyle diseases. Lifestyle diseases are diseases associated with the lifestyle choices of people in modern societies and their associated behaviors. Such diseases include cardiovascular diseases, type 2 diabetes, cancer, chronic respiratory diseases and obesity. Lifestyle diseases are often the result of risk factors such as an unhealthy diet, lack of exercise, tobacco consumption, alcohol abuse and chronic stress. In Western countries, prosperity and modernization have led to a change in lifestyle, which is often characterized by a lack of exercise, unhealthy eating habits and high levels of stress. In developing countries, increasing urbanization, changes in diet and lifestyle and increasing access to processed and unhealthy foods are the main factors behind the rise in lifestyle diseases. Lifestyle diseases can lead to chronic diseases. Today, chronic diseases are a major public health problem worldwide. It is estimated that in 2005, 61% of all deaths (35 million) and 49% of the global burden of disease were attributable to chronic diseases. By 2030, the proportion of total global deaths due to chronic diseases is expected to increase to 70% and the global burden of disease attributable to chronic diseases is expected to increase to 56%. (*source: U.N. Lifestyle diseases*).

This increase in lifestyle and chronic diseases has a direct impact on the pharmaceutical market as well as the market for Biological Drugs and Biosimilars in particular. With a growing number of people suffering from such diseases, the demand for drugs and therapies to treat and prevent these diseases is increasing. Pharmaceutical companies are being challenged to develop solutions to treat and to alleviate the symptoms of these lifestyle and chronic diseases and, in addition, combat their causes. The increasing need for pharmaceutical solutions for lifestyle and chronic diseases, many of which may be treated with Biological Drugs, offers new growth opportunities for the market for Biological Drugs, and hence also for the market for Biosimilars.

Climate change

Climate change is directly contributing to humanitarian emergencies from heatwaves, wildfires, floods, tropical storms to hurricanes, which are increasing in scale, frequency and intensity. There are already 3.6 billion people living in areas that are highly susceptible to climate change. These weather and climate hazards affect health both directly and indirectly, increasing the risk of death, non-communicable diseases, the emergence and spread of infectious diseases and health emergencies. Climate change presents a fundamental threat to human health and affects the physical environment as well as all aspects of both natural and human systems (*source: WHO* Climate *Change*). Accordingly, we expect that climate change will drive the demand for high-quality and affordable drugs globally.

Further key drivers

In addition to these mega trends driving the pharmaceutical market, we believe that the market be affected by a number of additional factors, including (i) increasing identification and diagnosis of rare diseases, (ii) accelerated adoption of novel therapies in developed markets, (iii) improved access to existing medication and treatments in emerging markets, (iv) personalization of patient treatments that can more readily be administered in homecare settings (e.g., self-injection) to reduce healthcare spending, (v) outsourcing of pharmaceutical services (such as production, filling, etc.) combined with an increased focus of pharma companies on the origination/development and (vi) digitalization of medication and pharma services.

8.1.3 Biological Drugs

Within the pharmaceutical market, a distinction can be made between chemical pharmaceuticals, which are chemically synthesized small molecules ("**Conventional Drugs**") and Biological Drugs, i.e., large complex molecules (up to 1,000 times larger molecules than Conventional Drug molecules) typically extracted from a variety of natural sources (human, animal or microorganism viz., e.g., bacteria). The development of both innovative Biological Drugs and Conventional Drugs can last between 12-13 years and may require a budget of USD 2.6 billion.

Since the advent of genetic engineering in the early 1980s, the production and development of Biological Drugs have steadily increased. The effectiveness of Biological Drugs has led to an increase of investment in R&D within the pharmaceutical sector. Biological Drugs are designed to have very specific effects and to interact with specific targets in the patient's body, mainly on the outside of cells. A more targeted mechanism of action leads to a greater chance of the drugs having the desired effect against the disease and may result in fewer side effects compared to Conventional Drugs. Biological Drugs have provided novel treatments for a variety of inherently difficult-to-treat illnesses such as rheumatoid arthritis, Crohn's disease, ulcerative colitis, psoriasis, multiple sclerosis, age-related macular degeneration, diabetic macular edema and numerous types of cancer. Examples of Biological Drugs include vaccines, monoclonal antibodies, gene therapies and cell and gene therapies (*source: Zhao et. al., 2012; Projan et. al., 2004; Tewabe et. al., 2021*).

In the first half of 2023, six of the top ten drugs by global revenue were Biological Drugs (*source: Drug Discovery & Development*). Within the pharmaceutical market of the EU, Biological Drugs represented 40% of total pharmaceutical expenditure in 2022, having increased from 28% in 2012 (*source: IQVIA Impact of biosimilar competition*). The global market for Biological Drugs is expected to increase from USD 452.9 billion in 2023 to USD 823.4 billion by the end of 2028, with a CAGR of 12.7% during the forecast period (*source: BCC Global Biologic Therapeutic Drugs Market*). Global sales of Biological Drugs are expected to outperform those of Conventional Drugs by 2027 (*source: GlobalData*), thus showing more dynamic growth.

8.1.4 Patent-protected and off-patent drugs

In the pharmaceutical market, a further distinction can be made between patent-protected prescription drugs and off-patent prescription drugs.

Patent-protected drugs are typically a result of pharmaceutical innovation and R&D, but in some instances can also be re-formulations of existing pharmaceutical compounds. They generally require significant investments in R&D and a long development period before being able to demonstrate their safety and efficacy at a sustainable high level of quality, making them suitable for commercialization.

These innovative and novel compounds benefit from patent protection, allowing exclusivity in marketing of these products to make the significant R&D investment attractive to pharmaceutical companies. Patent protection is typically provided for a 20-year period and given that the patent is typically filed when the compound is still in early stages of development, the remaining period still protected by the patent once the drug is launched is typically approximately 12-13 years for innovative drugs, providing innovator companies ("originator") with most of their financial returns during this period. Such drugs are marketed under brand names and can be either Conventional Drugs or Biological Drugs.

Upon the expiry of the patent protection period, patent-protected drugs may lose their exclusivity and thus their protection from competition, allowing off-patent drugs to enter the market. On entry, such drugs increase competition, typically leading to lower drug prices, both in Conventional and Biological Drug markets.

8.1.4.1 Conventional generic drugs as off-patent versions of Conventional Drugs

In the case of off-patent Conventional Drugs, drugs that are chemically and therapeutically equivalent to the originator Conventional Drug, i.e., conventional generic drugs, may be sold, usually under their generic chemical names and at prices significantly below those of their branded or originator drug equivalent. Conventional Drugs are generally required to meet similar regulatory standards on manufacturing, safety and efficacy as their branded or originator drug equivalent and generally require regulatory approval prior to their sale. However – and this is a key difference to Biological Drugs –, if the active ingredient is chemically the same as that of the originator Conventional Drug, safety and efficacy generally does not have to be demonstrated through the same extensive clinical development process as the originator product and can typically be commercialized upon evidence of bioequivalence (see below under "*8.1.4.2 Biosimilars as off-patent versions of Biological Drugs*") to the originator product. Development of conventional generic drugs can take, according to our own estimates, 2-3 years and may only require a budget of USD 5-10 million.

8.1.4.2 Biosimilars as off-patent versions of Biological Drugs

In the case of Biological Drugs, the follow-on off-patent products are called Biosimilars. A Biosimilar is a biological drug that is highly similar to and has no clinically meaningful differences to that of the existing approved reference Biological Drug, i.e., the Reference Drug.

Whilst both Biosimilars and conventional generics are developed as follow-on products to innovative drugs, there are significant differences between Biosimilars and conventional generics, including, *inter alia*, the complexity of development and manufacturing processes, as well as the regulatory review and approval pathway. Generic products of Conventional Drugs can generally be considered identical to the originator product in form and function. Consequently, conventional generics typically only require a moderate amount of development and regulatory work resulting in moderate investments. Biosimilars, on the other hand, are more complex molecules and are not fully identical to the relevant Reference Drug. The natural variability and more complex manufacturing process of Biological Drugs do not allow the exact replication of the molecular micro-heterogeneity. Accordingly, a Biosimilar is considered to be highly similar and therapeutically equivalent to the Reference Drug. Development of Biosimilars may take seven to ten years (*source: IQVIA Assessing the Biosimilar Void*) and, according to our own estimates, require a budget of USD 150-300 million.

Because of their size, structural complexity and their production using living cell systems, Biosimilars require significant time, effort and expertise, both in the development as well as the production phases. In addition, regulatory requirements for Biosimilars are more stringent and complex than for conventional generic drugs. Biosimilar developers must, using a multitude of different and pre-defined parameters, conclusively demonstrate that the biosimilar product is highly similar to the Reference Drug in terms of quality, safety and efficacy. These high standards are attained through numerous and intensive analytical and functional testing methods, clinical trials and state-of-the-art production and packaging processes. In most cases, regulators worldwide still require clinical bioequivalence as well as confirmatory safety and efficacy studies in patients for Biosimilar products. Bioequivalence means that the Biosimilar and Reference Drug do not differ in bioavailability (drug concentration over time in the bloodstream after drug administration) nor do they differ in a clinically meaningful way. Bioequivalence of the Biosimilar and the Reference Drug are assessed in the Phase I pharmacokinetic (PK) study in a homogeneous and sensitive study population and, if possible, in healthy volunteers (see also "*10.1.1 Phases of the R&D process*" below).

However, compared to the development of an innovative Biological Drug, the development of Biosimilars is both less complex and costly. Because Biosimilars are designed to be highly similar to already approved Biological Drugs, whose efficacy and safety of the actual molecule has already been proven, the success rate for developing Biosimilars is considerably higher and the R&D costs proportionally much lower.

	Small molecule development	Large molecule development
Innovative product	**Innovative Conventional Drug**(1) Timeline: 12-13 years Cost: USD 2.6 billion	**Innovative Biological Drug**(1) Timeline: 12-13 years Cost: USD 2.6 billion
Follow-on product	**Conventional generic**(2) Timeline: 2-3 years Cost: USD 5-10 million	**Biosimilar** Timeline: 7-10 years(3) Cost: USD 150-300 million(2)

(1) *Source: efpia 2018*

(2) *Source: Company estimate; development times and costs vary greatly depending on the indication and the group of active ingredients.*

(3) *Source: IQVIA Assessing the Biosimilar Void.*

As a successfully developed and approved Biosimilar shows no clinically meaningful difference compared to the Reference Drug, Biosimilars are considered a lower-cost alternative to their respective branded Reference Drugs, and generally receive market approval for all relevant indications in a single approval procedure.

8.1.5 The Biosimilars market

The following sections give an overview about the Biosimilars market development and outlook (see "*8.1.5.1 Development and outlook*") and the key drivers shaping the market for Biosimilars (see "*8.1.5.2 Key drivers*").

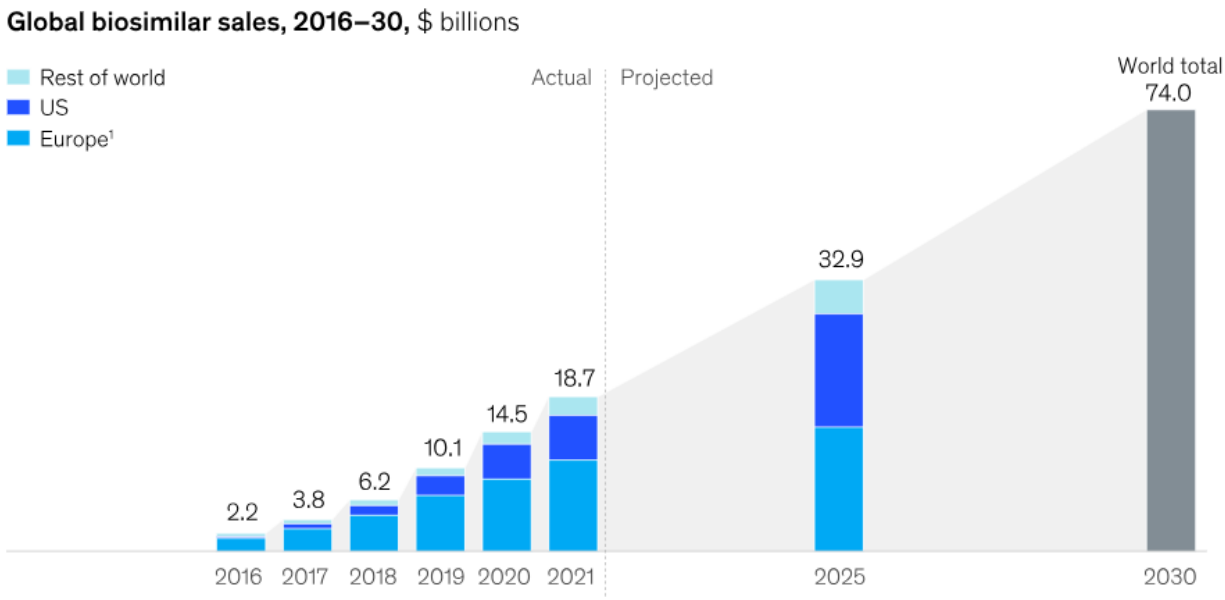
8.1.5.1 Development and outlook

As with the pharmaceutical market and the Biological Drug market, the sub-market for Biosimilars can be regarded as resilient and non-cyclical, with several factors supporting continued high growth. In addition, the market for Biosimilars has become even more dynamic with the further development of the regulatory and political environment and increasing acceptance in the United States.

The momentum in the introduction of Biosimilars has long been seen in Europe, where 79 Biosimilars (counted by brand name) have been approved and launched as of March 2024 (*source: AJMC*). The EU has been a pioneer in the regulation of Biosimilars, creating a solid regulatory framework for their approval and shaping

biosimilar development worldwide. Since the EU approved the first Biosimilar in 2006, medical professionals have gained increasing experience with their use. Today, Biosimilars are an integral part of effective biological therapies available in the EU (*source: EMA/EC Biosimilars in the EU*). In the United States, as of March 2024, 49 Biosimilars (counted by brand name) have been approved, of which 38 have been launched (*source: AJMC*).

The global market for Biosimilars has been steadily growing in recent years and is expected to continue to increase. Global Biosimilar sales are expected to grow from USD 18.7 billion in 2021 to USD 32.9 billion in 2025 and USD 74.0 billion in 2030 (*source: McKinsey*). The following chart shows actual and projected Biosimilar sales from 2016 to 2030 in USD billion:



(1) EU-27, United Kingdom and Switzerland.
Source: McKinsey

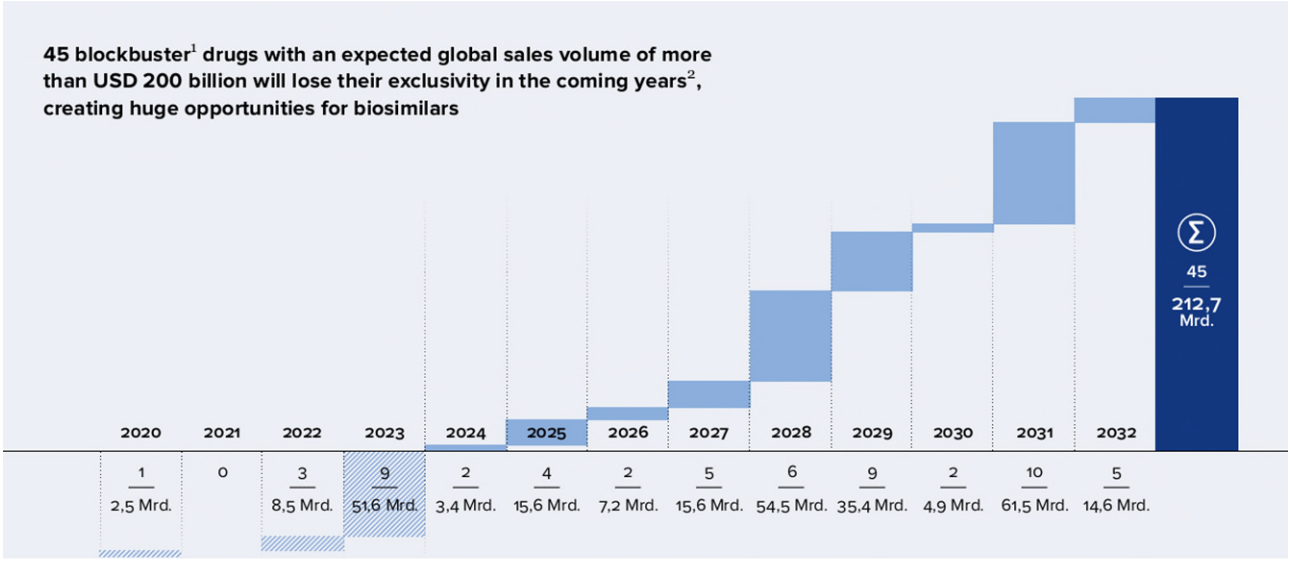
The U.S. market has seen the fastest growth in Biosimilars, with a CAGR of 97% from 2015 to 2021, compared to 48% in Europe and 39% in the rest of the world. Although projections to 2025 show a lower rate of growth, the United States is expected to stay in pole position with a CAGR of 26%. Europe and the rest of the world follow, with 8% and 16%, respectively (*source: McKinsey*).

8.1.5.2 Key drivers

In addition to the key factors driving the pharmaceutical market in general (see "*8.1.2.1 Key drivers*" above), we believe that the following drivers are shaping the market for Biosimilars in particular:

Loss of exclusivity

One of the main driving forces behind the growth of the Biosimilars market is the expiration of the patent protection of key biological Reference Drugs. While the growth of the industry for Biological Drugs is driven by patent-protected innovation, the growth of the market for Biosimilar follow-on products is instead driven by the loss of exclusivity of Reference Drugs as they lose their patent and regulatory protection. We estimate that 45 blockbuster Reference Drugs with expected cumulative sales of more than USD 200 billion will come off patent by 2032 (*source: McKinsey*).



(1) A blockbuster is defined as a drug with annual sales of more than USD 1 billion.
(2) Source: McKinsey.

Healthcare system savings and increased adoption

Due to the rapid shift in demographics (see "*8.1.2.1 Key drivers – Supportive demographic trends*" above), government agencies and private payers are implementing policies to promote the utilization of lower-cost equivalents of branded pharmaceutical products among consumers, physicians, and pharmacists. Healthcare providers and insurers are increasingly mandating the use of off-patent follow-on drugs instead of the more expensive branded equivalents, creating greater market opportunities for Biosimilars. Once an off-patent follow-on version of an original branded product enters the market, the reimbursement of the originator product may also be limited to the price of the follow-on version to generate additional savings, which further contributes to the attractiveness of Biosimilars.

The advance of Biosimilars has already led to significant financial relief for challenged healthcare systems. For example, in the United States, the spending of USD 36 billion on Biosimilars from 2013-2023 saved USD 56 billion on spending on Reference Drugs (*source: IQIVA U.S. Report*). In European countries, the cumulative savings at list prices from the impact of Biosimilar competition doubled every two years between 2016 and 2021, with total cumulative savings reaching EUR 50 billion in 2021 (*source: IQVIA Impact of Biosimilar Competition*). Incremental savings from Biosimilars are expected to be a cumulative USD 383 billion globally between 2023 and 2027; annual savings are expected to exceed USD 100 billion in 2026 and 2027 as some of the most expensive or costly Biological Drugs will have well-established Biosimilars competition for several years by this time (*source: IQVIA Global Use of Medicines 2023*). We believe that Biosimilars will also be used in markets where Biological Products are currently deemed unaffordable.

In terms of Biosimilar uptake, Europe is ahead of other global markets in which – although there are shifts in the acceptance of Biosimilars by healthcare stakeholders – uptake has not yet reached its expected potential (*source: IQVIA Impact of Biosimilar Competition*). In Europe, 63% of physicians reported in 2023 that their perceptions of Biosimilars had evolved over time, and 83% of physicians stated they had a positive or very positive perception of Biosimilars after they had gained experience with Biosimilar use (*source: IQVIA Biosimilar Potential*). We believe that greater experience and acceptance of interchangeability along with lower pricing will lead to greater acceptance of Biosimilars by healthcare stakeholders in other global markets.

Policies governing access to Biosimilars

The market for Biosimilars is driven by the development of policies governing the development, regulatory approval and access to Biosimilars. Specifically, streamlined regulatory processes encourage the development and commercialization of Biosimilars. While the overall framework is still evolving, the most relevant regulatory agencies, such as the EMA and the FDA, have already established pathways for the approval of Biosimilars.

Rising adoption through regulatory and political support of Biosimilars in the United States

The U.S. Affordable Care Act of 2010 ("**ACA**"), also known as "Obamacare", was the most significant change in U.S. health care policy since the passage of Medicaid and Medicare in 1965. Notably, the ACA included the UBPCIA that incentivized the development of Biosimilars and accelerated the launch of new Biosimilar products. In particular, the BPCIA creates a pathway for FDA to review and approve Biosimilars to an FDA-approved Biologic Drug. This allows drug manufacturers to bring Biosimilars to market without the need for extensive clinical trials and contains the blueprint for approval of Biosimilars by FDA (*source: GaBI 2021*).

Moreover, the U.S. climate and health care bill, known as Inflation Reduction Act ("**IRA**"), was enacted on August 16, 2022. In addition to its impact on the environment, job creation and reducing inflation, a key focus was to reduce the burden of Medicare by over USD 100 billion per year to 65 million Medicare beneficiaries. A core pillar of the IRA is that the U.S. federal government directly negotiates with manufacturers to reduce prices of certain high-spend drugs. Based on Medicare's gross spending and criteria such as the drug having no direct (generic/biosimilar) competition, ten drugs have been selected for the first cycle of price negotiations (*source: Roland Berger*). On August 15, 2024, the U.S. Centers for Medicare & Medicaid Services (CMS) announced the negotiated prices (also referred to as "Maximum Fair Prices (MFPs)") for these ten drugs (*source: CMS*) which will become applicable in 2026.

Once a second source appears, as a generic or biosimilar, the price reduction is removed. The number of products negotiated for price reduction goes from ten to 20 over the years and stays fixed at this number. The entry of generics and biosimilars will now be encouraged by brand-name product companies, reducing the intellectual property hurdles like the "patent dance" for Biosimilars (*source: Niazi 2022*). The "patent dance", which is governed by the BPCIA, is a process which is initiated by notifying the Reference Drug sponsor that FDA has accepted a biosimilar application and providing the Reference Drug sponsor with a copy of the biosimilar application so that the Reference Drug sponsor must, within 60 days of the notification, provide a list of patents that might be infringed.

The interchangeability of Biosimilars is a key element of a sustainable Biosimilars market. If a Biosimilar is "interchangeable" under the applicable regulation, the Reference Drug may be exchanged for the Biosimilar with the same therapeutic intent. Depending on the jurisdiction, this may occur at physician level by the prescriber (switching) or at pharmacy level without consulting the prescriber (substitution) for selected drugs. In the EU, decisions on the interchangeability of Biosimilars are implemented at national level. However, EMA and the Heads of Medicines Agencies ("**HMA**") issued a joint statement in 2022 (updated in 2023) promoting Biosimilar interchangeability. The statement is aimed at harmonizing the scientific rationale across the EU and at informing the decision-making bodies of the member states of the EU. This can be regarded as a positive step towards improving the uptake and acceptability of Biosimilars and, therefore, the overall sustainability of the market for Biosimilars across all EU countries.

Developments in the regulatory framework

The Biosimilar market is driven by the evolution of pathways ensuring timely access to Biosimilars following regulatory approval, treatment guidelines recommending Biosimilars use and appropriate switching and substitution policies.

In the U.S., Biosimilars are generally only considered interchangeable if it can be shown by means of specific and costly studies that switching between the Reference Drug and the Biosimilar does not raise concerns with respect to safety or efficacy. The fact that a Biosimilar is interchangeable is further stated on the respective Biosimilar's labelling and packing. However, the regulations regarding Biosimilar interchangeability are currently the subject of debate in the U.S. and thus may be subject to change in the coming years. Specifically, FDA has initiated a consultation phase aiming to abolish the interchangeability labelling requirement. In addition, the requirement to conduct a separate study for a Biosimilar to obtain such "interchangeable status" is being politically reviewed for possible alignment with, among others, many EU countries, where Biosimilars are widely considered interchangeable as such.

High hurdles for market entry

In general, the Biosimilars market is characterized by high hurdles for market entry, as the development and commercialization of Biosimilars requires significant technical and scientific expertise, including the selection of promising candidates, analytical characterization and cell line development, preclinical in-vitro studies, production and clinical trials, as well as navigating the complex regulatory and legal framework, specifically in relation to the creation and submission of regulatory approval application documents. This opens up attractive opportunities for successful market participants.

Consistent price erosion

Given the competitive nature of the Biosimilars industry, annual price erosion is an industry-wide phenomenon. As the date of loss of exclusivity for key drugs is generally known, several Biosimilars developers typically work on a successor product at the same time. If these developers launch their products shortly after the expiry or loss of exclusivity, this has a significant impact on the achievable pricing and consequently, the revenues. This is exacerbated by the actions of and negotiations with large buyer groups, governments and regulators, who are focused on driving year-on-year price decreases, which is further impacted by market entrants from low-cost countries.

8.2 Competitive landscape

The market in which we operate is highly competitive and attracts a range of both global and local players. With respect to each of the Biosimilar projects in our pipeline, several competitors are working on their own Biosimilar products in parallel, targeting the same Reference Drug. Although low-cost manufacturers are also represented in the Biosimilar market, they are less active than in the market for small-molecule generics due to the higher hurdles, especially in terms of cost and complexity, regarding the development and manufacturing of Biosimilars.

While there are global generics players (most notably Sandoz, Teva, Viatris, Organon) operating in the Biosimilars market, "pure-play" Biosimilars players which focus solely on Biosimilars (i.e., without business segments in the areas of small-molecule generics, patented originator brands or other non-Biosimilars) are rare. Additionally, given the investment costs required for Biosimilars, most players are focused on specific verticals across the value chain, from development to commercialization. As of the date of the Prospectus, we are one of the few pure-play Biosimilars players focused on the earlier stages of the value chain, spanning all phases from product candidate selection to market approval by the regulatory agencies.

Players with established commercialization platforms that are focused on the in-licensing of Biosimilars include Sandoz, Teva, Organon, Fresenius Kabi. We as a developer engage with them on partnership opportunities, such as our partnership with Sandoz and Teva for the marketing of FYB201, and with Fresenius Kabi for the marketing of FYB202. Our competitors on one product can also be our partners on other projects.

The market can be divided by the level of integration of the market players:

- fully integrated players, such as: Amgen, Fresenius Kabi, Biocon, Celltrion, Gedeon Richter, Pfizer, Teva, Sandoz and Biogen;
- developer-manufacturers, such as: Alvotech, Samsung Bioepis; and
- pure-play developer, such as: Formycon, Bio-Thera Solutions and Xbrane.

Biosimilars players by nature also compete with the originator of the Reference Drugs, which will typically continue to be sold as a branded product, as both have the same therapeutic use. Therefore, with respect to FYB201, we compete with Genentech, Inc. ("**Genentech**"), with respect to FYB202, we will compete with Johnson & Johnson, with respect to FYB203, we will compete with Regeneron and with respect to FYB206, we will compete with Merck & Co., Inc (within U.S.) and Merck Sharp & Dohme (outside U.S.). However, originators typically de-prioritise product commercialization once product sales are genericised.

9. BUSINESS

9.1 Our vision

We consider Biosimilars to play a pivotal role in the global movement to increase the affordability and accessibility of patients to life-saving biological medicines that are used in the treatment of severe diseases. Our ambition is to become a driving force and leader in this movement. Despite the immense progress in recent years made by Biosimilars in increasing the accessibility and affordability of biological medicines, there are still too many patients with severe diseases that do not have access to these highly-effective and affordable biological medicines, often due to budgetary constraints and/or issues relating to sustainable access. With our high-quality Biosimilars, we strive to make a major contribution to providing patients across the globe with access to effective biological treatments of serious diseases and, at the same time, ease the financial strain on the world's healthcare systems. Our goal is to further expand our position as a globally active and highly specialized company in the growing market of Biosimilars. By executing on this vision and strategy, we should be able to evolve into a sustainably profitable and integrated market player covering the entire value chain within the Biosimilars segment, including selected areas of the manufacturing process as well as our own distribution in selected territories.

9.2 Overview

We are an independent and globally active business specializing in the development of high-quality Biosimilars. Biosimilars are biopharmaceutical drugs that are developed as follow-on products to existing "reference" biopharmaceuticals (Reference Drugs) and that can be launched after the market exclusivity of the respective Reference Drug has expired. Biosimilars require very significant time, effort, and expertise, both in their development and in their subsequent production because of their molecular size, structural complexity, and their production using living cell systems.

We cover the entire value chain of functional disciplines in the development of Biosimilars with core development operations being performed in-house, complemented by third-party activities under very close monitoring and guidance. Compared to innovative Biological Drugs, the development of Biosimilars is less costly and the success rate for developing Biosimilars is considerably higher. Biosimilars therefore offer exceptional opportunities for healthcare providers and insurers to combine cost efficiency with highly effective treatment options (see "*8.1.5.2 Key drivers – Healthcare system savings and increased adoption*").

This starts with the selection of highly promising pipeline candidates, continues with the analytical characterization of such candidates, and includes preclinical in-vitro studies, production process development and manufacturing at commercial scale, designing and conducting clinical trials, and extends to the compilation and submission of regulatory approval application documents, based on which we manage the entire regulatory procedure until final approval (see "*9.6 Our value chain*"). We develop our Biosimilars to meet the high standards of the world's most stringently regulated markets, including the EU, the United Kingdom, Switzerland, the United States, Canada, Japan, and Australia. A high degree of similarity between a Biosimilar and its Reference Drug is of fundamental importance for the success of its development and regulatory approval. This is achieved through intensive characterization of our Biosimilar candidates by using a broad spectrum of analytical testing methods, the development of state-of-the-art production processes and the demonstration of comparable safety, efficacy and immunogenicity in confirmatory clinical trials.

Our current products and product pipeline focuses on the fields of ophthalmology, immunology, and immuno-oncology, as well as for the treatment of other key chronic diseases and currently consists of three approved Biosimilars (FYB201, FYB202 and FYB 203), one Biosimilar candidate in the clinical phase (FYB206) and two preclinical (FYB208 and FYB209) Biosimilar candidates (see "*9.7 Our products and product pipeline*" for further details). Furthermore, the launch of development for FYB210, a new Biosimilar candidate, has recently been initiated.

In 2022, we expanded the ownership in our pipeline by initiating a long-term strategic partnership with ATHOS KG ("**ATHOS**"), which made a group company of ATHOS the Company's largest shareholder (see "*11.1 Current major shareholders*"). ATHOS is the family office of Andreas and Thomas Strüngmann and holds investments in various companies in the biotech industry. This strategic partnership allows us to further capitalize on our past development achievements and was accompanied by the organizational integration of Clinical Research GmbH (previously operating under Bioeq GmbH) into Formycon, which strengthened our organization with experienced experts in the areas of clinical development, regulatory affairs, business development, commercial affairs, intellectual property ("**IP**") and project management. We believe that these factors will accelerate our sustainable growth and enable continuous expansion of our development pipeline.

In the Fiscal Year 2023, we generated revenue of EUR 77.7 million compared to EUR 42.5 million in the Fiscal Year 2022 and EUR 36.6 million in the Fiscal Year 2021. This development resulted in a CAGR of 28.5% for the period from 2021 to 2023. As of the date of the Prospectus, we employ around 225 FTEs in Germany, of which 58% are women. Around 78% of our workforce is engaged in R&D activities.

9.3 Our history and key milestones

Our corporate history and its key milestones can be summarized as follows:

2007: Incorporation of the Company in the legal form of a German limited liability company (*Gesellschaft mit beschränkter Haftung* – "**GmbH**") under the name "Nanohale GmbH"

2010: Change of the Company's legal form from a GmbH into an AG under the name "Nanohale AG"

2011: Acquisition of the R&D organization as well as the service and production division of Scil Technology GmbH as part of an asset deal

2012: Change of the Company's legal name into "Formycon AG" and transfer of the Company's registered office from Dortmund, Germany, to Munich, Germany

2017: Listing of the Shares in the segment "Scale" of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange

2022:
- Formycon and ATHOS announce closing of the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*"), making a group company of ATHOS the largest shareholder of the Company
- Formycon and ATHOS merge development activities in a long-term strategic partnership

2024: Gedeon Richter becomes a strategic investor of the Company via an equity investment (see "*7.6.2.1 Equity*")

The key historical milestones of our Biosimilar candidates are set out below:

FYB201

2013:
- Start of the development
- Out-licensing to Santo Holding (Deutschland) GmbH

2014: Santo Holding (Deutschland) GmbH and Polpharma Biologics Group B.V. ("**Polpharma**"), Amsterdam, Netherlands, Poland's largest pharmaceutical company, establish joint-venture Bioeq AG to develop FYB201

2015: Formycon and Clinical Research GmbH (previously operating under Bioeq GmbH), at the time a company of ATHOS Beteiligung GmbH, initiate phase III clinical trials with FYB201

2019: Bioeq AG exclusively licenses U.S. marketing rights to Coherus BioSciences, Inc. ("**Coherus**"), Redwood City, United States

2021:
- MS Pharma becomes the exclusive partner for the commercialization in the MENA region
- Teva Pharmaceutical Industries Ltd. ("**Teva**"), Tel Aviv, Israel, becomes strategic partner for the commercialization in Europe, Canada, Israel, and New Zealand

2022: Approvals by EMA, the United Kingdom Medicines and Healthcare Products Regulatory Agency ("**MHRA**") and FDA and subsequently launch in the United Kingdom, Germany and the United States

2023:
- Approval by Health Canada
- Launch in many European markets, including France, Belgium and Spain

2024:
- Sandoz completes the acquisition of the United States marketing rights from Coherus
- Launch in Canada and Switzerland as well as in first countries of the MENA region
- Approval in first country in Latin America

FYB202

2013: Start of the development

2017: Out-licensing in a joint venture with Aristo Pharma GmbH, an ATHOS group company

2019: Start of phase I clinical trials

2020: Start of phase III study

2022: FYB202 shows comparable efficacy to the Reference Drug in phase III clinical trials

2023:
- Global commercialization partnership with Fresenius Kabi
- Conclusion of clinical development
- EMA accepts the marketing authorization application for review
- FDA accepts the biologics license application ("**BLA**") application for review

2024:
- Approval by European Commission
- Approval by FDA

FYB203

2014: Start of the development

2015: Out-licensing to Santo Holding (Deutschland) GmbH

2020: Enrollment of first patient in phase III clinical trials

2023:
- FYB203 shows comparable efficacy to the Reference Drug in phase III clinical trials
- FDA accepts submission of the BLA regarding FYB203 for review
- EMA accepts the marketing authorization application regarding FYB203 for review

2024:
- MS Pharma becomes the exclusive commercialization partner in the MENA region
- Approval by FDA

FYB206-210

2021: Formycon and SCG Cell Therapy announce collaboration and license agreement for FYB207 (innovative COVID-19 fusion protein)

2022:
- Formycon publishes details of its previously undisclosed Biosimilar candidate FYB206
- Start of development of our fifth and sixth Biosimilar candidates FYB208 and FYB209

2024:
- Start of clinical phase I and III trials for FYB206
- Start of development of Biosimilar candidate FYB210

9.4 Our key strengths

We believe that our business is characterized by the following key strengths:

9.4.1 We are active and well-positioned in the highly attractive and growing Biosimilars market.

We are confident that by strategically positioning our Biosimilars as early market entrants following the expiration of exclusivity for the Reference Drug (as part of the in the first group to launch), we have laid the foundation for sustained growth and profitability in the Biosimilars sector. Being among the first movers in the "third wave" of Biosimilars, with one Biosimilar (FYB201) already marketed since 2022 (initially in the United Kingdom and shortly thereafter in the EU and the United States), and two further Biosimilar candidates (FYB202 und FYB203) close to market launch, we believe to be well-positioned to benefit from the highly attractive and growing Biosimilars market and its high revenue potential (see "*8.1.5.2 Key drivers*") as we already achieved a considerable market share with our Biosimilar FYB201 (see "*9.7.1.3 Approval*").

We believe that the global Biosimilars market is entering a period of attractive growth and opportunity, with significant revenue currently attributable to Reference Drugs becoming available to Biosimilar entrants by the end of this decade and beyond. We estimate that 45 blockbuster Reference Drugs with expected cumulative sales of more than USD 200 billion will come off patent by 2032 (*source: McKinsey*).

Global Biosimilar sales are expected to grow from USD 18.7 billion in 2021 to USD 32.9 in 2025 and USD 74.0 billion in 2030 (*source: McKinsey*). In the United States, revenues generated from the sale of Biosimilars are expected to increase from USD 10.2 billion in 2022 to more than USD 38.5 billion in 2027 (*source: IQVIA U.S. Report*). For the European Biosimilars market and the rest of the world, a CAGR of 8.0% and 16%, respectively, is projected until 2025 (*source: McKinsey*).

Against this background, we believe that the growing Biosimilars market offers us ample opportunity to capitalize on our development capabilities. IQVIA recently found that there were no known Biosimilar candidates in the development pipeline for 27% of the high-value European novel Biological Drugs that will lose their exclusivity by 2034 (*source: IQVIA Round Table 2024*). To position ourselves in this market, we therefore put a special focus on portfolio selection. We believe that targeting a well-balanced mix of high-grossing blockbuster drugs and niche products with less competition will be key.

The growth of the Biosimilars market is not only driven by the imminent loss of exclusivity of key Biological Drugs and their increasing importance within the pharmaceutical sector as whole, but also by underlying megatrends such as:

- the shift in population demographics and the rising demand for the treatment of chronic diseases;
- government agencies and private payers actively engaging in efforts to control healthcare costs, including tightening reimbursement policies;
- the increasing use of off-patent follow-on drugs instead of the more expensive branded equivalents creating greater market opportunities for Biosimilars.

Therefore, the use of Biosimilars instead of the more expensive Reference Drugs will likely result in an increasing level of access by patients globally to relevant Biological Drugs, as costs of treating patients for severe illnesses such as cancer or autoimmune disorders, will be reduced to affordable levels for both patients and/or governments across many countries. For further information about the trends shaping the Biosimilars market, see "*8.1.5.2 Key drivers*".

9.4.2 Our product pipeline includes highly attractive Biosimilar candidates targeting a total addressable market of more than EUR 45 billion and allowing for reinvestments in the expansion of our product pipeline.

We expect that the successful market launch of FYB201, our Biosimilar to the Reference Drug Lucentis® (ranibizumab), and the intended market launches of FYB202, our Biosimilar candidate to the Reference Drug Stelara® (ustekinumab), and FYB203, our Biosimilar candidate to the Reference Drug Eylea® (aflibercept), will generate an increasing flow of revenue mid- to long-term, providing us with the opportunity to finance our current pipeline including the further development of FYB206, our Biosimilar candidate to the Reference Drug Keytruda® (pembrolizumab), and our undisclosed pipeline projects FYB208, FYB209 and FYB210.

The following table shows the global revenue of the Reference Drugs targeted by our near-term pipeline consisting of FYB202, FYB203 and FYB206, resulting in a total addressable market of about USD 45 billion:

Our Biosimilar	Reference Drug	Active Ingredient	Treated Diseases	2023 Total Net Sales
FYB202	Stelara®	ustekinumab	Several different therapeutic indications relating to serious inflammatory diseases such as moderate to severe plaque psoriasis, active psoriatic arthritis, moderately to severely active Crohn's disease, and moderately to severely active ulcerative colitis.	USD 10.9 billion (1)
FYB203	Eylea®	aflibercept	Neovascular age-related macular degeneration ("**nAMD**") and other serious eye diseases	USD 9.2 billion (2)
FYB206	Keytruda®	pembrolizumab	Various solid tumor diseases, including lung, skin, renal, colon, cervical and gastroesophageal cancer	USD 25.0 billion (3)

(1) *Source: Johnson & Johnson, Annual Report FY 2023.*
(2) *Source: Regeneron, PR FY23; Bayer, FY23.*
(3) *Source: Merck, PR FY23.*

We believe that we are well-positioned to become a major player in the next wave of Biosimilars becoming available around 2030 and beyond. For further information on our Biosimilars, see "*9.7 Our products and product pipeline*" for further details.

9.4.3 Our R&D capabilities place us in a strong position as a pure-play developer of Biosimilars.

We believe that our science-based R&D capabilities and vast experience in the field of Biosimilars position us well to successfully execute our current projects and expand our product pipeline. The development of Biosimilars requires highly sophisticated biochemical and biotechnological know-how and specialized expertise, beginning with the selection of highly promising candidates, protein analytics, cell line development, process

development, manufacturing and scale-up, preclinical and clinical studies, all the way through to regulatory approvals. Over the years, we have built-up in-house expertise to enable us to achieve a high level of scientific proficiency to navigate the intricate processes that characterize the development of complex Biosimilars derived from living organisms. We constantly invest in our R&D capabilities. In H1 2024 and the Fiscal Years 2021, 2022 and 2023, we have spent the equivalent of 97.9%, 45.9%, 100.9% and 35.4%, respectively, of our total revenue on R&D (comprising R&D expenses as recorded in the respective profit and loss line plus CAPEX for R&D projects, without R&D expenditure recorded in profit and loss as cost of sales as they form the basis for revenue from R&D recharges and milestones). In the Fiscal Year 2023, a total of 162 FTEs (Fiscal Year 2022: 137) were working in our R&D department, corresponding to 82% of our workforce. We measure the productivity of our R&D staff in hours directly attributable to our development projects. During the Fiscal Year 2023, 85.1% (Fiscal Year 2022: 83.5%) of all hours worked were project related. During the same period, only 14.5% (prior year: 13.6%) of hours worked were performed by employees who are not assigned to or part of the R&D department. As of December 31, 2023, 36.6% of our employees hold a master's or master's equivalent (*Diplom*) degree and 37.9% a doctoral degree.

We believe that our R&D capabilities as a pure-play Biosimilar developer in our industry are highly recognized which is illustrated by our successful commercialization partnerships with companies like Sandoz (via our joint-venture Bioeq AG) for FYB201 and Fresenius Kabi for FYB202. Our R&D activities are designed to efficiently develop new Biosimilars, anticipating and responding to the growing demand for Biosimilars in the fields of ophthalmology, immunology and immuno-oncology, as well as for the treatment of other key chronic diseases. We believe that our R&D capabilities have been demonstrated by the successful approval and launch of our ranibizumab Biosimilar (FYB201) and the recent market approvals of FYB202 and FYB203. We consider it a special achievement that our Biosimilar FYB201 was the first interchangeable Biosimilar product approved by FDA without the need for switching studies and for both strengths with all five Lucentis® (ranibizumab) indications.

Our Biosimilar candidate FYB206 has reached clinical phase in June 2024. We believe to be well positioned to launch the product in the United States and the EU in a timely manner after the loss of exclusivity of the Reference Drug Keytruda® (pembrolizumab) which is expected for 2028 (*source: Proclinical, Top10 2024*). We have strengthened our pipeline with the addition of two further programs (FYB208 and FYB209) which we believe are progressing well in the early stages of technical development (preclinical phase) and remain undisclosed as of the date of the Prospectus. Furthermore, the launch of development for FYB210, a new Biosimilar candidate, has recently been initiated.

9.4.4 Our business model focused on development enables us to adapt swiftly to market and regulatory changes and allows us to take advantage of new opportunities as soon as they arise.

Our current B2B model, which includes distinguished partnerships with selected business partners in large-scale manufacturing and commercialization, has been instrumental in advancing our Biosimilar pipeline in terms of quality and capability. Its hybrid model allows us to focus on building a strong R&D platform whilst making sure that our developed products find complementary partners for their commercialization, thus maximizing output along the value chain and maintaining full flexibility. Whilst being the best fit for the current growth phase that we are in, we are assessing mid- to long-term opportunities to integrate ourselves along the value chain in selected areas of the manufacturing process as well as potential commercialization in selected territories and therapeutic areas.

Our business model combines in-house expertise and knowledge with external partnerships. With our analytical capabilities we achieve and maintain a high degree of similarity between our Biosimilar candidates and their respective Reference Drugs. This is then translated into a robust manufacturing process and reliably secured up to commercial scale. Our main efforts lie in the development of effective strategies (including, e.g., regulatory, analytical, clinical and manufacturing strategies) combined with process expertise, in-house analytics and close monitoring and control of outsourced and out-licensed activities carried out by carefully selected, strong and reputable external partners with a high level of knowledge and capability in the development, manufacturing and commercialization of Biosimilars. This combination provides us with a lean, flexible and efficient operating structure.

We currently prioritize the development of Biosimilars over in-house production. By outsourcing manufacturing and through the out-licensing of the marketing and commercialization activities to our partners, we can select the most suitable partner for each development project and substantially reduce capital expenditures. This allows us to allocate resources towards our R&D activities (see "*9.4.3 Our R&D capabilities place us in a strong position as a pure-play developer of Biosimilars.*") and the advancement of therapeutic Biosimilar solutions. We believe that our operating structure enhances our agility and enables us to adapt swiftly to the changing demands of the market as well as scientific developments in the field of Biological Drugs and Biosimilars. Collaborating with our specialized CDMOs also guarantees access to state-of-the-art facilities and expertise (e.g., cell line development, process development and manufacturing, analytical testing and packaging), thereby providing us access to modern and partly disruptive technologies. Moreover, we believe that our asset-

light operating structure minimizes the burden of maintaining extensive infrastructure and paves the way for a cost-efficient, flexible and scalable business strategy. In essence, we believe that our focus on R&D rather than production enables us to navigate the complexities of the Biosimilars market with flexibility and efficiency and equips us with the ability to bring effective and affordable Biosimilar treatments to the market as quickly as possible.

Due to our operating efficiency, lean management and organizational structure, as well as our dedicated employees, we currently have the capacity and resources to develop up to seven different Biosimilar projects in parallel in a staggered manner across the different development phases of the value chain. Therefore, we believe that we stand out from our competitors, specifically compared to large pharmaceutical companies active in the Biosimilars market, in terms of the agility and flexibility of our operational activities.

9.4.5 We have a demonstrated track record of delivering growth.

Our financials for the past three fiscal years show an attractive combination of growth at improving profitability. Our revenue increased from EUR 36.6 million in the Fiscal Year 2021 to EUR 77.7 million in the Fiscal Year 2023, representing a CAGR of 28.5% from 2021 to 2023. Compared to our revenue of EUR 42.5 million in the Fiscal Year 2022, our revenue grew by 82.8% to EUR 77.7 million in the Fiscal Year 2023, mainly driven by revenue resulting from the success-based milestone payments under the commercialization partnership with Fresenius Kabi for FYB202 as well as the marketing of our ranibizumab Biosimilar FYB201, which is available in a total of 20 countries worldwide as of the date of the Prospectus. For the Fiscal Year 2024, we expect our revenue to decline within a range of 28.8% to 15.9% to between EUR 55 million and EUR 65 million, mainly driven by transformational measures and reduced revenues from cost reimbursement (see "*19.2 Trend information and outlook*" for further details).

Furthermore, we expect the market launch of our Biosimilar candidates FYB202 and FYB203 to further drive our revenue growth. According to the existing settlement agreements, our Commercialization Partner Fresenius Kabi (see "*9.6.6 Commercialization*") is allowed to market FYB202 (i) in the United States by no later than February 22, 2025 and (ii) in non-US territories, including the EU, the UK, and Canada within the first half of 2025 for certain indications. For our Biosimilar candidate FYB203, launch is expected in first countries within the next two years, depending on the progress of litigation proceedings (see "*9.17.3 Proceedings regarding FYB203*").

9.4.6 We have an entrepreneurial and highly experienced management team.

We have a strong and ambitious management team led by our Chief Executive Officer (CEO) and Chief Operations Officer (COO), Dr. Stefan Glombitza, who has spent more than 27 years in the pharmaceutical industry where he gained international experience across both operational and strategic managerial roles. He has grown and shaped Formycon's development business as Chief Operating Officer (COO) since 2016 and has acted as CEO since 2022. Our Chief Business Officer (CBO), Nicola Mikulcik, has held senior management positions at both Hexal and Sandoz International and has more than 20 years of extensive experience in the pharmaceutical industry, especially in the areas of product and business development as well as commercial affairs. Our Chief Scientific Officer (CSO), Dr. Andreas Seidl, has more than 23 years of experience in the biopharmaceutical industry. He has pioneered strategies for the development and approval of Biosimilars, including decisive contributions to the development of the first complex Biosimilar, Epoetin alfa Hexal®/Binocrit®. Subsequently, Dr. Andreas Seidl contributed to the development and approval of eight Biosimilars in total. Our CEO, Dr. Stefan Glombitza and our CBO Nicola Mikulcik were responsible for the successful development of three Biosimilars, of which one, our Biosimilar FYB201 to the Reference Drug Lucentis® (ranibizumab), has already been approved and launched in the United States, the EU and many other countries. Thus, during their long and distinguished careers, these scientific and business professionals have successfully brought the world's first Biosimilars to market. They have comprehensive experience and expertise spanning all stages of the development of Biosimilars – from market analysis and protein analytics to the development of production processes, clinical trials as well as the regulatory approval process. Our Management Board is completed by our Chief Financial Officer (CFO) Enno Spillner, who has more than 23 years of experience in the biotechnology industry and from 2016 to 2023 served as the Chief Financial Officer (CFO) and as a management board member of Evotec SE, which is listed on the Frankfurt Stock Exchange and NASDAQ.

9.5 Our strategy

Our strategy is currently built on the following pillars:

9.5.1 Leveraging our platform and the expansion of our product pipeline

One of our main strategic goals is to further expand our position as a globally operational and highly-specialized business in the growth market of Biosimilars. In the long run, we aim to evolve into a sustainably profitable and integrated Biosimilar business covering the entire value chain within the Biosimilars segment.

To achieve this goal, we will continue to invest significantly in the development and expansion of our project pipeline and our underlying integrated development platform capabilities to be able to introduce new Biosimilars to the market at regular intervals, approximately every twelve to 18 months.

We particularly believe that our reliance on Commercialization Partners will allow us to focus on building a scalable development platform. New products can be added without significant changes in our sales and marketing or general and administrative infrastructure. This will help us to realize our long-term growth strategy through the accelerated development of our existing projects as well as the initiation of new projects. We believe that this future leverage, once we have achieved critical mass through our launches, will help to create a company that is more profitable than it would have been had we decided to create a global commercial infrastructure and distribute our products through this network.

Due to our operating efficiency, lean management and organizational structures, and staff of committed employees, we currently have the capacity and resources to develop seven different Biosimilar projects in parallel. Aside from selecting and developing our own product candidates, we intend to offer our analytics, R&D and regulatory capabilities to other companies in the Biosimilars market that do not have a platform as ours. This could apply to pure commercial players without Biosimilars development capabilities or fully integrated players which seek for portfolio additions through products that cannot be covered in their limited internal development capacities. Such an approach is intended to be applied based on a shared risk and reward concept within the framework of co-development agreements.

9.5.2 Organizational growth

We are pursuing an organizational growth strategy to create the resources to compete as an integrated biopharmaceutical company with a clear focus on the Biosimilars market. To achieve this strategic goal, we are open to cooperation arrangements and integration in selected areas of the manufacturing process as well as to building our own commercialization capabilities in certain geographies. To secure the ultimate commercial success of our projects, we will continue to utilize commercialization partnerships (in whole or in part).

9.5.3 Generating of stable cash flows

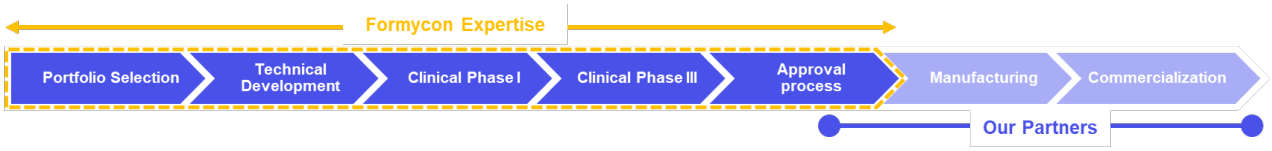
We will continue to focus on operational excellence to generate stable cash flows from our pipeline. In the medium-term, we expect recent and upcoming launches to generate cash, allowing for the recycling of capital to further accelerate growth. Additionally bolstered by an equity investment of Gedeon Richter in the first quarter of 2024 (see "*7.6.2.1 Equity*"), we are driving our business towards EBITDA and operational cash flow positivity through allocating our capital with a focus on capturing core value creation opportunity at the heart of Biosimilar development. By enhancing the breadth and depth of our asset portfolio and ensuring long-term growth, we strive for a business model optimizing risk and reward in order to capitalize on significant pipeline opportunities.

9.5.4 Utilizing our fully integrated Biosimilar development platform

Due to our operating efficiency, lean management and organizational structure, as well as our dedicated employees, we currently have the capacity and resources to develop up to seven different Biosimilar projects in parallel in a staggered manner across the different development phases of the value chain. Although we generally strive for increasing ownership in our program assets, we may further reduce our cost base by opportunistically out-licensing development projects during their clinical development phase or prior to their regulatory approval, as in the case of FYB203 where we are able to pass on our development and certain other costs to our development partner. Through this approach, we believe that we can maintain the efficiency of our operational platform and keep our financial metrics well-balanced. The scalability of our organizational structure and good access to talented employees would enable us to further extend our development capacity to an even higher number of pipeline programs for parallel development. In addition, aside from selecting and developing our own product candidates, we intend to offer our analytical, R&D and regulatory capabilities to other companies in the Biosimilars market that do not have an R&D platform such as ours. This could apply to pure commercial players without Biosimilar development capabilities or fully integrated players seeking portfolio growth opportunities through products that cannot be developed using their own limited internal development capabilities and capacity.

9.6 Our value chain

We cover the entire value chain of functional disciplines in the development of Biosimilars with core development operations being performed in-house and complemented by third-party activities under very close monitoring and guidance. This starts with the selection of highly promising candidates, continues with the analytical characterization and cell line development, preclinical in-vitro studies, production, clinical trials and extends to the creation and submission of regulatory approval application documents based on which we manage the entire regulatory procedure until final approval. The value chain for Biosimilars in general consists of the following five main segments:



9.6.1 Portfolio selection

As part of our growth trajectory, it is crucial that we constantly expand our pipeline with commercially attractive assets. Out of the manifold opportunities for off-patent biological medicines with therapeutic relevance, we focus on assets that we deem attractive for our portfolio and business, irrespective of their therapeutic area or the manufacturing technology used in their production. Given the importance of selecting and maintaining an attractive pipeline of Biosimilar assets, our asset selection process involves a comprehensive screening and evaluation process. This process considers a broad set of criteria including, but not limited to:

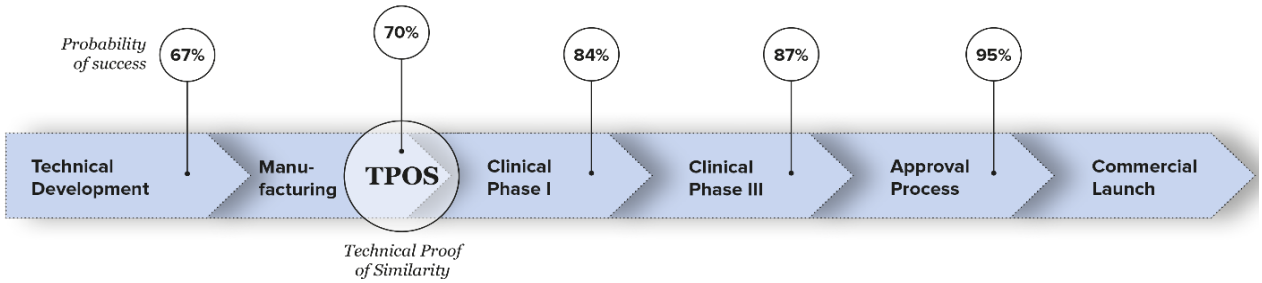
- medical relevance (i.e., will a particular molecule still be used as a first-line therapy into the future?);
- market attractiveness (i.e., number of patients requiring treatment, price level and how this affects access and affordability);
- technical complexity of the molecule (i.e., leveraging our established development engine means the more complex the molecule, the better);
- expected competitive landscape (i.e., striving for a smart mix of blockbusters and niche products for development); and
- IP landscape (i.e. consideration of FTO requirements and possible workaround scenarios).

Some regulatory authorities, such as the MHRA, are considering waiving the need for confirmatory clinical safety and efficacy trials (phase III trials) in certain circumstances. If the MHRA and other regulatory authorities around the world were to remove the need for confirmatory safety and efficacy studies, this would, if widely implemented across international health authorities, reduce the development costs per biosimilar development program by approximately 30-50%. A cost reduction of this magnitude would enable us to accelerate the frequency with which we add additional compounds to our pipeline for development. In addition, the relevant regulatory authorities would most likely pay more attention to analytical similarity requirements as part of the regulatory approval process, which requires a high level of technical skills and capabilities - a core competency of Formycon.

9.6.2 Technical development

The development of Biosimilars for the world's most highly regulated markets demands exacting standards. In the EU, the requirements for quality assurance of the production processes and production environment for the manufacture of medicinal products and active ingredients are established through a European Commission directive outlining the principles and guidelines of GMP for all medicinal products for human use. Our laboratories and research facilities are subject to these guidelines and are periodically inspected and audited by various regulatory authorities, including EMA and FDA. To meet these high standards, it is vital to establish manufacturing processes that consistently deliver a product that is highly similar to the Reference Drug. This process starts with cell line development activities, where clones with characteristics highly similar to the Reference Drug and with acceptable productivity levels are selected. Subsequently, a commercial manufacturing process for both the drug substance and drug product is developed to deliver a product that is highly similar to the Reference Drug, enabling future investment in GMP manufacturing at scale. In addition, numerous characterization methods are designed and applied to ensure our Biosimilar candidates are highly similar to the Reference Drug in terms of structure and function. Significant time and effort are spent on this similarity exercise and subsequent evaluation, enabling us to confirm technical proof of similarity to the Reference Drug. Ensuring technical proof of similarity enables a streamlined clinical program in subsequent development phases with a higher probability of success.

To illustrate the complexity and potential obstacles of this process, the following chart indicates the general probability of actual success of a commercial launch of a Biosimilar for each of the relevant development stages:



[1] *Source: Development Path, Schiestl et. Al 2020.*

In recent years, we have focused primarily on the development of our own Biosimilar projects and the out-licensing of projects (see "*9.7 Our products and product pipeline*" for details). Due to our operating structure, our activities are essentially limited to R&D as well as clinical and regulatory activities. In the Fiscal Year 2023, a total of 162 FTEs (Fiscal Year 2022: 137) were working in the R&D department, corresponding to 82% of our workforce. We measure the productivity of our R&D staff in terms of hours directly attributable to development projects, which have remained at constant high levels in recent years. During the Fiscal Year 2023, 85.1% (Fiscal Year 2022: 83.5%) of all hours worked were project related. During the same period, 14.5% (prior year: 13.6%) of hours worked were performed by employees who are not assigned to the R&D department.

9.6.3 Clinical development

During the clinical development phase, clinical studies are conducted to support the product registration process. Typically, a pharmacokinetic ("**PK**") study is performed to demonstrate PK equivalence of the proposed Biosimilar to the approved Reference Drug (phase I trial). In addition, a global, confirmatory clinical efficacy and safety study is typically performed to confirm that there are no clinically meaningful differences between the proposed Biosimilar and the Reference Drug (phase III trial, i.e., confirmatory efficacy and safety). Depending on the specific program, these two studies may be conducted within one combined larger study program or as two separate studies run in parallel or sequentially. When both a PK and confirmatory efficacy and safety study are required, we perform a feasibility analysis (including a risk assessment) to determine whether both these studies can be run in parallel (where feasible), which enables a faster timeline to submission of the marketing authorization application (dossier) for the Biosimilar program to the relevant authorities for their review and approval.

In parallel to the clinical studies, manufacturing, process characterization and validation as well as the analytical similarity assessment supporting registration is completed.

With the acquisition of Clinical Research GmbH (previously operating under Bioeq GmbH) in 2022, we expanded the spectrum of our in-house development capabilities to encompass clinical development and the management of clinical trials. As a sponsor of such clinical studies, our subsidiary Clinical Research GmbH is obliged to comply with detailed regulations pertaining to GCP when conducting clinical trials of medicinal products for use in humans. Even where not regulated by law, the GCP guidelines constitute an international standard recognized worldwide, aimed at protecting patients and at ensuring the integrity and accuracy of the data and findings generated through clinical studies. Compliance with GCP guidelines on the part of the study sponsor, the participating study centers, and other parties involved in the clinical study process is verified during GCP inspections conducted by local health authorities.

9.6.4 Approval

Our goal is to submit a globally suitable, high-quality dossier that enables first-time approval based on the totality of evidence included in the dossier for the Biosimilar product relating to the comparative analytical data, chemistry, manufacturing, and controls as well as the required clinical data. Extrapolation principles allow for the approval of a full label with indications matching that of the Reference Drug other than the indications specifically protected under regulatory exclusivity. We work closely with health authorities through the review process to enable approval at the earliest possible time after dossier submission, trying to achieve market entry before any competing Biosimilars.

Our Biosimilars FYB201, FYB202 and FYB203 have been submitted for regulatory approval in the world's most stringently regulated markets, including the EU, the United States, the United Kingdom, Switzerland, Canada and Australia. Approvals for our Biosimilars must generally be obtained in each of the relevant

jurisdictions. However, for our business, the approvals by EMA for the European market and FDA for the U.S. market are of utmost importance as both agencies subject Biosimilars to a thorough scientific assessment in terms of quality, safety, and efficacy before they are being approved. Our first Biosimilar FYB201 was approved in both the EU and the United States in 2022. Subsequently, our Biosimilars FYB202 and FYB203 have been approved in the United States and FYB202 in the EU in 2024.

Biosimilars require a far greater investment of time and effort in order to gain regulatory approval versus conventional generic drugs. To attain regulatory approval, we must conclusively demonstrate that the quality, safety, and efficacy of our Biosimilars are highly similar to that of the Reference Drug. These high standards are attained through intensive analytical testing, clinical trials, and state-of-the-art production processes.

9.6.5 Manufacturing

Our Biosimilars are manufactured under strictly controlled GMP conditions, using state-of-the-art biotechnological processes to ensure the highest quality standards. To manufacture our Biosimilars (including the manufacturing of the active ingredients), we rely on highly reputable global CDMOs or "contract manufacturers" who adhere to high-quality standards such as Current Good Manufacturing Practices (cGMP) as enforced by FDA and GMP, as applicable. Our contract manufacturing partners are primarily situated in the U.S. and Europe to strategically complement our internal expertise and capabilities and to support cell development, drug substance, drug product, packaging and analytical activities for the development and manufacture of our Biosimilars. Our CDMOs have received positive outcomes following inspections by the relevant health authorities including FDA and EMA. To supplement the highly complex technical manufacturing processes, we have in-house analytical capabilities to support our similarity exercises, for which we also underwent a successful FDA inspection without any notice of inspectional observations.

Our modular approach to partnering with several CDMOs along the manufacturing value chain for our Biosimilars allows us to screen the CDMO market to identify the most suitable external service providers, based on criteria such as technological expertise, authority inspection history, location, capacity, area of specialization and track record. This approach enables us to leverage our partners' strengths and adapt our development and manufacturing requirements to increase flexibility and sustainability. We are constantly reviewing our CDMO network by assessing potential strategic partnerships, including BD&L opportunities to enable us to adapt our CDMO network to meet our changing end-to-end needs and those of our patients.

9.6.6 Commercialization

9.6.6.1 Commercialization Partners

We do not currently have direct sales, marketing, and distribution capabilities. Instead, we rely on strategic partnerships with our Commercialization Partners covering global markets such as Fresenius Kabi, Teva, and Sandoz (via our joint venture Bioeq AG). These Commercialization Partners have the necessary infrastructure to commercialize our products, i.e., to facilitate excellent sales, marketing, and distribution. Our in-house strategic sales and marketing expertise is therefore focused on relationships with our existing Commercialization Partners and identifying new partner relationships.

By relying on our Commercialization Partners, we believe that we are able to realize and leverage the following benefits:

- *Global reach*: Through commercializing by our Commercialization Partners, our products can reach many markets around the world, including key markets in the EU, the United States, Canada, and Australia but also less developed markets for Biosimilars in the Middle East or in Latin America. This global approach provides diversification and opportunities for growth in markets in which companies that focus solely on the EU and the United States are not active.
- *Local expertise*: We strongly believe that the market access mechanisms for Biosimilars are still very different between different countries and regions. Our commercial partnership models allows us to leverage the local expertise of our Commercialization Partners in managing local regulatory and commercial landscapes which they have built up over many years and would be difficult to replicate internally in all respects in the short term. Currently, we believe that our Commercialization Partners enable us to bring our products to market more effectively and earlier than if we were to pursue our own commercial strategy.
- *Portfolio flexibility and scale*: Our commercial strategy further allows us to combine our products with larger portfolios (via our Commercialization Partners) which, through the benefit of cross-selling, serves to further enhance the attractiveness of our products. Furthermore, through this basket portfolio approach, we can receive the benefits of the established relationships our Commercialization Partners have with payors and providers. By selecting a Commercialization Partner who has a highly functioning sales team with related products on the market, which could even be originator products (e.g., in the field of oncology), we can focus on candidates that we believe are the most attractive from a commercial

viewpoint. Consequently, we can adopt a flexible approach to product selection, based on clinical merits, partner preferences, competitor landscape which are factored in the overall assessment of the commercial opportunity of the selection candidate.

- *Platform leveragability*: Our reliance on Commercialization Partners also allows us to focus on building a highly scalable organizational platform. New products may be added without significant changes in our sales and marketing or general and administrative infrastructure.

9.6.6.2 Revenue generation

There are three pillars of revenue generation in our commercial model:

Upfront and milestone payments

Under the licensing agreement we normally agree with the partner to continue to develop the Biosimilar candidate. The partner receives the exclusive or semi-exclusive right to market, distribute, and sell our product globally or in a certain territory once the Biosimilar candidate has been approved by the relevant regulatory authority.

We may be entitled to upfront payments and milestone payments from our partners that allow us to finance the development of our Biosimilar candidates before they generate revenue from commercialization. Depending on the timing of out-licensing and the individual deal structure the different payments can be a reward for development work that has already been performed at the date of the signature of the deal or a contribution to the future development expenditure or success based milestone I (e.g., for clinical, regulatory, launch, market sales milestones).

Royalties

Once a partnered project has been approved by the regulatory authority and our licensing partner has started sales and marketing of the product, we are eligible to receive royalties. This means that we will receive a share of the revenues generated by the Commercialization Partner. In most cases the basis for the revenue participation is on net sales or profits. These royalties are normally calculated and paid on a quarterly basis.

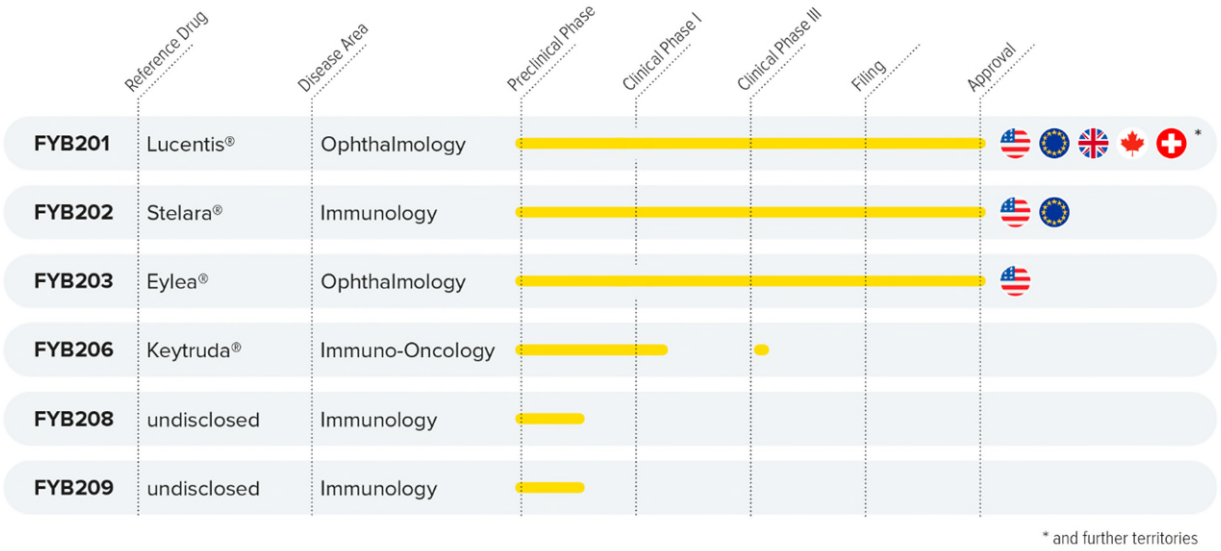
The royalties are intended to become a key pillar of our long-term financial performance, contributing significantly to our profitability and sustainability, and enabling further investments into new Biosimilar candidates. The upfront and milestone payments and the royalty rates are negotiated between our commercial partners and us and depend mainly on the estimated addressable market for the product, the territory, the stage of the development of the product and the competitive situation at the time of entering into the partnership.

Financial provision for staff services

A large part of our revenue also results from fees we receive for providing development services for development work on Biosimilar candidates that have been previously licensed-out or are under development through partnerships.

9.7 Our products and product pipeline

Our current products and product pipeline focuses on the fields of ophthalmology, immunology, and immuno-oncology, as well as for the treatment of other key chronic diseases and currently consists of three approved Biosimilars (FYB201, FYB202 and FYB203), one Biosimilar candidate in the clinical phase (FYB206) and two preclinical (FYB208 and FYB209) Biosimilar candidates. Furthermore, the launch of development for FYB210, a new Biosimilar candidate, has recently been initiated.



In addition, the development of an innovative COVID-19 fusion protein (FYB207) was initiated in 2020 based on extensive experience in the development of biopharmaceutical drugs and at the time as a contribution to combating the COVID-19 pandemic. However, due to the significant change in the pandemic situation, the FYB207 project was re-evaluated and de-prioritized in 2023. Patent applications and scientific advice meetings with the relevant authorities are still being sought and further funding opportunities are being continuously evaluated to ensure that development can be reactivated or accelerated at any time. At present, however, the strategic focus of our potential industrial partners is on other priorities.

9.7.1 FYB201

Our first fully developed and approved Biosimilar FYB201 is a Biosimilar to the blockbuster ophthalmic Reference Drug Lucentis® (ranibizumab).

9.7.1.1 Scope of therapeutic indication

The Reference Drug Lucentis® (ranibizumab) is among the most established anti-VEGFs today. Lucentis® (ranibizumab) is used in the treatment of various eye diseases in adults which cause damage to the retina such as (i) the 'wet' form of neovascular age-related macular degeneration (nAMD) which is caused by choroidal neovascularization (i.e., abnormal growth of blood vessels beneath the retina, which may leak fluid and blood and cause swelling), (ii) macular oedema (swelling of the macula) caused by diabetes or by occlusion (blockage) of the veins behind the retina, (iii) proliferative diabetic retinopathy (growth of tiny abnormal blood vessels in the eye, associated with diabetes), and (iv) other sight problems associated with choroidal neovascularization. In these diseases, a protein called vascular endothelial growth factor ("**VEGF**") causes excessive blood vessels to form within the retina, resulting in a progressive loss of central vision or even blindness. Treatment with ranibizumab inhibits certain growth factors involved in the formation of new blood vessels, with the result that deterioration of visual performance can be slowed down or even stopped altogether.

9.7.1.2 Our development work and commercialization

Following the achievement of key milestones in the development of FYB201, we successfully out-licensed FYB201 to Santo Holding (Deutschland) GmbH in 2013. Polpharma, Poland's largest pharmaceutical company, subsequently acquired a 50% stake in the project in 2014. Santo Holding (Deutschland) GmbH and Polpharma together established a joint venture entity, Bioeq AG, to which FYB201 was transferred. Within the framework of this participation model, we participate in product sales through staggered royalties calculated on the basis of all net sales of any FYB201 products earned by Bioeq AG in the mid-single to low-double-digit-percentage range. In addition, in 2022 we acquired the 50% stake in Bioeq AG held by Santo Holding (Deutschland) GmbH, a subsidiary of ATHOS (see "*9.16.1 ATHOS Transaction*"), and thus also own half of the project and commercialization rights to FYB201.

Global phase III clinical trials of FYB201 were initiated in early 2016, under the direction and responsibility of Clinical Research GmbH (previously operating under Bioeq GmbH). The study, planned in close coordination with FDA and EMA, aimed to prove the comparability of FYB201 with its Reference Drug Lucentis® in patients with nAMD in terms of safety, efficacy, and immunogenicity. With the attainment of the study's primary endpoint in May 2018, it was clinically demonstrated that the efficacy of FYB201 in patients with nAMD was comparable to that of its Reference Drug Lucentis®. In addition, analytical similarity was also demonstrated.

In addition to the Biosimilar vial presentation on the market, we are also developing a pre-filled syringe (PFS) application system for administering the drug without a preparative step, which is intended to further improve FYB201's market position. Developing such a dosage form for intraocular application with a very low injection volume (50 µL), including a dedicated terminal sterilization process, is very complex and demonstrate the high technological expertise of our development teams.

9.7.1.3 Approval

FYB201 is approved for the treatment of all of Lucentis® (ranibizumab) indications in the EU, the United States, the United Kingdom as well as Switzerland, Canada, Australia, Jordan, Israel, Saudi Arabia, Algeria, Oman, Bahrain, Kuwait, Qatar, Peru and El Salvador. Submissions for market approval in other MENA and Latin American countries is ongoing as of the date of the Prospectus.

In July 2022, our Commercialization Partner Teva launched FYB201 under the name Ongavia® (registered trademark of Teva) in the United Kingdom as the first market. The market share has reached more than 80% in the United Kingdom as of the date of the Prospectus (*source: Company information as of August 2024; measured by doses*). Meanwhile, in the EU the product has been launched by Teva successively under the name Ranivisio® (registered trademark of Bioeq AG) in approximately half of the EU member states. The market launch in the United States took place in October 2022, where FYB201 is marketed by Coherus under the name CIMERLI® and holds a market share of more than 40% as of the date of the Prospectus (*source: Company information as of August 2024; measured by doses*). The product rights for the United States were acquired by Sandoz from Coherus in March 2024. Recently, FYB201 was launched in Canada under the name Ranopto®, and Switzerland under the name Ranivisio® as well as in parts of the MENA region under the name Uptera® or Ravegza®.

9.7.1.4 Addressable market

In 2023, the Reference Drug Lucentis® (ranibizumab) still generated global net sales of around USD 1.5 billion. This constitutes a decline of 21% compared to about USD 1.9 billion in 2022 due to increased competition (*source: Novartis, Annual Report FY 2023*). The total global market for anti-VEGFs was valued at about USD 22.7 billion in 2022 and is forecasted to reach USD 34.9 billion in 2023, corresponding to a CAGR of 3.9% (*source: Persistence, Anti-VEGF Market Outlook*).

9.7.2 FYB202

FYB202 is our approved Biosimilar to the Reference Drug Stelara® (ustekinumab).

9.7.2.1 Scope of therapeutic indication

Ustekinumab, a human monoclonal antibody which targets the cytokines interleukin-12 and interleukin-23, is targeted at several different therapeutic indications involving serious inflammatory diseases such as moderate to severe plaque psoriasis (a disease causing red, scaly patches on the skin), active psoriatic arthritis (inflammation of the joints associated with psoriasis), moderately to severely active Crohn's disease (a disease-causing inflammation of the gut), and moderately to severely active ulcerative colitis (inflammation of the large intestine causing ulceration and bleeding).

9.7.2.2 Our development work and commercialization

We have demonstrated FYB202's analytical similarity to the Reference Drug Stelara® (ustekinumab). In addition, we have developed a commercial scale manufacturing process for FYB202 with our drug substance and drug product third-party manufacturers for FYB202.

In August 2022, a randomized, double-blind, multicenter Phase III study demonstrated the comparable efficacy of FYB202 to the Reference Drug Stelara® (ustekinumab) in patients with moderate-to-severe psoriasis vulgaris (plaque psoriasis). Additionally, the positive results of a phase I pharmacokinetics study showed that FYB202 was bioequivalent to its Reference Drug Stelara® (ustekinumab) for all primary endpoint parameters. In each case, Clinical Research GmbH (previously operating under Bioeq GmbH) was the sponsor of the clinical study and was responsible for the design and operational execution of the studies.

In February 2023, we concluded a license agreement with Fresenius Kabi for the commercialization of FYB202 in key global markets such as the United States, the EU and the United Kingdom. Upon conclusion of the license agreement, Formycon received an upfront payment and will receive milestone payments, subject to the successful achievement of certain regulatory events, in an expected mid double-digit million euro range. Within the framework of this participation model, we will participate in future product sales through royalties. Profits from product sales of FYB202 will be shared roughly equally. Semi-exclusive commercialization rights for Germany as well as rights for parts of the MENA region and Latin America remain with Formycon.

9.7.2.3 Approval

On September 27, 2024, the FDA approved FYB202 and the European Commission issued a marketing authorization for FYB202 to the Company and Fresenius Kabi as our Commercialization Partner. The centralized marketing authorization is valid in all EEA countries, including the 27 member states of the EU as well as in Iceland, Liechtenstein, and Norway. According to the existing settlement agreements with Janssen Biotech, Inc. ("**Janssen**"), Horsham, United States, regarding the proceedings outlined in "*9.17.2 Proceedings regarding FYB202*" below, our Commercialization Partner Fresenius Kabi (see "*9.6.6 Commercialization*") is allowed to market FYB202 (i) in the United States by no later than February 22, 2025 and (ii) in non-US territories, including the EU, the UK, and Canada within the first half of 2025 for certain indications.

9.7.2.4 Addressable market

The Reference Drug Stelara® (ustekinumab) is a high-cost medication with an average drug cost per year ranging from USD 19,900 up to USD 33,800 in the United States (*source: NCBI, Stelara*®). Global sales of Stelara® (ustekinumab) amounted to USD 10.9 billion in 2023 compared to USD 9.7 billion in 2022, reflecting a growth rate of 11.7% (*source: Johnson & Johnson, Annual Report FY 2023*).

9.7.3 FYB203

FYB203 is our approved Biosimilar to the Reference Drug Eylea® (aflibercept).

9.7.3.1 Scope of therapeutic indication

Aflibercept is a recombinant human fusion protein which works by binding to vascular endothelial growth factor A (VEGF-A), as well as to placental growth factor (PLGF). Through this action, aflibercept suppresses the formation of blood vessels in the retina, which otherwise impair vision. Like Lucentis®, the Reference Drug Eylea® is injected directly into the vitreous body of the eye.

Due to their different mechanisms of action, aflibercept and ranibizumab complement each other in clinical practice. Some patients respond better to aflibercept, while others experience more benefits from ranibizumab.

9.7.3.2 Our development work and commercialization

Like Lucentis®, the Reference Drug Eylea® is used in the treatment of nAMD, along with several other serious eye diseases. The preclinical study with FYB203 in an alternative formulation was able to demonstrate comparable intraocular pharmacokinetics to the Reference Drug Elyea®. In addition, we have completed the development of a commercial scale manufacturing process with our drug substance and drug product third-party manufacturers for FYB203. Furthermore, we have demonstrated analytical similarity to Elyea®. As with FYB201, we are also working on a pre-filled syringe (PFS) application system for administering FYB203 into the eye without the need for a preparative step.

In May 2015, we signed an agreement to out-license FYB203 to Santo Holding (Deutschland) GmbH, which transferred the worldwide marketing rights for FYB203 to Klinge Biopharma GmbH ("**Klinge**"), a company of the Santo group. Within the framework of this partnership model, we develop the product under a fee for service model and we will participate in future product sales through staggered royalties calculated on the basis of the revenues earned by Klinge in the mid-single to low-double-digit-percentage range.

The start of the phase III clinical trial was announced in August 2020 and was successfully completed in 2023. In early February 2023, we published positive preliminary efficacy and safety data from a phase III clinical trial: The FDA-specific interim analysis of the randomized, double-blind, multi-center phase III study met the primary efficacy endpoint, demonstrating comparable efficacy between FYB203 and the Reference Drug Eylea® in patients with nAMD.

In February 2024, Klinge, obtained a royalty-bearing license under Novartis' patent rights to manufacture and globally commercialize FYB203 in a pre-filled syringe ("**PFS**") presentation.

9.7.3.3 Approval

On June 28, 2024, the FDA granted approval for FYB203. Formycon and its license partner Klinge expect the opinion for the marketing authorization of FYB203 by the Committee for Medicinal Products for Human Use ("**CHMP**") of the EMA around mid-November 2024. Subject to a positive opinion by the CHMP, the granting of the centralized marketing authorization for FYB203 by the European Commission in all EEA countries, including the 27 member states of the EU as well as in Iceland, Liechtenstein and Norway, can be anticipated in the second half of January 2025.

Market launch for FYB203 is currently expected in the first countries within the next two years, depending on the progress of litigation proceedings (see "*9.17.3 Proceedings regarding FYB203*").

9.7.3.4 Addressable market

In 2023, FYB203's Reference Drug Eylea® (aflibercept) alone generated around USD 9.2 billion in sales (*source*: *Regeneron, PR FY23; Bayer, FY23*). The total global market for anti-VEGFs was valued at about USD 22.7 billion in 2022 and is forecasted to reach around USD 34.9 billion in 2023, corresponding to a CAGR of 3.9% (*source: Persistence, Anti-VEGF Market Outlook*).

9.7.4 FYB206

FYB206 is a Biosimilar candidate to the Reference Drug Keytruda® (pembrolizumab).

9.7.4.1 Scope of therapeutic indication

The Reference Drug Keytruda® is used in cancer immunotherapy for the treatment of various tumor diseases such as non–small cell lung cancer (NSCLC), melanoma and cutaneous squamous cell carcinoma (cSCC), urothelial cancer, microsatellite instability-high (MSI-H) or mismatch repair deficient (dMMR) solid tumors, colon or rectal cancer, gastric or gastroesophageal junction (GEJ) adenocarcinoma, esophageal or certain gastroesophageal junction (GEJ) carcinomas, cervical cancer, renal cell carcinoma (RCC), endometrial carcinoma, and triple-negative breast cancer (TNBC) with the indications expanding on a regular basis.

The active ingredient pembrolizumab is a humanized monoclonal antibody that belongs to the group of immune checkpoint inhibitors. Pembrolizumab binds to the programmed cell death protein 1 ("**PD-1**") receptor and specifically blocks the interaction between PD-1 and its ligand PD-L1. This helps the immune system to activate the body's own cellular anti-tumor immune response and to kill, for example, melanoma cells.

The specific mechanism of PD-1 blockade is not limited to one type of cancer but is effective in numerous oncological indications. In addition to advanced melanoma (black skin cancer), pembrolizumab is indicated for non-small cell lung cancer and classical Hodgkin's lymphoma (malignant disease of the lymphatic system) (*source: EMA Keytruda*). Non-small cell lung cancer is one of the most common cancer indications worldwide. In Germany, for example, 50,000 people are diagnosed with the disease every year (*source: RKI Krebsregisterdaten*).

9.7.4.2 Our development work

The FYB206 project has reached important development milestones in both process development as well as the clinical phase. Following convincing results from the extensive analytical characterization of the molecule candidate as well as significant progress in the development of the manufacturing process, a comprehensive data package had been compiled to closely coordinate further program steps in initial scientific advice meetings with EMA, FDA and PMDA.

Following the initial scientific advice meetings with EMA, FDA and PMDA, we scaled-up the manufacturing process to commercial scale at the end of 2022. For this purpose, we secured GMP manufacturing capacity at an experienced and established contract manufacturer at an early stage.

We are conducting the clinical trials with FYB206 ourselves and plan substantial investments in this respect. In 2023 and in January 2024, a final agreement on the detailed clinical program was reached with the regulatory agencies. The start of clinical development with enrollment of the first patient was announced in June 2024. Partnering is likely to be implemented after the expected completion of clinical development (phase I) in 2026 or even at an earlier point in time, depending on strategic considerations.

Our goal for FYB206 is a market launch in the United States and the EU after the loss of exclusivity of the Reference Drug Keytruda®. Keytruda® (pembrolizumab) is expected to lose market exclusivity from 2028 onwards.

9.7.4.3 Addressable market

In 2023, the market of the Reference Drug Keytruda® was reported to be over USD 25.0 billion in sales worldwide, an increase of 19% compared to USD 20.9 billion in 2022 (*source: Merck, PR FY23*). Keytruda® was the world's top-selling drug in 2023 (*source: DD&D, Best Selling 2023*) and its sales are expected to exceed the USD 30.0 billion threshold in 2026 (*source: Reuters*).

9.7.5 FYB207

FYB207 is an innovative antiviral drug for the treatment and prophylaxis of COVID-19 based on a long-acting ACE2-IgG-Fc fusion molecule.

SARS-CoV-2 and other coronaviruses use the protein ACE2 on the surface of human cells as a portal of entry for respiratory infections. The viral spike-1 protein binds to ACE2 on the surface of the target cells. After docking, the virus is taken up into the cell. FYB207 can potentially be used to target all coronaviruses that use ACE2 as a port of entry. The potential area of indication area of this innovative drug ranges from preventive administration (e.g., in nursing homes) to the use in newly infected COVID-19 patients without symptoms to

the use in hospitalized COVID-19 patients. For people who are immunodeficient due to pre-existing conditions, for example, and cannot be effectively vaccinated, FYB207 could be an effective treatment option.

We currently plan to continue the development of FYB207 in a resource-efficient manner, attend scientific advice meetings with regulatory authorities and continue international patent applications. At the same time, additional funding opportunities for the further development of the product in preparation for future pandemic events ("Pandemic Preparedness") are being evaluated. Therefore, as of the date of the Prospectus, we do not intend to conduct any self-initiated clinical trials.

9.7.6 FYB208, FYB209 and FYB210

FYB208 and FYB209 are undisclosed and are in a state of preclinical development as of the date of the Prospectus. Furthermore, the development for FYB210, a new, undisclosed Biosimilar candidate has recently been initiated.

9.8 Our suppliers

We carefully select our suppliers based on their capabilities, commercial competitiveness, quality, and our manufacturing requirements, including applicable regulations and international standards. Supply resilience, flexibility and reliability are among the key criteria that we use in the selection and management of our supplier network and product portfolio. Our suppliers include cell line developers and cell banking services, drug substance manufacturers, drug product aseptic filling sites, labelling and packaging, sterilization, shipping, storage, primary packaging and raw material providers as well as analytical testing laboratories and reagent/kit providers. Raw materials used for production and testing are typically sourced by our suppliers in accordance with their supplier and vendor management procedures.

We primarily source the following products and services from our suppliers for the development as well as for the subsequent production and marketing of our products:

- raw materials, pre-products, and active ingredients, including cell culture media, stationary phases of columns, primary packaging material such as vials and syringes, specific devices such as syringes for ophthalmologic use or auto-injectors;
- services, in particular manufacturing and testing by third-party providers; and
- equipment and machinery, in particular fermenters for drug substance production and aseptic filling equipment for the filling of our products into primary packaging materials.

Our suppliers are managed internally by us or through our Commercialization Partners, depending on the stage of development of the Biosimilars. Day-to-day operations at the various suppliers are closely monitored by our quality and technical experts, who are supported by the relevant project management team, in accordance with our internal quality processes and procedures.

9.9 Environmental, social and governance (ESG)

We are aware of the responsibility we carry towards society and the environment, which arises through our business activities. Sustainable management is an integral part of our identity and by embedding sustainability into our business processes, we intend to reduce our environmental footprint, promote social justice, and ensure responsible corporate governance.

9.9.1 Materiality analysis

In order to better understand the impacts of our business activities, we started out by conducting a voluntary double materiality analysis in accordance with the key requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 with regards to Corporate Sustainability Reporting Directive ("**CSRD**"). A sustainability matter is material if it represents either an actual or potential negative or positive impact of our business on the environment and/or people, or risks or opportunities arise or may arise from the particular matter. Using this method and covering the complete value chain, we systematically identified all sustainability matters that are important to Formycon.

The materiality analysis started with a list of 25 potentially material environmental, social and governance ("**ESG**") topics. We identified the topics based on the European Sustainability Reporting Standards (ESRS), complemented by additional relevant sustainability standards, frameworks, as well as industry-specific standards and topics. For all potentially material sustainability topics, we identified and assessed our impacts, financial opportunities and risks in an iterative process with an interdisciplinary team, including external experts and important stakeholders.

9.9.2 Dialogue with our stakeholders

A cornerstone of our responsible conduct is the open dialogue with and feedback from our stakeholders. We are in continuous dialogue with both external and internal stakeholders. In addition to regular employee

feedback loops, we conduct comprehensive employee surveys, inviting our employees to provide feedback on, e.g., working conditions, opportunities for personal and professional development and the status quo of equal opportunity and diversity at Formycon. Through various channels, our employees are also invited to make suggestions for improvement. In addition, we gather feedback from and discuss with important suppliers and business partners, as well as with investors.

9.9.3 Our material sustainability topics

Through the internal analysis of our sustainability topics and reflection with our stakeholders, we were able to define the following key sustainability topics for Formycon:

ENVIRONMENT	SOCIAL	GOVERNANCE
– Climate change mitigation – Climate change adaption – Circular economy – Biodiversity and ecosystems – Water	**Employees** – Equal treatment and equal opportunities – Training and skills development – Working conditions – Health and safety **Social aspects in the value chain** – Workers in the value chain **Patients** – Access to products and high-quality information – Product safety and quality – Responsible marketing	**Business conduct, including** – Corporate culture – Compliance and integrity in business conduct – Corruption and bribery – Protection of whistleblowers – Lobbying – Management of relationships with suppliers

From an impact perspective, climate change mitigation was identified as a particularly important topic. This is due to greenhouse gas ("**GHG**") emissions and the high energy consumption resulting from the development, production, and distribution of our Biosimilars along our value chain. In addition, the preservation of biodiversity as well as the responsible use of water and the strengthening of the circular economy were identified as important environmental topics.

With respect to social topics, patient safety and the quality of our Biosimilars were identified as important topics. Another material topic identified in this area is offering our employees good working conditions, supporting their professional development and ensuring their health and safety in the workplace.

9.9.4 Our sustainability strategy

Our sustainability strategy aims to guide our actions until 2030 and is based on the materiality analysis (which is reviewed every two to three years).

Key objectives for protecting the environment include the consistent reduction of GHG emissions in our operations and the enhancement of resource-efficient and material-efficient processes. To this end, we are in the process of implementing the ISO 50001 energy management system, are planning to implement the ISO 140001 environmental management system in 2025 and are also implementing further measures to reduce resource use and waste. We have started to calculate our corporate carbon footprint, covering all direct emissions and significant indirect emissions in our own operations and along our value chain, starting with scope 1 (direct emissions) and scope 2 (indirect emissions from purchased energy) in 2024, followed by scope 3 (all indirect emissions that occur in the upstream and downstream value chain) in 2025. Having established this baseline, we will develop a climate strategy to minimize our carbon footprint including the setting of measurable emissions reduction targets and implementing concrete actions to achieve our targets. We also intend to work with our strategic business partners to integrate sustainability criteria into our existing partnerships. For example, we are planning to include ESG criteria in the selection of new strategic partners and sourcing decisions. This goes hand in hand with our supplier code of conduct, in which we have defined the values for an ethical cooperation between us and our partners, and which is a part of our supplier contracts.

We strive to build long-term, trusting partnerships with our employees, based on transparency and fair team play. To this end, we offer extensive training opportunities, set annual personal development goals and integrate employee training metrics into our management performance targets. At the same time, we aim to reduce work-related injuries and illnesses among our own employees to zero and plan to have our occupational health and safety management system certified to ISO 45001 standards by 2027. We are also striving for a diverse and open company culture and are proud to have employees from more than 30 different nations. We support the internal networking of different minority groups and offer various health related benefits.

Responsible corporate governance and stakeholder trust are pivotal for our management decisions. We are committed to transparency, integrity and continuous improvement in all areas of our sustainability efforts. This includes our intent to publish our first sustainability report in 2026. We will use our materiality assessment to define key performance indicators ("**KPIs**") for each relevant sustainability issue and plan to integrate the KPIs into our executive incentive schemes. The materiality analysis is updated on a regular basis and targets are adjusted accordingly.

We have implemented strict policies covering all relevant areas such as business and supplier code of conduct, insider trading, anti-bribery, anti-corruption, environmental and diversity. All employees must adhere to these policies and receive regular training concerning the implementation.

9.10 IP

A key foundation of our commercial success is our IP which is as a result of the interplay of our experience, knowledge, and know-how, and continues through to the development of our products. We have built, and continue to build, significant IP through our substantial investment in R&D. We believe that our competitive advantage relies heavily on our IP, but that no single IP asset is material to our business as a whole and believe our most important IP assets are our patents.

We protect our own IP by registering it in local markets following a dedicated strategy. Key elements of our IP strategy include systematic reviews of our project results for patentability and continuous alignment with our key business objectives. We devote significant resources to protect and defend our IP assets. As part of our IP protection approach for technology and innovations, products, systems, services, and brands, we file patents at an early stage and with a broad approach, file, trademarks, and register domains where appropriate. In this context, we aim to anticipate our competitors' IP strategies by conducting third-party IP analyses and identifying technology gaps and thereafter filing our applications accordingly.

We are supported internally by an experienced IP professional specialized in IP matters regarding biotechnology and pharmaceuticals.

9.10.1 Freedom to operate

As a global developer of Biosimilars, we operate in a market that is abundant with third-party intellectual property rights that may protect anything from the composition of a product, its methods of use, its formulations, cell line constructs, vectors, culture media, production processes and purification processes. The landscape of the relevant third-party intellectual property rights is different for each of our products. The identification of all third-party intellectual property rights and their expiration dates relevant to the production and sale of a product is extraordinarily complex and requires sophisticated legal knowledge in the relevant jurisdiction as well as interactive monitoring and analysis of the current intellectual property landscape.

9.10.2 FTO process

We have designed and implemented a sophisticated process to determine "freedom to operate", i.e., the ability to develop and market a product without infringing the intellectual property rights of a third party ("**FTO**"). This process pertains to all our products and product candidates. Our FTO process spans the entire development process, from molecule selection to product launch and seeks to control the risks associated with the potential infringement of third-party intellectual property rights at every step of the process.

Our FTO process starts with the selection of candidate molecules. This step includes: (i) an assessment of the expiry of regulatory data exclusivities, including biologic data exclusivity and orphan drug exclusivity, (ii) an assessment of patent expiration, including patent term extensions, supplementary protection certificates ("**SPCs**"), and pediatric extensions, as applicable, of (a) relevant patents relating to basic compounds, (b) relevant patents relating to the indication(s) and dosing regimen as currently included in the labeling of the Reference Drug, and (c) relevant patents relating to the commercial formulation of the Reference Drug, if the active pharmaceutical ingredient of the Reference Drug is difficult to stabilize and/or formulate. Depending on the nature of the Reference Drug, the FTO process may further include the assessment of third party IP rights on further aspects such as delivery devices, diagnostic tests, analytical methods, etc.

The process includes the selection of a lead candidate molecule in relation to the Reference Drug. This step includes (i) an assessment of the validity of patents relating to the dosage regimen or to the main indications of the Reference Drug, and (ii) an assessment of whether the development of an alternative formulation is required and, if it is required, if this is feasible.

Our FTO process continues with creating a patent landscape, i.e., an overview of the relevant patents or SPCs for the Reference Drug. This step includes (i) performing a patent search for the Reference Drug, (ii) updating the resulting landscape at regular intervals until product launch, (iii) an assessment of the validity of relevant patents or SPCs that may block development and/or marketing of products in key jurisdictions, i.e., the territories of the United States and/or the European Patent Convention, and (iv) where deemed necessary, taking preemptive action against such patents or SPCs, e.g., opposition proceedings or nullity actions.

Where formulation development is necessary, our FTO process further includes (i) performing a freedom to operate search on candidate formulations, (ii) filing patent applications of our own leas formulations, generally as soon as three months of stability data is available, (iii) performing a patent search on the main features of the lead formulation, (iv) creating an FTO opinion for the lead formulation and updating said FTO opinion if needed, and (v) monitoring patent applications relating to the formulation of the Reference Drug, and patent applications on alternative formulations filed by competitors, including, where deemed necessary, taking preemptive action against such patent applications or patents, e.g., opposition proceedings or nullity actions.

With regard to bioprocess development, FTO activities include (i) performing an initial FTO search for manufacturing processes as soon as the key features of the manufacturing process that are to be used for a product have been defined, e.g., culture media and chromatography steps, (ii) creating FTO opinions for manufacturing processes when the process development is finalized, and updating said FTO opinions if needed, and (iii) monitoring relevant patent applications, including, where deemed necessary, taking preemptive action against such patent applications or patents, e.g., opposition proceedings against patent applications or nullity actions against granted patents.

Finally, with regard to the launch preparations for a Biosimilar candidate, our FTO process includes (i) reviewing the FTO status quo with local legal counsel in key jurisdictions and taking appropriate steps as needed to control the risks associated with the potential infringement of third-party intellectual property rights during product launch, (ii) where appropriate, steering the scope of potential U.S. patent infringement litigation by initiating as so-called "patent dance" (for more information, see "*8.1.5.2 Key drivers – Rising adoption through regulatory and political support of Biosimilars in the United States*" above), (iii) devising litigation strategies that may involve filing national invalidity actions and/or actions for determination of non-infringement, and (iv) preparing and implementing measures to minimize the risk of preliminary injunctions, e.g., submitting protective letters.

9.10.3 Licensing for contract development and manufacturing

To produce our Biosimilars (including the production of the active ingredients), we rely on global contract development and manufacturing organizations (CDMOs) or "contract manufacturers". The relevant contracts with CDMOs or contract manufacturers contain, as is required, inbound licenses to use the required intellectual property rights of our contractual partners, and/or outbound (sub-)licenses allowing the contractual partner to use required intellectual property rights relating to materials and/or processes required for the contract development and/or manufacturing, e.g., intellectual property rights relating, *inter alia*, to cell lines and culture media.

9.10.4 Intellectual property strategy

Our global intellectual property strategy aims to protect and enhance our competitive position in the geographical regions in which we operate.

Apart from the intellectual property rights mentioned in the following, and not considering inbound licenses, we do not own any significant intellectual property rights.

9.10.4.1 Owned patents

Our portfolio of intellectual property rights currently spans nine granted patents and 61 pending patent applications, across twelve patent families in various jurisdictions. Thereof:

- four granted patents and nine pending patent applications relate to both FYB201 and FYB203;;
- four granted patents and four pending patent applications relate exclusively to FYB203;
- one pending patent application and one granted patent relate to FYB202;
- 13 pending patent applications relate to FYB206;
- 31 pending patent applications relate to FYB207;
- two pending patent applications relate to FYB208; and
- one pending patent application relates to FYB209.

9.10.4.2 Owned trademarks and domains

We own the rights to more than 20 registered trademarks for relevant goods and/or services in various jurisdictions.

In particular, the Company owns a Swiss trademark and a European trademark for the sign "FORMYCON". We do not currently have trademark protection for the sign "FORMYCON" in the U.S., as our U.S. trademark was removed in 2021 for lack of use. We have the option to apply for a new U.S. trademark for the sign "FORMYCON" or variants thereof. The Company also owns a European trademark and a United Kingdom trademark for a word-image sign "21st century biosimilars" and a European trademark and a United Kingdom trademark for a word-image sign "better biosimilars".

Bioeq AG owns European trademarks for "bioeq" and "bioeq pharma", as well national trademarks for a word-image sign "bioeq pharma" in the United Kingdom and Argentina. Bioeq AG further owns trademarks for "BIZURAN" in Norway and Switzerland, a European trademark for "Ranvisio" and national trademarks for "Ranivisio" or variations thereof in Australia, Israel, Switzerland, Canada, U.S., and the United Kingdom.

The Company and/or FYB202 Project GmbH own a German, an European and an International mark for “Fymskina” which is Formycon’s proprietory brand name for FYB202.

We own the rights to more than 30 domain names, including the domain name "formycon" at various top-level domains (including .com, .de, .eu, .net, .org, .info, and .biz).

9.10.4.3 Employee inventions and trade secrets

The Company has implemented a process that enables us to monitor and effectively claim and pursue patent protection for employee inventions. The process features an instructive guideline for employees including detailed forms for reporting employee inventions. We will negotiate appropriate remuneration agreements with employee inventors for both patentable inventions and non-patentable technical improvements. For the assessment of patentability and prosecution of patents on reported employee inventions, we involve reputable outside legal counsel. If legitimate operational interests require that a reported service invention is not made public, we may refrain from obtaining rights to such invention and rather treat such reported employee invention as a trade secret.

9.11 Information technology

We use modern and efficient IT systems for most aspects of our business. These include IT systems for our laboratory assets and data management, administration, and internal and external communications. In addition, our IT systems provide our management team with the financial and other information necessary to implement our strategy, are designed to ensure controls and compliance across the various business units and provide for uniform and timely reporting. We believe that our IT environment will play an even more significant role for us in the future as we aim to further digitalize our business processes.

Our IT infrastructure includes servers (physical and virtual), networks, databases, storage systems as well as different 'software as a service solutions' ("**SaaS**") hosted in various cloud environments. Our SaaS solutions are hosted with different providers. All assets are secured at logical and physical levels by our security systems.

To provide the necessary support for our business, we pursue a strategy of harmonized applications and uniform solutions based on the products available from software market leaders. The key tasks of our IT organization include overall support for our standardized end-user workplaces, IT governance covering infrastructure, security, and application management of IT systems.

We maintain a dedicated cyber-security system and organization to reduce the probability of cyber-security events and to minimize their potential impact. This system includes features such as endpoint detection and response, an intrusion prevention system, an intrusion detection system, next generation firewalls, separated backups as well as cyber defense solutions. We regularly test and update our IT systems and adhere to all relevant regulations.

We continuously invest in our IT infrastructure to achieve operational stability, security and to reduce operational complexity by standardization. The implementation of the current IT strategy will require not only continuous investment to keep our platform running at the expected performance levels but also investments in additional solutions to automate and support different areas of our business. For example, our IT roadmap includes the implementation of a new enterprise resource planning (ERP) system as well as further digitalization of different laboratory and regulatory business processes.

9.12 Compliance

We have implemented various compliance measures designed to ensure that all applicable legal provisions and internal policies are complied with. These measures consist of the following pillars:

- Compliance culture: We expect employees to comply with laws and regulations and to put our values into practice. This expectation is specified in various guidelines. Our employees are subject to a code of conduct setting out the values we strive for throughout Formycon, such as solidarity, fairness, openness, and responsibility. Our compliance measures are designed to prevent, identify, and respond to violations of the code of conduct and any suspected breaches of the applicable legal provisions.
- Compliance objectives: The central objectives of our compliance activities are adherence to data protection laws, insider trading laws, compliance with anti-corruption and bribery practices and the protection of human rights.

- Electronic whistleblowing system: Our compliance measures consist of measures aimed at minimizing compliance risks and preventing compliance violations. A central element is an electronic whistleblowing system through which employees can report possible compliance violations confidentially and upon request, also anonymously.

9.13 Employees

As of the date of the Prospectus, we employ a total of approximately 225 FTEs (incl. members of the Management Board).

In H1 2024, we employed 212 FTEs (incl. members of the Management Board) on average (six-month period ended June 30, 2023: 191).

In the Fiscal Year 2023, we employed 197 FTEs (incl. members of the Management Board) on average (Fiscal Year 2022: 162; Fiscal Year 2021: 137).

The following table shows a breakdown of the average number (rounded) of FTEs (incl. members of the Management Board) by main category of activity, in each case for the periods indicated:

No. of employees (unaudited)	Fiscal Year			H1	
	2023	2022	2021	2024	2023
Research & Development.....	162	137	117	170	157
Business	10	9	4	12	10
General & administrative	25	16	16	30	24
Total	**197**	**162**	**137**	**212**	**191**

During the periods stated above and as of the date of the Prospectus, all of our employees were located in Germany.

As of the date of the Prospectus, there are no arrangements for involving the employees in the Company's capital structure despite specific employee stock options. The Company has not entered into pension arrangements with its employees. Therefore, no amounts have been set aside or accrued to provide pension, retirement, or similar benefits.

9.14 Insurance

Our objective with respect to insurance is to minimize the risk of financial loss and increase resilience at reasonable cost and with appropriate deductibles. We believe that the nature and extent of our existing insurance policies, both in terms of coverage amounts and coverage terms, are adequate to cover the principal risks of our business, considering the cost of insurance coverage and the potential risks to the business. We therefore believe that we have reasonable insurance protection, to the extent customary in our industry. Group-wide and local insurance policies are subject to customary exclusions, limits, and deductibles. At regular intervals and in collaboration with our insurance brokers, we review the nature and extent of our insurance coverages using acknowledged methods.

We have insurance coverage in place in relation to several risks associated with our business activities, including transport and storage insurance, patient insurance, all common and industry standard insurances as well as a directors and officers ("**D&O**") liability insurance policies. The D&O insurance policies protect the directors from claims for damages by the Company. Such D&O insurance has a total coverage of up to EUR 15 million per claim in aggregate and for all claims per annum.

As part of our risk and insurance management, we have a cyber insurance policy in place. It provides coverage for third-party damages (e.g., in the areas of data protection, confidentiality, and network security breach) as well as coverage for own financial losses from business interruptions due to data security breaches and other cyber-crime and -attacks.

9.15 Real estate property/facilities

As of the date of the Prospectus, the Company does not own any real estate property. Our headquarters are located at Fraunhoferstraße 15, 82152 Planegg-Martinsried, Germany, and leased by the Company.

9.16 Material agreements

9.16.1 ATHOS Transaction

On March 29, 2022, the Company, ATHOS, and certain subsidiaries of ATHOS entered into a framework agreement with share transfers (*Rahmenvertrag mit Geschäftsanteilsabtretungen*) to merge the development activities in the area of Biosimilars through a long-term strategic partnership ("**ATHOS Transaction**"). The ATHOS Transaction mainly involved the acquisition by Formycon of (i) all shares in FYB202 Project GmbH,

(ii) 50% of the shares in Bioeq AG and (iii) all shares in Clinical Research GmbH (previously operating under Bioeq GmbH) from entities of the ATHOS group.

The value of the consideration for the acquired shares amounted to a cumulative volume of approximately EUR 650 million as of the completion date. As consideration for the transfer of the shares, the transferring entities of the ATHOS group received a purchase price claim, which they contributed in the context of a capital increase of the Company from authorized capital in return for the granting of 4,000,000 Shares from a capital increase against contributions in kind. For this purpose and based on the authorization adopted by the Company's annual shareholders' meeting on June 27, 2019 (Authorized Capital 2019), the Management Board resolved on April 26, 2022 with the approval of the Supervisory Board of the same day to increase the Company's share capital against contributions in kind from EUR 11,064,750.00 by EUR 4,000,000.00 to EUR 15,064,750.00 by issuing 4,000,000 Shares (see also "*13.1.2.2 The Company in its current legal form as AG*"). The consummation of the capital increase was registered with the Commercial Register on May 6, 2022.

With respect to the conditional purchase price payments of the Company in connection with the ATHOS Transaction, see "*15.1.5 Conditional purchase price payments of the Company to Santo Holding AG in connection with the ATHOS Transaction*" and "*15.1.6 Conditional purchase price payments of the Company to FYB 202 GmbH & Co. KG in connection with the ATHOS* Transaction".

9.16.2 Shareholder loans to the Company

9.16.2.1 Existing Shareholder Loan

On March 29, 2022, the Company, as borrower, and Neula Holding GmbH as well as Active Ownership Fund SICAV SIF SCS ("**Active Ownership**"), Grevenmacher, Luxembourg, as lenders, entered into a loan agreement with an initial credit line of up to EUR 50 million, which was increased to up to EUR 68 million by amendment agreement dated December 21, 2022 and, after the end of the initial loan term, prolonged with a decreased credit line of up to EUR 48 million by amendment agreement dated March 28, 2024 ("**Existing Shareholder Loan**"). Active Ownership is a major shareholder of the Company (see "*11.1 Current major shareholders*"). Neula Holding GmbH is an indirect wholly-owned subsidiary of ATHOS, which is also a major indirect shareholder of the Company (see "*11.1 Current major shareholders*").

As of the date of the Prospectus, the Company has not drawn down any loan amount of the renewed total loan amount of EUR 48 million. With respect to the drawn down and repaid loan amounts under the Existing Shareholder Loan, see "*15.1.7 Existing Shareholder Loan*".

All loan tranches which may be drawn down bear interest at a rate of 8.5% p.a. from the date of disbursement until repayment. In addition, the lenders are entitled to a non-refundable commitment fee of 1.5% p.a. on the undisbursed portion of the total loan amount. The commitment fee is calculated for the period from March 31, 2024 until the date of full disbursement of the Existing Shareholder Loan.

The right to ordinary termination of the Existing Shareholder Loan is excluded. The Company is entitled to repay the drawn down loan amount in whole or in part and at any time without any prepayment penalty if (i) the order of the repaid loan tranches is the same in which the tranches were drawn and (ii) each partial repayment includes the full tranche. The lenders are each entitled to terminate the Existing Shareholder Loan without notice in the event of a successful placement of new shares in the Company on the capital markets by means of a cash capital increase with respect to an amount of up to 80% of the volume of the capital increase multiplied by the proportionate share of the loan amount within two weeks of the cash capital increase.

The lenders originally granted the credit line under the Existing Shareholder Loan for a term until March 31, 2025. On October 30, 2024, the parties agreed to prematurely terminate the Existing Shareholder Loan with effect from January 1, 2025.

9.16.2.2 New Shareholder Loan

On October 30, 2024, the Company, as borrower, and Santo Holding (Deutschland) GmbH as well as Active Ownership Corporation S.à r.l., acting for Active Ownership, as lenders, entered into a new shareholder loan with a total credit line of EUR 48 million with a participation of Santo Holding (Deutschland) GmbH in the amount of EUR 36 million and of Active Ownership Corporation S.à r.l. in the amount of EUR 12 million ("**New Shareholder Loan**"). The New Shareholder Loan will take effect from January 1, 2025 and will replace the Existing Shareholder Loan. Both Santo Holding (Deutschland) GmbH and Active Ownership are major shareholders of the Company (see "*11.1 Current major shareholders*").

The Company will be able to draw down the New Shareholder Loan in several tranches according to its operational requirements. All loan tranches will bear interest at a rate of 12% p.a. from the date of disbursement until repayment.

The New Shareholder Loan will be due for repayment on May 31, 2026. The right of ordinary termination of the New Shareholder Loan is excluded. The Company will be entitled at any time to repay the drawn down

loan amount in whole or in part without any prepayment penalty if (i) the order of the repaid loan tranches is the same in which the tranches were drawn and (ii) each partial repayment includes the full tranche.

For their participation in the New Shareholder Loan, the lenders received a participation commission in the total amount of EUR 240,000.00 divided between them in accordance with their participation in the total credit line.

9.16.3 Shareholder loan to Bioeq AG

The Company is party to a shareholder loan agreement between the Company and Polpharma, as lenders and Bioeq AG, as borrower ("**Bioeq Shareholder Loan Agreement**") with an unsecured loan facility in the amount of EUR 159 million ("**Bioeq Shareholder Loan**"), i.e., EUR 79.5 million per lender, which was increased by up to EUR 40 million, i.e., up to EUR 20 million per lender, to up to EUR 199 million in aggregate in July 2021. As of the date of the Prospectus, EUR 138 million (including interest) of EUR 199 million, i.e., EUR 69 million per lender, has been drawn down. In December 2021, EUR 9 million, i.e., EUR 4.5 million per lender, of the loan amount was converted into equity of Bioeq AG. The Bioeq Shareholder Loan must be repaid by Bioeq AG at the latest by July 31, 2026.

The Bioeq Shareholder Loan Agreement was originally entered into between the former joint venture partners of Bioeq AG, i.e., Santo Holding AG, Zug, Switzerland, and Swiss Pharma International AG, Zurich, Switzerland, in July 2016. The Company and Santo Holding AG have agreed on a transfer of the Bioeq Shareholder Loan Agreement from Santo Holding AG to the Company as part of the ATHOS Transaction. The purpose of the Bioeq Shareholder Loan is to secure the activities of Bioeq AG.

Interest accrues on each granted tranche of the Bioeq Shareholder Loan from the day of disbursement of such tranche at the interest rate applicable for the respective calendar year to intra-group loans denominated in Euro as set forth in the guidelines issued by the Swiss Federal Tax Administration for loans denominated in foreign currency (*Rundschreiben steuerliche anerkannte Zinssätze für Vorschüsse oder Darlehen in Fremdwährung*), as amended every year.

EUR 60 million of the loan amount, i.e., EUR 30 million per lender, are subordinated to all other existing and future claims against Bioeq AG, as agreed between the former parties of the Bioeq Shareholder Loan Agreement. In addition, the interest for the calendar years 2017 to 2022 has been waived through several amendments to the Bioeq Shareholder Loan Agreement.

9.16.4 License agreements

9.16.4.1 License Agreement FYB201

On August 3, 2017, Formycon Project 201 GmbH as licensor and Bioeq AG as licensee entered into an amended and restated license agreement which was amended by amendment dated January 8, 2020 ("**License Agreement FYB201**"). Under the License Agreement FYB201, Formycon Project 201 GmbH grants to Bioeq AG the exclusive license to use patent rights and know-how of Formycon Project 201 GmbH for the purposes of developing, manufacturing, and marketing FYB201, Formycon's biosimilar for the Reference Drug Lucentis® with the active substance Ranibizumab, in the field of ophthalmology anywhere in the world. Bioeq AG may grant sublicenses to its exclusive license under the License Agreement FYB201 to any of its affiliates and third parties upon the prior written consent of Formycon Project 201 GmbH, which shall not be unreasonably withheld, and subject to the sublicense agreement containing terms and conditions, including with respect to payments, that are not inconsistent with those contained in the License Agreement FYB201. During the term of the License Agreement FYB201, Formycon Project 201 GmbH is responsible for preparing, filing, prosecuting and maintaining the patent rights which are required to develop, manufacture and market FYB201 products, provided, however, that it is in the sole discretion of Formycon Project 201 GmbH where to apply for such patent rights.

Consideration

In consideration for the exclusive licenses granted under the License Agreement FYB201, Bioeq AG is obliged to pay to Formycon Project 201 GmbH (i) development payments on a monthly basis, i.e., all related internal and external development costs plus a handling fee for all external costs and internal costs, and (ii) staggered royalties on all net sales of any FYB201 products in the mid-single to low-double-digit-percentage range. Royalties are payable separately based on the products and the countries they were sold in, and become payable, for each product and/or country, ten years after the first commercial sale of a FYB201 product in a given country or, if earlier, the expiry of a royalty term agreed between Bioeq AG and a sublicensee.

Term and termination

The License Agreement FYB201 remains in full force as long as Bioeq AG is required to make payments to Formycon Project 201 GmbH under the License Agreement FYB201. Bioeq AG is entitled to terminate the License Agreement FYB201 at any time by giving six months prior written notice the end of a calendar quarter.

Formycon Project 201 GmbH is entitled to terminate the License Agreement FYB201 if Formycon Project 201 GmbH terminates the service agreement or the clinical supply chain agreement with Bioeq AG for breach. In addition, both parties are entitled to terminate the License Agreement FYB201 if the respective other party commits a material breach or default of any of its obligations under the License Agreement FYB201.

If the License Agreement FYB201 is terminated by any party for convenience or by Formycon Project 201 GmbH for breach, Bioeq AG's license to Formycon Project 201 GmbH's patents and know-how will automatically lapse and Formycon Project 201 GmbH may request from Bioeq AG, *inter alia*, (i) the transfer of regulatory approvals for Ranibizumab biosimilars held by Bioeq AG or its affiliates or sublicensees, and (ii) the grant of a non-exclusive, royalty-free, perpetual and worldwide license (with the right to sublicense) for any improvements to the licensed technology, relating to the development, manufacture and/or marketing of Ranibizumab biosimilars or derivatives thereof. Upon such request, Formycon Project 201 GmbH will owe royalty payments to Bioeq AG capped at half of the total development costs incurred by Bioeq AG. Upon expiry, i.e. not termination, of the License Agreement FYB201 in any country, Bioeq AG will retain a perpetual, paid-up, non-exclusive and royalty free right to use the licensed know-how to the extent necessary for biosimilars to the Reference Drug Ranibizumab in the field of ophthalmology. Upon expiry, Formycon Project 201 GmbH may request the grant of a non-exclusive, royalty-free, perpetual and worldwide license (with the right to sublicense) for any improvements to the licensed technology, relating to the development, manufacture and/or marketing of Ranibizumab biosimilars or derivatives thereof.

Service agreement

The License Agreement FYB201 is accompanied by a service agreement of August 3, 2017 between the same parties. Under this service agreement, Formycon Project 201 GmbH undertakes to provide paid services to Bioeq AG with regard to the development of FYB201 products. Unless terminated, the service agreement will expire with the expiry or termination of the License Agreement FYB201 or, if earlier, with the approval for certain products in certain territories according to a development plan.

9.16.4.2 License Agreement FYB202

On February 1, 2023, FYB202 Project GmbH as licensor and Fresenius Kabi as licensee entered into a license agreement ("**License Agreement FYB202**"). Under the License Agreement FYB202, FYB202 Project GmbH grants to Fresenius Kabi the license to use intellectual property rights and know-how of FYB202 Project GmbH for the purposes of developing, manufacturing, marketing, registering, commercializing and otherwise exploiting products containing FYB202, the biosimilar of Formycon containing the active substance ustekinumab, in the therapeutic use for treatment or prevention of specific diseases in humans for which the Reference Drug Stelara® is approved. The license under the License Agreement FYB202 extends to all territories worldwide except for certain countries in the MENA and the Latin American regions. The license is exclusive for certain territories. Semi-exclusive commercialization rights for Germany as well as rights for parts of the MENA and Latin America regions remain with FYB202 Project GmbH. Fresenius Kabi may grant sublicenses to its exclusive license under the license agreement FYB202 to any of its affiliates or third parties.

Consideration

In consideration for the licenses granted under the License Agreement FYB202, Fresenius Kabi is obliged to pay to FYB202 Project GmbH (i) an upfront payment, (ii) milestone payments contingent on the successful achievement of certain regulatory events, as well as (iii) royalties on all net sales of any FYB202 products under the License Agreement FYB202. Assuming timely achievement of the milestones, the aggregate amount of the upfront and milestone payments is expected to be in the mid double-digit million range. If the achievement of milestones is delayed, the amount of the milestone payments is reduced. The amount of royalties ranges up to approximately one-half of net sales, staggered over certain periods.

Term and termination

The term of the License Agreement FYB202 commenced on February 1, 2023 and is initially valid for a period of 20 years from the date of the first commercial sale of an FYB202 product. After this initial term, the License Agreement FYB202 will automatically renew for successive two-year terms unless Fresenius Kabi notifies FYB202 Project GmbH at least one year prior to the expiration of the initial term or the then-current term that the agreement will not be renewed.

The License Agreement FYB202 may be terminated by either party for good cause. Such cause includes, in particular, a material breach of an obligation under the License Agreement FYB202, insolvency, as well as specific scientific, technical, or regulatory reasons:

- In case Fresenius Kabi terminates the License Agreement FYB202 for breach, insolvency or change of control of FYB202 Project GmbH, or various other reasons, Fresenius Kabi will be permitted, at FYB202 Project GmbH's choice, to continue selling its inventory and withhold and offset royalties earned from such sale of inventory against its potential claims against FYB202 Project GmbH. The license granted

by FYB202 Project GmbH to its intellectual property rights and know-how will remain effective as a perpetual and (then) royalty-free license, and any granted marketing authorizations shall remain with Fresenius Kabi. In case FYB202 Project GmbH terminates the License Agreement FYB202 for breach, insolvency, change of control or non-launch, Fresenius Kabi shall (i) transfer and assign to FYB202 Project GmbH all rights to regulatory filings and marketing authorizations controlled by Fresenius Kabi for licensed products, and (ii) grant FYB202 Project GmbH a perpetual, non-exclusive, fully paid-up, royalty-free license under Fresenius Kabi's trademark for the purpose of further commercializing the licensed product.

- Should FYB202 Project GmbH terminate the FYB202 Licence Agreement for specific scientific, technical, or regulatory reasons, (i) Fresenius Kabi shall have the right to take over the development of FYB202 products, and (ii) the license granted to Fresenius Kabi will remain effective as a perpetual license. If the FYB202 product is commercialized, Fresenius Kabi would owe FYB202 Project GmbH a royalty on the net sales in the relevant territories. Should Fresenius Kabi terminate the FYB202 Licence Agreement for certain scientific, technical or regulatory reasons, FYB202 Project GmbH would be free to develop and/or commercialise the FYB202 product without any further obligations to Fresenius Kabi.
- In addition, FYB202 Project GmbH may terminate the License Agreement FYB202 for commercial reasons if certain sales targets are not reached or if the products are not marketed. In such case, FYB202 Project GmbH has, subject to certain conditions, the right to terminate the exclusivity for the certain territories and will have the right to commercialize the licensed product by itself and/or a sublicensee. Furthermore, FYB202 Project GmbH shall pay a royalty and upfront payment on Fresenius Kabi’s royalty and milestone income over a certain period.
- The License Agreement FYB202 may also be terminated by Fresenius Kabi if (i) the development or commercialization of FYB202 products is not viable from a commercial perspective, or (ii) in case of a change of control at FYB202 Project GmbH. FYB202 Project GmbH may terminate the License Agreement FYB202 if the commercialization of the licensed products in the covered territories is not viable from a commercial perspective.

9.16.4.3 License Agreement FYB203

Formycon Project 203 GmbH as licensor, the Company as guarantor and Klinge as licensee are parties of a license agreement dated May 22, 2015 which was amended by amendment agreements dated March 5, 2020 and June 25, 2020 ("**License Agreement FYB203**"). The License Agreement FYB203 was originally concluded between Formycon Project 201 GmbH, the Company and Santo Holding (Deutschland) GmbH. Formycon Project 201 GmbH and Santo Holding (Deutschland) GmbH subsequently transferred their respective legal position in the License Agreement FYB203 to Formycon Project 203 GmbH and Klinge, respectively. Under the License Agreement FYB203, Formycon Project 203 GmbH grants to Klinge the exclusive license to use patent rights and know-how of Formycon Project 203 GmbH for the purposes of developing, manufacturing, marketing and using the product containing FYB203, the biosimilar of Formycon containing the active substance aflibercept, in the field of ophthalmology anywhere in the world. Regarding a potential license in the field of oncology indications, Formycon Project 201 GmbH granted a right of first refusal to Klinge. Klinge may grant sublicenses to its exclusive license under the License Agreement FYB203 to any of its affiliates and third parties upon the prior written consent of Formycon Project 203 GmbH, which shall not be unreasonably withheld, and subject to the sublicense agreement containing terms and conditions, including with respect to payments, that are not inconsistent with those contained in the License Agreement FYB203. Klinge is obliged to use commercially reasonable efforts to develop, manufacture and market FYB203 products in the United States, Germany, France, Italy, Spain and the United Kingdom. Klinge has agreed that the Company takes over the commercial manufacturing and supply chain activities on behalf of Klinge under a corporation agreement.

Consideration

In consideration for the exclusive license granted under the License Agreement FYB203, Klinge is obliged to pay to Formycon Project 203 GmbH (i) an upfront payment, (ii) development payments on a monthly basis, i.e., all related internal and external development costs plus a handling fee for all external costs and internal costs, as well as (iii) staggered royalties calculated on the basis of the revenue earned by Klinge in the mid-single to low-double-digit-percentage range. During the term of the License Agreement FYB203, Formycon Project 203 GmbH is responsible for preparing, filing, prosecuting and maintaining the patent rights which are required to develop, manufacture and market FYB203 products, provided, however, that it is in the sole discretion of Formycon Project 203 GmbH where to apply for such patent rights.

Term and termination

The License Agreement FYB203 remains in full force as long as Klinge is required to make payments to Formycon Project 203 GmbH under the License Agreement FYB203. Klinge is entitled to terminate the License

Agreement FYB203 at any time by giving six months prior written notice the end of a calendar quarter. Formycon Project 203 GmbH is entitled to terminate the License Agreement FYB203 if Formycon Project 203 GmbH terminates the development work agreement with Klinge for breach. In addition, both parties are entitled to terminate the License Agreement FYB203 if the respective other party commits a material breach or default of any of its obligations under the License Agreement FYB203. Upon termination of the License Agreement FYB203, the licenses granted to Klinge will automatically lapse and Klinge shall cease all manufacture and marketing of aflibercept products under the licenses, but Klinge may distribute and sell its existing inventory for twelve days following the date of the effective termination.

9.17 Governmental, legal and arbitration proceedings

In the course of our business activities, we are regularly exposed to numerous legal risks, in particular in the areas of patent litigation (see "*1.4 Risks related to regulatory and legal matters*").

For companies involved in the development, manufacture and/or marketing of Biosimilar products, litigation with regard to patents, SPCs and/or data and/or marketing exclusivity forms part of the business, this is because it is in the interests of enterprises such as ours to enter the market as early as possible and it is in the interests of the entities holding the intellectual property rights to such Reference Drugs to keep Biosimilar products from entering the market for as long as possible. For this reason, it is often the case that we, as well as our competitors, with regards to Biosimilars for a certain Reference Drug, are involved in invalidity actions against the relevant patents and/or infringement actions brought against us by the entities holding the intellectual property rights to such Reference Drug. In the reality of doing business, such litigation will most often result in a settlement which includes a license grant by the rights holder(s) as licensor. It is common for such settlements to include a launch date after which the licensee(s) may market the relevant Biosimilar product in certain markets without danger of attacks from the licensor. It is also common for such settlements to include "most favored nations" clauses pursuant to which the licensee may invoke more beneficial licensing terms granted by the licensor to third parties. In practice, this often – but not necessarily – leads to a situation where all competitors with regard to Biosimilars for a certain Reference Drug have access to comparable licensing terms and, by extension, terms for safe market entry.

Apart from the proceedings mentioned below, there were no other governmental, legal or arbitration proceedings (including pending or threatened proceedings that we are aware of) during the twelve-month period prior to the date of this Prospectus, which may have, or have had, a significant effect on the financial position or profitability of the Company or Formycon:

9.17.1 Proceedings regarding FYB201

In connection with our Biosimilar FYB201, we filed invalidity actions and opposition proceedings against several patents by Novartis, which are relating to PFSs for direct application of ophthalmic into the eye of a patient, in Switzerland, the United Kingdom, and with the European Patent Office.

In the United Kingdom, Novartis responded with a counterclaim for infringement. Novartis subsequently disclaimed all opposed patent rights in the United Kingdom (Bioeq AG vs. Novartis, High Court of Justice [Patent Court], HP-2022-000008).

These invalidity and/or opposition proceedings were concluded by way of a settlement on March 1, 2024. Under the settlement, Bioeq AG and its affiliates obtained a royalty-bearing license under Novartis' patent rights to manufacture and commercialize its ranibizumab Biosimilar products (FYB201) in a PFS presentation globally, starting from certain territory-specific launch dates.

9.17.1.2 Australian nullity action by Samsung Bioepis

In 2023, Samsung Bioepis AU PTY Ltd. Filed a nullity action against two Australian patents owned by the Company and relating to PFS relevant for, *inter alia*, FYB201 and FYB203 (case number: NSD1167/2023). The parties are currently determining whether to negotiate an amicable settlement.

9.17.1.3 No further pending litigation

There is no further pending litigation involving Group Companies with regard to FYB201.

9.17.2 Proceedings regarding FYB202

9.17.2.1 Janssen I

On May 31, 2023, the Company made a notification under Regulation (EU) 2019/933 with reference to the German SPC for Stelara (DE 12 2009 000 025.7). The SPC holder, Janssen, alleged infringement of the SPC and requested the issuance of a preliminary injunction by the district court (*Landgericht*) Munich I. To avoid the costs, uncertainty, and risk associated with this and potential further litigation, the parties to the litigation entered into a confidential settlement and license agreement on July 27, 2023. Under the settlement, the Company, our Commercialization Partner for FYB202, Fresenius Kabi, and their respective affiliates, have the right

to market FYB202 in the United States no later than February 22, 2025. The license does not cover patent claims directed to oral administration of Ustekinumab to a patient.

9.17.2.2 Janssen II

After the Company submitted a further notification under Regulation (EU) 2019/933 in respect of the afore mentioned SPC on August 23, 2023, the district court (*Landgericht*) Munich I on October 20, 2023 found the SPC infringed and issued a preliminary injunction for Janssen against the Company and subsidiaries of the Company with regard to manufacturing FYB202 in Germany (file reference at the district court (*Landgericht*) Munich I: 21 O 12030/23). The Company appealed the judgment issuing the preliminary injunction.

In September 27, 2023, the Company filed an invalidity action before the High Court of Justice (HP-2023-000032) against Janssen's patent on a method of treatment of Ulcerative colitis in the United Kingdom. Janssen filed a counter claim for infringement.

The parties to the litigation entered into a confidential settlement and license agreement on March 4, 2024. Under the settlement, the Company, our Commercialization Partner for FYB202, Fresenius Kabi, and their respective affiliates, have the right to market FYB202 for certain indications within the first half of 2025 in non-US territories, including the EU, the UK, and Canada.

9.17.2.3 No pending litigation

There is no pending litigation involving Group companies with regard to FYB202.

9.17.3 Proceedings regarding FYB203

9.17.3.1 Regeneron

After submission of its abbreviated BLA for FYB203 to FDA, the Company engaged in the U.S. with Regeneron Pharmaceuticals, Inc. ("**Regeneron**"), Tarrytown, United States, in a so-called "patent dance" procedure under the BPCIA (for more information, see "*8.1.5.2 Key drivers – Rising adoption through regulatory and political support of Biosimilars in the United States*" above) and also provided Regeneron with its notice of commercial marketing. On November 29, 2023, Regeneron filed suit against the Company before the Northern District Court of West Virginia (No. 1:23-cv-97) in which infringement of 39 patents was alleged.

Regeneron seeks a declaration that the Company has infringed the asserted patents, damages, fees and costs, a declaration that this is an exceptional case, an award of willful infringement and enhanced damages, an award of damages, and a preliminary and permanent injunction as equitable relief. These proceedings are still ongoing.

Regeneron also filed a motion for preliminary injunction ("**PI**") under a small number of patents selected from those mentioned above. On July 10, 2024, the court granted a PI under US patent 11,084,865. The Company appealed this decision to the Federal Circuit.

If, in proceedings on the merits, the competent courts find infringement of valid patents by the Company, we may be subject to considerable damages and the testing, manufacture, and/or sale of FYB203 in the United States may be restricted until the expiry of the last rights that are deemed infringed. Regardless of the outcome of the proceedings, we may incur significant costs in pursuing and defending the action with no assurance that it will be resolved in our favor.

Regeneron has started similar actions pertaining to aflibercept against multiple of our competitors. We are aware of actions against entities of Biocon, Samsung Bioepis, Celltrion, Amgen and Sandoz. It is reasonable to assume that the competitors will ultimately have access to licensing and/or market entry terms regarding Regeneron's rights that are essentially comparable.

9.17.3.2 No further pending litigation

There is no further pending litigation involving Group companies with regard to FYB203.

9.17.4 Proceedings regarding FYB206, FYB207, FYB208, FYB209 and FYB210

There is no pending litigation involving Group Companies with respect to FYB206, FYB207, FYB208, FYB209 or FYB210.

9.17.5 Opposition proceedings at the European Patent Office

As part of our FTO process, we routinely engage in proactive validity attacks, e.g., opposition proceedings, against relevant patents that relate to a Reference Drug, its API, formulation, manufacturing process, dosage regimen and/or mode of administration. We currently manage a double-digit number of opposition proceedings at the European Patent Office filed by neutral entities against third-party patents.

10. REGULATORY AND LEGAL ENVIRONMENT

Biosimilar products are predominantly large molecules manufactured through complex biological processes that are highly similar to the already approved Reference Drug. Due to the inherent variability and complexity of biologic products, including batch-to-batch differences and variations following manufacturing changes (which is also observed with Reference Drugs), the development and the regulatory pathway of Biosimilars differ significantly from that of conventional generics, which are mostly chemically synthesized small molecules with identical structure to the reference.

We operate in a highly regulated environment and are subject to various laws, rules and regulations and supervision by EMA, FDA and other regulatory bodies locally and globally. A complex set of directly or indirectly applicable laws, rules and regulations is applicable to the entire life cycle of the products developed by us. Such regulations especially concern the development process (including the conduct of clinical studies), manufacturing, approval process, distribution, safety and liability, environment, data integrity and protection, and pricing regulations as well as post-marketing surveillance. However, since Biosimilars are highly similar follow-on molecules to existing and approved Biological Drugs, i.e., the respective Reference Drug, for which quality, safety, and efficacy has already been proven, the clinical requirements and risk profiles of Biosimilars are different and in general less complex compared to the Reference Drug. In standard cases a phase I study and a phase III study (see "*10.1.1 Phases of the R&D process*" below) are considered sufficient to prove comparable pharmacokinetics, safety and efficacy between the Biosimilar and the Reference Drug. The regulatory frameworks may vary, depending on the country of development and marketing of our products. However, the general aim of the respective relevant regulations worldwide is to ensure the quality, safety, and efficacy of drugs. The following overview of the regulatory framework for Biosimilars focuses on the EU and the U.S. as our most important markets.

10.1 R&D

The regulatory approval of Biosimilars for marketing, generally known as "marketing authorization" (for the U.S. market also referred to as "biologics license") is essentially based on the results of the preceding development phase, i.e., a time of intensive research and development activities, including preclinical/nonclinical research and clinical trials.

10.1.1 Phases of the R&D process

Generally, the objectives of the development of Biosimilars, the trials conducted, differ from the objectives in the development process of the Reference Drug. Biosimilars are engineered to match or be equivalent to a Reference Drug in terms of quality, safety, and efficacy, which has to be proven within the development process. The focus of the technical and clinical development work is thus to demonstrate the biosimilarity of the Biosimilar candidate to the Reference Drug (i.e., high similarity in terms of structure, biological activity and efficacy, safety and immunogenicity profile). This is achieved by first systematically defining the target range of the Reference Drug and then comparing the Biosimilar to the Reference Drug at various development stages to confirm biosimilarity and to establish that there are no clinically meaningful differences between the proposed Biosimilar and the Reference Drug. The development of Biosimilars therefore requires a precise understanding of the Reference Drug. Accordingly, a comprehensive and detailed analysis and characterization of the Reference Drug is essential to identify and understand its most important properties.

Depending on the Reference Drug, the development process for Biosimilars may consist of preclinical testing as well as phase I and phase III clinical studies. The conduct of each preclinical and clinical phase is subject to numerous international and national laws, rules and regulations. However, the preclinical and clinical development pathways are broadly similar in the EU and in the U.S.:

- The preclinical testing phase includes comparative quality studies with the aim to analyze the physical and chemical properties of the Biosimilar candidate as well as its biologic and pharmacologic activity in comparison to the Reference Drug. Subsequently, the Biosimilar candidate's physico-chemical and functional properties are subject to further comparative nonclinical characterization studies.
- Phase I clinical studies, essentially, consist of testing the Biosimilar candidate in healthy volunteers (in oncological products in patients) to demonstrate comparable pharmacokinetics to the Reference Drug; and
- Phase III clinical studies aim to demonstrate the similarity of the Biosimilar candidate to the Reference Drug in patients, especially with respect to efficacy, safety and immunogenicity.

The specific requirements for the development process, in particular the scope and structure of the various (preclinical/clinical) study phases, differ depending on the respective development project. In particular, preclinical in vivo- studies are usually no longer required in the development of Biosimilars. In all cases, however, the specifics of the development strategy are subject to consultation and alignment with the relevant agencies such as EMA and the FDA prior to their implementation.

10.1.2 Nonclinical R&D

Preclinical testing of the Biosimilar candidate includes laboratory evaluation of physico-chemical and functional product characteristics as well as formulation development. Together with cell-line and small-scale manufacturing process and device development, those preclinical data are the foundation for the milestone "technical proof of similarity" as gate to clinical trials and large-scale manufacturing. Animal trials to assess the toxicology and potential safety and efficacy of the product are meanwhile not considered necessary by the key regulatory agencies FDA and EMA. The conduct of the preclinical tests must comply with federal regulations and requirements, including Good Laboratory Practice ("**GLP**"). GLP principles, for example as enforced by the EU, including Directive 2004/9/EC on the inspection and verification of good laboratory practice and Directive 2004/10/EC on the principles of good laboratory practice, provide a set of rules, regulations and criteria for a quality system concerned with the organizational process and the conditions under which nonclinical health and environmental safety studies are planned, performed, monitored, recorded, reported and archived.

In the U.S., 21 CFR Part 58 prescribes GLP for conducting nonclinical laboratory studies that support or are intended to support applications for research or marketing permits for products regulated by the FDA, such as Biosimilars.

10.1.3 Clinical development and conduct of clinical trials

When conducting clinical trials, various laws, rules and regulations in all countries in which clinical trials are conducted must be complied with. These laws, rules and regulations concern in particular, the responsibility of the clinical trial sponsor, the approval of the clinical trial, the manufacturing of investigational medicinal product, good clinical practice (GCP) and monitoring obligations.

The approval and the conduct of clinical trials in the EU are subject to the Regulation (EU) No. 536/2014 on clinical trials on medicinal products for human use and supplementing national laws and regulations. Regulation (EU) No. 536/2014 came into force on January 31, 2022, and repeals Directive 2001/20/EC on the implementation of GCP in the conduct of clinical trials on medicinal products for human use. Any clinical trial that was started under Directive 2001/20/EC must comply with Regulation (EU) No. 536/2014 by the end of the transition phase on January 31, 2025.

In the U.S., the conduct of clinical trials is, *inter alia*, governed by the Public Health Service Act, the Federal Food, Drug and Cosmetic Act, and other federal and state statutes and regulations. 21 CFR Part 312 sets out FDA’s requirements for the application regarding the investigation of new drugs.

10.1.3.1 Responsibility of the clinical trial sponsor

When conducting and planning clinical trials, it is common practice to involve service providers, known as clinical research organizations, in the design and conduct of clinical trials. However, the responsibility always remains with the person responsible for the clinical trial, i.e., the clinical trial sponsor. In the past, our subsidiary, Clinical Research GmbH (previously operating under Bioeq GmbH), served as the clinical trial sponsor for Formycon-developed Biosimilar candidates and thus as the official contracting entity to investigators and study centers and, from a regulatory perspective, as the responsible entity for these clinical trials. All ongoing and new studies are and will be conducted with the Company as clinical trial sponsor.

10.1.3.2 Clinical trial approval process

Generally, clinical trials must be approved before they may be conducted. For this purpose, the clinical trial sponsor submits an application dossier based on which an ethical and scientific review of the study is carried out. The application dossier (in the U.S. known as investigational new drug application (IND) and in the EU known as clinical trial application ("**CTA**")), must contain a wide range of information to enable the relevant authority (e.g., FDA for the U.S. or the competent authorities of concerned member states of the EU) to assess the benefits and risks associated with the respective clinical trial. The CTA dossier includes a clinical study protocol which describes the objectives, design, methodology, statistical considerations, purpose, and organization of the clinical trial. Specifically, it includes, for example, a statement that the clinical trial is to be conducted in compliance with the protocol and the principles of GCP. The clinical trial approval process in the EU usually takes approximately 106 days.

In the EU, the approval process is governed by Regulation (EU) No. 536/2014. According to this regulation, the CTA is submitted via a special EU portal (Clinical Trials Information System) to the member states of the EU concerned.

In the U.S., a clinical trial can generally start after a 30-day waiting period following the submission of the clinical trial application, unless FDA notifies the sponsor of concerns or questions. In such a case, the clinical trial sponsor and FDA must resolve these issue(s) before the clinical trial can commence.

In any case, substantial modifications of a clinical trial are typically subject to a regulatory procedure and may require the submission of a new application dossier.

10.1.3.3 IMP manufacturing

For the manufacturing of an investigational medicinal product ("**IMP**"), i.e. the drug being studied in a clinical trial, a permit is usually required by regulators worldwide. Such permit/manufacturing authorization requires documentation and proof relating to compliance with GMP for the IMP (see, e.g., the Commission Directive (EU) 2017/1572 for the EU and/or 21 C.F.R. Part 210 and 211 for the U.S.). We do not manufacture IMPs ourselves but rely on CDMOs in this respect. However, our manufacturing partners must ensure that all manufacturing operations for IMPs are carried out in accordance with all applicable permits, the information provided in the respective documentation as accepted by the competent authorities and the respective CDMO agreement. The IMP manufacturer is further obliged to comply with the principles and guidelines of GMP and to use as starting materials only active ingredients which have been manufactured in accordance with GMP.

10.1.3.4 Compliance with GCP

Further regulations on GCP must be complied with in almost all jurisdictions. The internationally recognized basis for GCP is the catalog of internationally recognized ethical and scientific quality requirements set down by the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use ("**ICH GCP**") and is not legally binding as such but is generally observed and implemented by countries that have accepted these principles.

EMA has adopted the ICH GCP guideline in its "Guideline for Good Clinical Practice", outlining the ethical and scientific quality standards for the design, conduct, recording and evaluation of clinical trials in the EU. These principles are further enacted, *inter alia*, by Regulation (EU) No. 536/2014, Directive 2001/20/EC on clinical trials and the Commission Implementing Regulation (EU) 2017/556 on arrangements for good clinical practice inspection procedures. In the U.S., ICH GCP regulations have found their way into the law via FDA regulations, e.g., 21 CFR Part 312.

GCP standards focus on the protection of clinical trial participants and their informed consent regarding participation in such trials, as well as on the quality and scientific usability of the clinical trial results for the benefit of patients. For example, patients must be comprehensively informed in advance about the risks associated with the clinical trial. For the admissibility of special patient groups to clinical trials, such as minors or pregnant women, additional special requirements apply, e.g., special requirements for the provision of information and informed consent must be met prior to their participation in clinical trials.

10.1.3.5 Monitoring obligations and official monitoring

If the clinical trial has been approved and is subsequently being conducted, there are ongoing extensive regulatory obligations placed on the clinical trial sponsor (e.g., Chapter VII of Regulation (EU) No. 536/2014 regarding the EU or 21 CFR Part 312 regarding the U.S.). These obligations include monitoring to verify that the rights, safety and well-being of subjects are protected, that the reported data is reliable and robust and that the conduct of the clinical trial is in compliance with all applicable regulations. The monitoring obligations further include the reporting of adverse events and serious adverse events during the clinical trial, i.e., detrimental untoward medical occurrences, that are to be reported and may lead to additional appropriate measures, such as adjustments to the trial protocol or even the termination of the entire trial. Depending on the nature of the adverse event, the competent authorities must be informed. However, with respect to Biosimilars, the side-effect profile is generally well-established.

Official inspections by competent authorities are conducted to ensure and monitor compliance with all applicable regulations. Inspections are, *inter alia,* conducted to verify that the clinical trial is consistent with the information and documents set out in the application dossier. If there is reason to believe that the clinical trial violates applicable regulations, competent authorities may also take specific measures. Authorities may for example revoke the authorization of a clinical trial, suspend a clinical trial, or require the clinical trial sponsor to modify any aspect of the trial. These decisions are not necessarily final. Appropriate responses to the respective regulatory action may allow for the clinical study to be continued. At the same time, however, it is also possible that side effects or circumstances may arise during the course of the study that require it to be discontinued permanently and also make it impossible to obtain regulatory marketing approval of the Biosimilar being tested in the form envisaged.

10.1.3.6 European Health Data Space (EHDS)

In the EU, Regulation (EU) No. 536/2014 provides for far-reaching transparency for all clinical trial applications, starting with the approval procedures for the studies. It sets a 30-day deadline for making the complete clinical study reports available after completion of a marketing approval procedure for which they were used – regardless of whether approval was granted or rejected. However, it does not specify any requirements for the disclosure of raw study data. With regard to exchange of and access to health data at EU level, the EU is currently negotiating a draft regulation for creating a "European Health Data Space" ("**EHDS**") which is supposed to, *inter alia*, provide greater availability of non-identifiable electronic health data, enabling the use of data for innovation. Although the EHDS regulation may be finalized in 2024, it is unlikely to be fully in force before 2025.

10.2 Marketing authorization and manufacturing

In general, marketing authorization is required in a specific country before placing a new drug on the market in this country. The marketing authorizations required to market Biosimilars developed by us may be obtained by our Commercialization Partners directly or by us and transferred to our Commercialization Partner during or after the review process. We provide our Commercialization Partners with the necessary information and data for the authorization procedure.

Within the EU, Directive 2001/83/EC relating to medicinal products for human use and as transposed into national law or as referenced in Regulation (EC) No. 726/2004 on the Union procedures for the authorization and supervision of medicinal products for human use forms the legal framework for obtaining marketing authorizations. Article 10(4) Directive 2001/83/EC modifies the requirements for the marketing authorization application with regard to Biosimilars. In the United States, an abbreviated pathway for approval of Biosimilar products was established by the BPCIA. The BPCIA established this abbreviated pathway under section 351(k) of the U.S. Public Health Service Act for biological products shown to be biosimilar to an FDA-licensed Reference Drug. Subsequent to the enactment of the BPCIA, FDA has issued numerous guidance documents explaining its current thinking regarding the demonstration of biosimilarity and interchangeability (see also "*10.4 Interchangeability of Biosimilars and reimbursement*") as well as the submission and review of such BLA.

The time span from application to authorization depends on a number of factors. The process can take anywhere from a few months to several years, depending on the complexity of the product, the quality of the data submitted and the efficiency of the competent authority.

Obtaining a marketing authorization essentially depends on the results of the intensive R&D phase and therefore is heavily influenced by the success of our activities. To obtain a marketing authorization, the submission of a marketing authorization application dossier to the competent authority in the form of a Common Technical Document ("**CTD**") is a requirement of most regulatory authorities worldwide. The CTD contains comprehensive information about the Biosimilar that is subject of the application. The results and evaluations of the comparative clinical studies previously carried out are a crucial component of the CTD as well as the analytical biosimilarity data. The CTD format is based on the work of the ICH and is internationally recognized. The guidelines and recommendations issued by the ICH are not legally binding but are partially implemented by the member states of the EU in their respective legal systems.

Since Biosimilars are based on a Reference Drug that has already been tested in many respects, the results of appropriate preclinical or clinical studies on the similarity of the Biosimilar to the Reference Drug must be submitted for Biosimilar approval. This allows the relevant authority to determine that the required "similarity" to the Reference Drug in terms of product quality, efficacy and safety exists and whether the Biosimilar falls within the permissible range for microheterogeneity as defined when the Reference Drug was approved. Some preclinical and/or clinical studies performed for the original Reference Drug may not need to be reproduced as a biosimilar application is based on a comparison of the biosimilar with the Reference Drug.

During the marketing authorization process, the proposed manufacturing process of the Biosimilar is also reviewed, especially with respect to GMP compliance. The manufacturing, especially in large quantities, is often complex and may require the use of innovative technologies to handle living cells and microorganisms. Manufacturing authorizations are issued by the competent authority in the location in which the manufacturing activity takes place. However, we neither manufacture IMPs for the Biosimilar development nor Biosimilars ourselves but rely on CDMOs in this respect.

10.3 Distribution

In the phase following the granting of a marketing authorization, the marketing authorization holder is subject to certain ongoing monitoring obligations, particularly with respect to the occurrence of adverse events and serious adverse events. Both can have a lasting effect on the marketing authorization and thus on the distribution of the product. Although we, in our role as developer, are not directly affected by the occurrence of such adverse events, the commercialization revenues we obtain through our Commercialization Partners could be affected, e.g., due to the withdrawal of a marketing authorization.

The sale and marketing of our products are also subject to extensive law, rules and regulations (e.g., for the EU, Directive 2001/83/EC, as transposed into national law). Such laws, rules and regulations govern the inspection of and controls over safety and environmental controls, labeling, advertising, marketing, promotion, record keeping, tracking, reporting, distributing, import, export, samples, electronic records and electronic signatures. In particular, advertising and promotional activities are subject to stringent regulatory rules and oversight. For example, we as well as our Commercialization Partners, are prohibited from marketing or promoting any unapproved use of our products, referred to as "off-label" use. In addition to promoting our products in a manner consistent with existing clearances and approvals, there must be adequate substantiation for the claims made for our products.

10.4 Interchangeability of Biosimilars and reimbursement

The success of the distribution of our Biosimilars further depends on the regulations applicable in the respective territory concerning the interchangeability of Biosimilars and the availability of reimbursement for our Biosimilars. If a Biosimilar is "interchangeable" according to the applicable regulation, the Reference Drug may be exchanged for the Biosimilar with the same therapeutic intent and/or indication thus having a positive effect on the marketability of the respective Biosimilar. Depending on the jurisdiction, this substitution may occur at physician level by the prescriber (switching) or at pharmacy level without consulting the prescriber (substitution).

In the EU, decisions on the interchangeability of Biosimilars are implemented at national level. However, in September 2022, EMA and the HMA issued a joint statement promoting Biosimilar interchangeability, as updated in April 2023, aiming to harmonize the scientific rationale across the EU and better inform the decision-making of member states of the EU.

In the U.S., Biosimilars are generally only considered interchangeable if it can be shown by means of specific studies that switching between the Reference Drug and the Biosimilar does not raise concerns with respect to safety or efficacy. However, these regulations regarding Biosimilars' interchangeability are currently under debate in the U.S. and may, thus, be subject to change in the coming years. In addition, the requirement to conduct a separate study for a Biosimilar to obtain the "interchangeable status" is being reviewed for possible alignment with, among others, the EU, where Biosimilars are widely considered interchangeable as such.

Furthermore, product sales in the EU, the United States and other countries depend on the availability and extent of coverage and reimbursement from third-party payors (e.g., statutory health insurances), including government healthcare programs. Patients generally rely on third-party payors to reimburse them for all or a portion of the costs associated with their medical treatment. Coverage and adequate reimbursement by third-party payors is critical to the acceptance of new products. Recently, there has been a trend in favour of Biosimilars (see "*8.1.5.2 Key drivers – Policies governing access to Biosimilars*"). As Biosimilars are generally comparatively cheaper than the Reference Drug, they are sometimes favoured in terms of reimbursement.

10.5 Environmental, health and safety laws

We are further subject to laws, rules and regulations relating to environmental protection, including those governing air emissions, pollution prevention and remediation, water discharges and waste management, and occupational health and safety. Application of the various requirements depends on the specific circumstances.

10.5.1 Soil and water pollution prevention and control

We are subject to various laws, rules and regulations concerning the use and contamination of soil as well as ground and surface water. The use of ground and surface water is strictly regulated and often requires a permit, which may generally only be granted for a specific period and must then be renewed frequently or may also, in certain circumstances, be revoked without compensation. If a contamination of ground or surface water occurs or is discovered, the party who caused such contamination but also the respective landowner (irrespective of fault) may be subject to a comprehensive range of remediation obligations, which can be costly. Non-compliance with such obligations may result in administrative fines or, in certain cases, criminal liability.

In the EU, the main regulations on (ground)water use and protection are Directive 2000/60/EC establishing a framework for community action in the field of water policy and Directive 2006/118/EC on the protection of groundwater against pollution and deterioration. The latter lays down detailed quality criteria for the assessment of the groundwater's chemical status, including standards set at the EU level and requirements for threshold values to be set at the member state level. It further requires member states of the EU to establish measures to prevent the input of hazardous substances and to limit the input of other pollutants into the groundwater. In Germany, these directives have been mainly implemented by the German Water Management Act (*Wasserhaushaltsgesetz*) and the German Groundwater Ordinance (*Grundwasserverordnung*).

The collection, treatment and discharge of urban and certain industrial wastewater is regulated by Council Directive 91/271/EEC concerning urban wastewater treatment, which aims to protect the environment from any adverse effect caused by the discharge of such waters. In Germany, the requirements of this directive are implemented at the federal state level through respective ordinances. Furthermore, in accordance with the German Federal Soil Protection Act (*Bundes-Bodenschutzgesetz*) and various related ordinances, owners of land and operators of facilities are required to prevent soil contaminations by taking appropriate precautions. If any soil contamination has occurred in the past, owners of land, operators of facilities, the party having caused the pollution or its universal legal successor and the previous owner (subject to certain additional conditions) may be held responsible for investigation and remediation measures and respective costs, irrespective of fault and in certain cases also for actions of other parties. In choosing the responsible party, environmental authorities are only bound by the principle of effective hazard prevention and remediation. Thus, solvency and the ability to conduct necessary measures is frequently a key factor considered by authorities and they increasingly tend to choose the owner of the land if the question of responsibility is unclear. As of the

date of the Prospectus, we do not own any real estate property. However, even if we are not the owner of a property but only a tenant (as we are at all our facilities), we may generally be held responsible. The statutory stipulated cost sharing mechanism between several responsible parties depends in practice on other responsible parties actually being available and capable to share costs.

10.5.2 Health and safety laws

We have to comply with applicable laws and regulations on occupational health. These set out that employers have to organize the workflow and establish conditions in a way that effectively prevents dangers to employees. In particular, employers must observe certain medical and hygienic standards and comply with certain occupational health and safety requirements, such as permissible maximum levels for noise at the workplace, the use of personal protective equipment and requirements relating to maximum temperatures and air ventilation.

In the EU, several directives and regulations require employers to provide for their employees' safety, in particular Council Directives 89/391/EEC and 91/383/EEC as well as other directives, *inter alia*, concerning the minimum safety and health requirements for the use of work equipment by worker at work or for the workplace. Germany has transposed these directives into German law by the German Act on Occupational Protection (*Arbeitsschutzgesetz*) and the German Act on Occupational Safety (*Arbeitssicherheitsgesetz*). These general obligations on employees' safety are substantiated in several ordinances under the respective laws and in technical guidelines.

10.5.3 Genetic engineering regulation

We perform genetic engineering operations and operate genetic engineering installations, both of which are subject to the German Genetic Engineering Act (*Gentechnikgesetz*) and further regulation, including the German Genetic Engineering Safety Ordinance (*Gentechnik–Sicherheitsverordnung*). The German Genetic Engineering Act establishes a number of requirements for genetic engineering operations and for the operation of genetic engineering installations, relating to, *inter alia*, risk assessments, precautionary measures including work safety, professional qualification requirements for involved personnel, requirements relating to disposal of wastewater and waste, record keeping and the installation of certain designated personnel for biological security. The German Genetic Engineering Act also introduces a specific liability regime for situations in which a person is killed or injured or objects are damaged due to characteristics of organisms which are based on genetic operations. Furthermore, genetic engineering operations may only be performed in genetic engineering installations. The construction and operation of and major alterations to such genetic engineering installations require either notification or registration or authorization, depending on the safety level to which the genetic engineering operations performed in the installation are assigned. The German Genetic Engineering Act distinguishes between four safety levels, which classify the genetic engineering operations according to their hazardous potential ranging from safety level 1 (no risk to human health or the environment) to safety level 4 (high risk to human health or the environment).

The construction and operation of and major alterations to the location, nature, or operation of genetic engineering installations in which genetic engineering operations of safety levels 3 or 4 are performed require authorization by the competent authority (installation authorization). With regard to genetic engineering installations in which genetic engineering operations of safety levels 1 or 2 are performed, the operator of the installations merely has to notify the competent authority in writing of the construction and operation of and major alterations to the location, nature, or operation of the genetic engineering installations and of the intended initial genetic engineering operations; if safety level 2 applies, registration is required in addition. We currently exclusively perform genetic engineering operations classified as safety level 1 and have, therefore, registered our genetic engineering installations with the competent authority. As we do not accomplish genetic engineering operations of safety levels 3 or 4, an installation authorization is not required. Additional genetic engineering operations other than those covered by the original registration or authorization may be performed without notification if they fall under safety level 1. If the additional genetic engineering operations fall under safety level 2, notification for each dedicated new project is required. If the additional genetic engineering operations fall under a higher safety level than the level covered by the notification, registration or authorization, a new approval or registration must be obtained in accordance with the respective security level.

10.6 Data protection laws

In the ordinary course of our business, we collect and store sensitive data in our data centers and on our networks, including intellectual property, proprietary business information and personally identifiable information. Especially in connection with our clinical studies, we process personal data, including sensitive patient data (such as names, addresses and health data) as part of our business. We are required to comply with strict data protection and privacy legislation in the jurisdictions in which we operate. In the EU, the GDPR applies. The GDPR has introduced substantial fines for breaches of the data protection rules (up to EUR 20 million or up to 4% of the total worldwide annual group-revenue of the preceding fiscal year, whichever is higher), increased powers for regulators, enhanced rights for individuals, and new rules on judicial remedies

and collective redress. Third parties, such as regulatory bodies, may claim that we or our employees or independent contractors inadvertently or otherwise breached GDPR and related data protection rules, which may lead to substantial fines and/or damages and we could suffer significant reputational harm. The national data protection laws of the member states of the EU (e.g., the German Federal Data Protection Act (*Bundesdatenschutzgesetz)*) supplement the GDPR. In most cases, they do not raise the overall protection standards. In the United States, data protection is essentially regulated by state privacy laws and Federal Trade Commission regulations.

11. SHAREHOLDER INFORMATION

11.1 Current major shareholders

To the Company's knowledge, based on information provided by shareholders to the Company by the date of the Prospectus, the following shareholders (together, "**Major Shareholders**") hold a notifiable interest in the Company's voting rights within the meaning of sections 33 et seq. of the German Securities and Trading Act (*Wertpapierhandelsgesetz* – "**WpHG**") if the WpHG were already applicable to the Company:

Shareholder		Shareholding (in %)[1]
Ultimate	**Direct**	
Thomas Peter Maier[2]	Santo Holding (Deutschland) GmbH	24.04
Peter Wendeln	Peter Wendeln	13.25
	Wpart GmbH[3]	
	Wen.Co.Invest GmbH[4]	
Gedeon Richter[5]		9.08
Klaus Röhrig[6]	Active Ownership	6.04
Florian Schuhbauer[7]		
Detlef and Ursula Spruth		5.10
Stefan Reichensperger		3.28
Public float		*39.21*
Total		**100.00**

(1) The percentages of voting rights have been rounded according to established commercial standards. As a result, such percentages may not add up to the sum totals, which are calculated based on unrounded figures.
(2) To the Company's knowledge, the voting rights of Santo Holding (Deutschland) GmbH in the Company are attributable to Thomas Peter Maier as the sole general partner of ATHOS via Santo Holding AG, Zug, Switzerland, and ATHOS Beteiligung GmbH.
(3) To the Company's knowledge, the voting rights of Wpart GmbH in the Company are attributable to Peter Wendeln as sole shareholder of Wpart GmbH.
(4) To the Company's knowledge, the voting rights of Wen.Co.Invest GmbH in the Company are attributable to Peter Wendeln via Wendeln & Cie. KG as the sole shareholder of Wen.Co.Invest GmbH. Peter Wendeln is (i) a general partner of Wendeln & Cie. KG and (ii) the sole shareholder of Wendeln & Cie. Asset Management GmbH which is also a general partner of Wendeln & Cie. KG.
(5) Gedeon Richter is a publicly listed company and, to the Company's knowledge, none of Gedeon Richter's shareholders has a controlling influence over Gedeon Richter resulting in a further attribution of Gedeon Richter's voting rights in the Company.
(6) To the Company's knowledge, the voting rights of Active Ownership in the Company are attributable to Klaus Röhrig via (i) Active Ownership Management Ltd., Active Ownership LP, Active Ownership Investments Ltd., Active Ownership Group Ltd. and Active Ownership Corporation S.à r.l. as well as (ii) Active Ownership Management Ltd., Active Ownership LP, Active Ownership Investments Ltd. and Active Ownership Group Ltd.
(7) To the Company's knowledge, the voting rights of Active Ownership in the Company are attributable to Florian Schuhbauer via (i) Active Ownership Advisors GmbH, Active Ownership Group Ltd. and Active Ownership Capital S.à r.l. as well as (ii) Active Ownership Advisors GmbH, Active Ownership Group Ltd. and Active Ownership Corporation S.à r.l.

As the WpHG is not applicable to the Company as of the date of the Prospectus, the Company has neither knowledge of any other potential shareholder holding a notifiable interest in the Company's voting rights within the meaning of sections 33 et seq. WpHG nor any directly and indirectly held instruments pursuant to section 38 WpHG.

11.2 Controlling interest

To the Company's knowledge, in particular based on shareholding notifications pursuant to section 20 AktG received by the Company by the date of this Prospectus, none of the Company's shareholders has control over the Company within the meaning of section 29 (2) of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – "**WpÜG**"), if the WpÜG were already applicable to the Company.

The Company is not aware of any agreements, the exercise of which could lead to a change in control of the Company at a later date.

12. GENERAL INFORMATION ON THE COMPANY

12.1 Formation, incorporation, commercial register and legal name

With registration in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dortmund, Germany, on November 14, 2007, the Company was incorporated in the legal form a GmbH under the legal name "Nanohale GmbH" under the registration number HRB 20769.

On May 5, 2010, the shareholders' meeting (*Gesellschafterversammlung*) of the Company in its legal form of a GmbH resolved to change the legal form of the Company into an AG. The change of the legal form was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dortmund, Germany, under the registration number HRB 23179 on August 4, 2010.

On August 17, 2012, the Company's shareholders' meeting (*Hauptversammlung*) resolved to change the legal name of the Company from "Nanohale AG" to "Formycon AG" and to transfer the legal seat of the Company from Dortmund, Germany, to Munich, Germany. The change of the legal name and the transfer of the legal seat were registered with the Commercial Register, i.e., the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany under the current registration number HRB 200801 on September 9, 2012.

The Company primarily operates under the commercial name "Formycon".

The Company's business address is at Fraunhoferstraße 15, 82152 Planegg-Martinsried, Germany (telephone: +49 (0) 89 864667 100).

The Company's website is www.formycon.com. Information contained on the Company's website is not incorporated by reference in the Prospectus and is not part of the Prospectus.

The Company's LEI is 39120005TZ76GQOY8Z19.

12.2 Fiscal year and duration

The Company's fiscal year is the calendar year. The Company has been established for an unlimited period of time.

12.3 Corporate purpose

Pursuant to Section 2 (1) of the Articles of Association, the corporate purpose of the Company is the development of pharmaceutical and biopharmaceutical products, the development of drug transportation systems, the provision of laboratory services and work for third parties and the provision of diagnostic laboratory services.

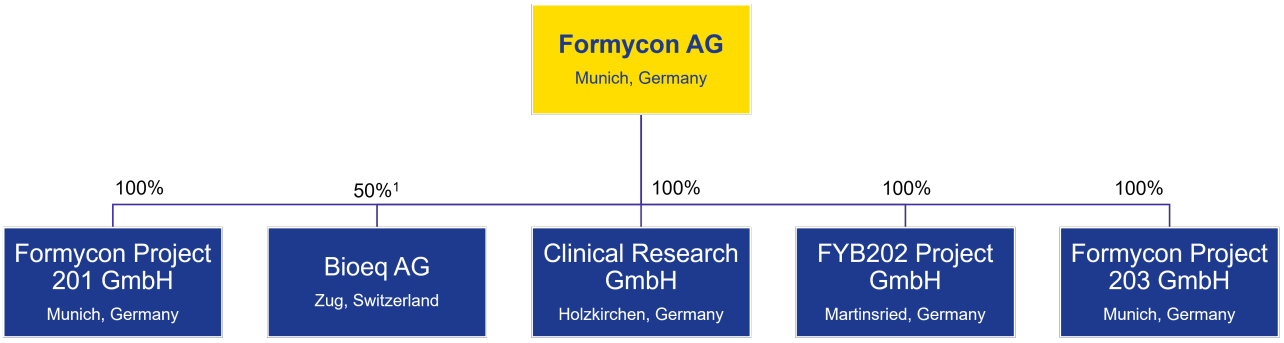
Pursuant to Section 2 (2) of the Articles of Association, the Company may acquire and hold equity interests, land or buildings. In addition, the Company is authorized to establish companies in Germany and abroad, to combine these under uniform management, to conclude company agreements with them or to limit itself to their participation.

Pursuant to Section 2 (3) of the Articles of Association, the Company is also authorized to undertake all transactions that appear suitable to directly or indirectly promote the purpose of the Company. In particular, it may also establish companies with the same or a different corporate purpose as well as branches in Germany and abroad. It may sell its business in whole or in part or transfer them to other companies.

Pursuant to Section 2 (4) of the Articles of Association, the Company may limit its activities to a part of the activities specified in Section 2 (1) of the Articles of Association. It may also pursue its corporate objects pursuant to Section 2 (1) of the Articles of Association, in whole or in part, through affiliated companies within the meaning of sections 15 et seqq. AktG or companies in which the Company holds an interest (including joint ventures).

12.4 Group structure

The Company is the parent company of the Group. The following structure chart sets forth the Group's structure as of the date of the Prospectus:



[1] 50% held by Polpharma Biologics BV

12.5 Subsidiaries of the Company

The following table provides an overview of the Company's subsidiaries as of the date of the Prospectus:

Subsidiaries	Registered office (legal seat)	Share of capital in %
Formycon Project 201 GmbH	Munich, Germany	100
Formycon Project 203 GmbH	Munich, Germany	100
FYB202 Project GmbH	Planegg-Martinsried, Germany	100
Clinical Research GmbH	Holzkirchen, Germany	100
Bioeq AG	Zug, Switzerland	50

Due to risk considerations, all development activities for projects with an external development partner have been transferred to separate legal entities which also hold all relevant IP with these projects. For projects under the full ownership of Formycon, such a transfer was not done.

12.6 Auditor

KPMG audited the 2023 Audited Consolidated Financial Statements, the 2022 Audited Consolidated Financial Statements and the 2023 Audited Unconsolidated Financial Statements (see "*2.8 Documents available for inspection*") in accordance with section 317 HGB and in compliance with German generally accepted standards for financial statement audit promulgated by the IDW and has issued unqualified independent auditors' reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. PanTaxAudit audited the 2021 Audited Consolidated Financial Statements (see "*2.8 Documents available for inspection*") in accordance with section 317 HGB and in compliance with German generally accepted standards for financial statement audit promulgated by the IDW and has issued an unqualified independent auditors' report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon.

The Company appointed KPMG as the auditor of its consolidated financial statements as of December 31, 2024 and for the Fiscal Year 2024 and its unconsolidated financial statements as of December 31, 2024 and for the Fiscal Year 2024.

KPMG (Berlin, Germany, Munich office, Friedenstraße 10, 81671 Munich, Germany) and PanTaxAudit (Landsberger Straße 98, 80339 Munich, Germany) are members of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

13. SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

13.1 Share capital

13.1.1 Current share capital and Shares

As of the date of the Prospectus, the Company's share capital amounts to EUR 17,664,427.00 and is divided into 17,664,427 Shares, i.e., the Company's existing ordinary bearer shares with no par value, each such share representing a notional value of EUR 1.00 in the Company's share capital. The Company's share capital has been fully paid up. The Shares were created pursuant to laws of Germany.

The Shares are denominated in Euro.

Each Share carries one vote at the Company's shareholders' meeting. There are no restrictions on voting rights and the Shares carry full dividend rights.

As of the date of the Prospectus, neither Company nor any of its subsidiaries holds any Shares as treasury shares. No Shares are held by other parties on behalf or for the account of the Company and any of its subsidiaries by other parties.

13.1.2 Development of the share capital

13.1.2.1 The Company in its former legal form as GmbH

As of November 14, 2007, the Company was initially incorporated as a GmbH under the legal name "Nanohale GmbH" with a share capital of EUR 25,000.00. The following table and paragraphs set forth the changes in the Company's share capital during the time when it was incorporated as GmbH:

Date of resolutions to change the share capital	Nominal amount of the change in share capital (in EUR)	Resulting issued share capital (in EUR)	Date of entry in the commercial register
November 13, 2009	5,000.00	30,000.00	January 25, 2010
May 5, 2010	60,000.00	90,000.00	June 11, 2010

The Company's shareholders' meeting held on November 13, 2009 resolved to increase the Company's share capital against contributions in cash from EUR 25,000.00 by EUR 5,000.00 to EUR 30,000.00. The implementation of this capital increase was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dortmund, Germany, on January 25, 2010.

The Company's shareholders' meeting held on May 5, 2010 resolved to increase the Company's share capital against contributions in cash from EUR 30,000.00 by EUR 60,000.00 to EUR 90,000.00. The implementation of this capital increase was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dortmund, Germany, on June 11, 2010.

13.1.2.2 The Company in its current legal form as AG

The Company was incorporated as an AG by articles of association dated May 5, 2010 and registered with the Commercial Register on August 4, 2010. As of this date, its share capital amounted to EUR 90,000.00 and was divided into 90,000 Shares. The following table sets forth the changes in the Company's share capital in its current legal form as AG:

Date of resolutions to change the share capital	Nominal amount of the change in share capital (in EUR)	Resulting issued share capital (in EUR)	Date of entry in the commercial register
September 29, 2010	15,978.00	105,978.00	October 14, 2010
October 22, 2010	4,133,142.00	4,239,120.00	November 8, 2010
December 10, 2011	336,648.00	4,575,768.00	December 15, 2011
July 13, 2012	506,004.00	5,081,772.00	July 25, 2012
March 1, 2013	2,117,405.00	7,199,177.00	March 7, 2013
March 27, 2013	170,479.00	7,369,656.00	April 19, 2013
December 4, 2013	1,257,027.00	8,626,683.00	December 11, 2013
April 13, 2015	435,920.00	9,062,603.00	April 17, 2015
August 1, 2015	17,000.00	9,079,603.00	August 20, 2015
July 6, 2016	20,000.00	9,099,603.00	July 20, 2016
July 20, 2017	190,500.00	9,290,103.00	August 9, 2017

August 9, 2017	53,750.00	9,343,853.00	August 22, 2017
July 21, 2018	78,750.00	9,422,603.00	July 27, 2018
March 22, 2019	577,397.00	10,000,000.00	April 10, 2019
October 11, 2020	1,000,000.00	11,000,000.00	October 22, 2020
February 3, 2021	46,500.00	11,046,500.00	February 12, 2021
November 8, 2021	18,250.00	11,064,750.00	December 1, 2021
April 26, 2022	4,000,000.00	15,064,750.00	May 6, 2022
August 4, 2022	64,025.00	15,128,775.00	August 16,2022
February 2, 2023	910,000.00	16,038,775.00	Febraury 3, 2023
September 11, 2023	9,750.00	16,048,525.00	September 20, 2023
October 24, 2023	4,500.00	16,053,025.00	November 20, 2023
January 29, 2024	1,603,877.00	17,656,902.00	February 8, 2024
July 23, 2024	5,225.00	17,662,127.00	September 24, 2024
October 1, 2024	2,300.00	17,664,427.00	October 15,2024

The following paragraphs set forth the changes in the Company's share capital from the Financial Years 2021 to the date of the Prospectus:

Based on the resolution of the Company's extraordinary shareholders' meeting on the creation of the Conditional Capital 2015 (as defined below) dated June 30, 2015, 46,500 Shares were issued. Therefore, the Supervisory Board resolved on February 3, 2021 to change the share capital number from EUR 11,000,000.00 by EUR 46,500.00 to EUR 11,046,500.00. The increase in the share capital number was registered with the Commercial Register on February 12, 2021.

Based on the resolution of the Company's annual shareholders' meeting on the creation of the Conditional Capital 2015 (as defined below) dated June 30, 2015, 18,250 Shares were issued. Therefore, the Supervisory Board resolved on November 8, 2021 to change the share capital number from EUR 11,046,500.00 by EUR 18,250.00 to EUR 11,064,750.00. The increase in the share capital number was registered with the Commercial Register on December 1, 2021.

Based on the authorization adopted by the Company's annual shareholders' meeting on June 27, 2019 (Authorized Capital 2019), the Management Board resolved on April 26, 2022 with the approval of the Supervisory Board as of April 26, 2022 to increase Company's share capital against contributions in kind from EUR 11,064,750.00 by EUR 4,000,000.00 to EUR 15,064,750.00 by issuing 4,000,000 Shares. The consummation of this capital increase was registered with the Commercial Register on May 6, 2022.

Based on the resolution of the Company's annual shareholders' meeting on the creation of the Conditional Capital 2015 (as defined below) dated June 30, 2015, adjusted by the resolution of the Company's annual shareholders' meeting on December 20, 2020, 64,025 Shares were issued. Therefore, the Supervisory Board resolved on August 4, 2022 to change the share capital number from EUR 15,064,750.00 by EUR 64,025.00 to EUR 15,128,775.00. The increase in the share capital number was registered with the Commercial Register on August 16, 2022.

Based on the authorization adopted by the Company's annual shareholders' meeting on June 30, 2022 (Authorized Capital 2022) the Management Board resolved on February 2, 2023 with the approval of the Supervisory Board as of February 2, 2023 to increase the Company's share capital against contributions in cash from EUR 15,128,775.00 by EUR 910,00.00 to EUR 16,038,775.00 by issuing 910,000 Shares. The consummation of this capital increase was registered with the Commercial Register on February 3, 2023.

Based on the resolution of the Company's annual shareholders' meeting on the creation of the Conditional Capital 2015 (as defined below) dated June 30, 2015, adjusted by the resolution of the Company's annual shareholders' meeting on December 20, 2020, 9,750 Shares were issued. Therefore, the Supervisory Board resolved on September 11, 2023 to change the share capital number from EUR 16,038,775.00 by EUR 9,750.00 to EUR 16,048,525.00. The increase in the share capital number was registered with the Commercial Register on September 20, 2023.

Based on the resolution of the Company's annual shareholders' meeting on the creation of the Conditional Capital 2015 (as defined below) dated June 30, 2015, adjusted by the resolution of the Company's annual shareholders' meeting on December 20, 2020, 4,500 Shares were issued. Therefore, the Supervisory Board resolved on October 24, 2023 to change the share capital number from EUR 16,048,525.00 by EUR 4,500.00 to EUR 16,053,025.00. The increase in the share capital number was registered with the Commercial Register on November 20, 2023.

Based on the authorization adopted by the Company's annual shareholders' meeting on July 25, 2023 (Authorized Capital 2023) the Management Board resolved on January 29, 2024 with the approval of the Supervisory Board as of January 29, 2024 to increase the Company's share capital against contributions in cash from EUR 16,053,025.00 by EUR 1,603,877.00 to EUR 17,656,902.00 by issuing 1,603,877 Shares to Gedeon Richter. The consummation of this capital increase was registered with the Commercial Register on February 8, 2024.

Based on the resolution of the Company's annual shareholders' meeting on the creation of the Conditional Capital 2015 (as defined below) dated June 30, 2015, adjusted by the resolution of the Company's annual shareholders' meeting on December 20, 2020, 5,225 Shares were issued. Therefore, the Supervisory Board resolved on July 23, 2024 to change the share capital number from EUR 17,656,902.00 by EUR 5,225.00 to EUR 17,662,127.00. The increase in the share capital number was registered with the Commercial Register on September 24, 2024.

Based on the resolution of the Company's annual shareholders' meeting on the creation of the Conditional Capital 2015 (as defined below) dated June 30, 2015, adjusted by the resolution of the Company's annual shareholders' meeting on December 20, 2020, 2,300 Shares were issued. Therefore, the Supervisory Board resolved on October 1, 2024 to change the share capital number from EUR 17,662,127.00 by EUR 2,300.00 to EUR 17,664,427.00. The increase in the share capital number was registered with the Commercial Register on October 15, 2024.

13.1.3 Authorized Capital 2024/I

On June 12, 2024, the Company's annual shareholders' meeting resolved under agenda item 9 lit. b) to authorize the Management Board to increase the Company's share capital, with the consent of the Supervisory Board, by a total of up to EUR 8,828,451.00 by issuing up to 8,828,451 new ordinary bearer shares with no par value against contributions in cash and/or in kind, once or multiple times, in the period up to June 11, 2029 ("**Authorized Capital 2024/I**"). The Authorized Capital 2024/I has been registered with the Commercial Register on August 5, 2024.

In principle, the Company's shareholders are to be granted subscription rights. The shares may also be subscribed for by one or more credit institution(s) or one or more enterprise(s) operating pursuant to sections 53(1) sentence 1, 53b(1) sentence 1 or 53b(7) of the German Banking Act (*Gesetz über das Kreditwesen* – "**KWG**") with the obligation to offer the shares to the Company's shareholders pursuant to section 186(5) AktG (indirect subscription right).

The Management Board is authorized, with the consent of the Supervisory Board, to exclude the subscription rights of the Company's shareholders for one or more capital increases in the context of the Authorized Capital 2024/I,

- in order to exclude fractional amounts from the subscription right;
- to issue shares against cash contributions, provided that the issue price of the new shares is not significantly lower than the stock exchange price (including the listing in the Regulated Unofficial Market (*Freiverkehr*)) of the Shares already listed on the stock exchange within the meaning of sections 203(1) and (2), 186(3) sentence 4 AktG and that the pro rata amount of the share capital attributable to the new shares issued with the exclusion of subscription rights in accordance with section 186(3) sentence 4 AktG does not exceed a total of 20% of the Company's share capital, either at the time the Authorized Capital 2024/I becomes effective or – if such amount is lower – at the time the Authorized Capital 2024/I is utilized. This limit of 20% of the share capital will include the pro rata amount of the share capital attributable to shares (a) that are sold during the term of the Authorized Capital 2024/I on the basis of an authorization to sell treasury shares pursuant to section 71(1) no. 8 sentence 5 second half-sentence AktG in conjunction with Section 186(3) sentence 4 AktG subject to the exclusion of shareholders' subscription rights; (b) that are issued or are to be issued to satisfy bonds with conversion or option rights or conversion or option obligations, provided that such bonds are issued in analogous application of section 186(3) sentence 4 AktG during the term of the Authorized Capital 2024/I subject to the exclusion of shareholders' subscription rights; (c) that are issued during the term of the Authorized Capital 2024/I on the basis of other authorized capital subject to the exclusion of shareholders' subscription rights in accordance with section 203(2) sentence 1 AktG in conjunction with section 186(3) sentence 4 AktG or on the basis of other capital measures subject to the exclusion of shareholders' subscription rights in analogous application of section 186(3) sentence 4 AktG;
- to issue shares against contributions in kind, in particular – but not limited thereto – in the context of mergers or for the purpose of acquiring (including indirectly) companies, businesses, parts of companies, interests in companies or other assets, including claims against the Company or any of its group companies, or to satisfy bonds issued for contributions in kind;

- to the extent necessary to grant holders or creditors of convertible bonds, warrant bonds, profit participating rights and/or profit participation bonds (or combinations of these instruments) with conversion or option rights, or conversion or option obligations, and which have been or will be issued by the Company or a directly or indirectly affiliated company, subscription rights to new ordinary bearer shares with no par value of the Company in the amount to which they would be entitled as shareholders after the exercise of the option or conversion rights, or after fulfilment of the conversion or option obligations or to the extent the Company exercises with regard to such bonds its right to issue, in whole or in part, shares in the Company instead of payment of the cash amount due;
- to issue new shares to members of the Management Board, members of the management of a company affiliated with the Company within the meaning of section 15 AktG or employees of the Company and its affiliated companies within the meaning of section 15 AktG against contributions in cash and/or in kind, including claims against the Company, as part of share participation or other share-based programs. In particular, the new shares may also be issued at favorable conditions (including an issue at the lowest issue price within the meaning of section 9(1) AktG) and/or against the contribution of remuneration claims. The new shares may also be issued through the intermediary of one or more credit institution(s), securities institution(s) or a company operating pursuant to section 53(1) sentence 1 or section 53b(1) sentence 1 or 53b(7) KWG. To the extent permitted by law, the new shares may also be issued in such a way that the contribution to be made to them is covered by the portion of the net profit for the year that the Management Board and Supervisory Board could allocate to other revenue reserves in accordance with section 58(2) AktG. The pro rata amount of the share capital attributable to shares issued in exercise of this authorization subject to the exclusion of subscription rights may not exceed a total of 10% of the share capital, neither at the time this authorization becomes effective nor at the time it is exercised. This limit of 10% will include the pro rata amount of the share capital attributable to any shares that have been issued or transferred from authorized capital, conditional capital or treasury shares to members of the Management Board, members of the management of a company affiliated with the Company within the meaning of section 15 AktG or employees of the Company and its affiliated companies within the meaning of section 15 AktG as part of share option programs and/or share-based remuneration since the resolution on Authorized Capital 2024/I was adopted. To the extent that shares are to be issued to members of the Management Board as part of this authorization, the Supervisory Board shall decide on the allocation in accordance with the allocation of responsibilities under stock corporation law; and
- in order to distribute a dividend in kind, in the context of which shares in the Company are issued (also partially and/or optionally) in return for the contribution of shareholders' dividend entitlements (scrip dividend).

The Management Board is authorized, with the consent of the Supervisory Board, to determine any additional content of the rights attached to the shares and the conditions of the share issue. This also includes determining the dividend entitlement of the new shares, which may to the extent legally permissible and notwithstanding section 60(2) AktG, also be determined for a previous fiscal year.

The Supervisory Board is authorized to amend the wording of the Articles of Association accordingly following full or partial utilization of the Authorized Capital 2024/I or after expiry of the period for the utilization of the Authorized Capital 2024/I.

13.1.4 Conditional capital

13.1.4.1 Conditional Capital 2015

Pursuant to Section 4 (8) of the Articles of Association, the Company's share capital is conditionally increased by up to EUR 225,450.00 by issuing up to 225,450 new ordinary bearer shares with no par value ("**Conditional Capital 2015**"). The Conditional Capital 2015 serves exclusively to secure subscription rights that are issued to members of the Management Board and employees of the Company as well as members of the management and employees of companies affiliated with the Company in the period up to and including June 29, 2020 on the basis of the authorization granted by the shareholders' meeting on June 30, 2015 in connection with the 2015 stock option plan. The conditional capital increase will be implemented only to the extent that subscription rights are issued and their holders exercise their subscription rights to shares in the Company and the Company does not grant treasury shares or pay a cash settlement in fulfillment of the subscription rights. The new shares shall be entitled to profit participation from the beginning of the fiscal year for which the shareholders' meeting has not yet passed a resolution on the appropriation of net profit at the time the new shares are issued. The Management Board is authorized to determine the further details of the implementation of the conditional capital increase with the consent of the Supervisory Board. Insofar as the Management Board is affected, the Supervisory Board is authorized accordingly. The Supervisory Board is also authorized to amend the wording of the Articles of Association in accordance with the respective utilization of the conditional capital.

13.1.4.2 Conditional Capital 2020

Pursuant to Section 4 (6) of the Articles of Association, the Company's share capital is conditionally increased by up to EUR 724,000.00 by issuing up to 724,000 new ordinary bearer shares with no par value ("**Conditional Capital 2020**"). The Conditional Capital 2020 serves exclusively to secure subscription rights that are issued to members of the Management Board and employees of the Company as well as members of the management and employees of companies affiliated with the Company in the period up to and including December 9, 2025 on the basis of the authorization granted by the shareholders' meeting on December 10, 2020 in connection with the 2020 stock option plan. The conditional capital increase will be implemented only to the extent that subscription rights are issued and their holders exercise their subscription rights to shares in the Company and the Company does not grant treasury shares or pay a cash settlement in fulfillment of the subscription rights. The new shares shall be entitled to profit participation from the beginning of the fiscal year for which the shareholders' meeting has not yet passed a resolution on the appropriation of net profit at the time the new shares are issued. The Management Board is authorized to determine the further details of the implementation of the conditional capital increase with the consent of the Supervisory Board. Insofar as the Management Board is affected, the Supervisory Board is authorized accordingly. The Supervisory Board is also authorized to amend the wording of the Articles of Association in accordance with the respective utilization of the conditional capital.

13.1.4.3 Conditional Capital 2022

Pursuant to Section 4 (7) of the Articles of Association, the Company's share capital is conditionally increased by up to EUR 6,497,125.00 by issuing up to 6,497,125 new ordinary bearer shares with no par value ("**Conditional Capital 2022**"). The conditional capital increase will be implemented only to the extent that the holders or creditors of option or conversion rights or those obliged to convert or exercise options from bonds with warrants or convertible bonds issued or guaranteed by the Company or a Group company of the Company within the meaning of section 18 AktG on the basis of the authorization resolved by the shareholders' meeting on June 30, 2022 until June 29, 2027 exercise their option or conversion rights or, if they are obliged to convert, fulfil their obligation to convert, or if the Company exercises an option to grant shares in the Company in whole or in part instead of payment of the cash amount due, unless cash settlement is granted or treasury shares or shares in another listed company are used to service them. The new shares shall be issued at the in accordance with the aforementioned authorization resolution determined conversion or option price. The new shares issued as a result of the exercise of the conversion or option right or the fulfillment of the conversion obligation shall be entitled to profit participation from the beginning of the fiscal year in which they are created. However, if new shares are issued on the basis of a conversion or exercise declaration that was declared before the general meeting of the Company that resolves on the appropriation of the net profit of the previous fiscal year, the dividend rights of these new shares shall apply to the fiscal year preceding their issuance of the shares. To the extent permitted by law, the Management Board may determine the profit participation of new shares in deviation from section 60 (2) AktG with the consent of the Supervisory Board. The Management Board is authorized to determine the further details of the implementation of the conditional capital increase with the consent of the Supervisory Board.

13.2 Authorization to issue convertible bonds and/or warrant bonds

On June 30, 2022, the Company's annual shareholders' meeting authorized the Management Board, subject to the approval of the Supervisory Board, to issue bonds with attached warrants and/or convertible bonds (collectively "**Bonds**"), one or more times at any time until June 29, 2027, each with or without a fixed maturity, which may also be simultaneously in multiple tranches, and which may be in the form of bearer or registered securities, in the aggregate amount of up to EUR 550,000,000.00, incorporating the granting of option or conversion rights or providing for option or conversion obligations in accordance with the more detailed terms and conditions of the bonds with attached warrants ("**Warrant Conditions**") or of the convertible bonds ("**Convertible Bond Conditions**") respectively, whereby the exercise of such option or conversion rights or fulfillment of obligations may give rise to a total of up to 6,497,125 no-par-value common bearer shares in the Company corresponding to registered share capital of up to a total of EUR 6,497,125.00. The Bonds may, in addition to euros, be issued in any other legal currency of an OECD country subject to this aggregate limit in the equivalent euro amount. The Bonds may be issued against cash. In addition, the Bonds may also be issued against non-cash contributions, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies, receivables, patents, licenses or other assets or rights, provided that the value thereof is at least equal to the issuance price of the Bonds. The Bonds may also be issued by affiliated companies both within Germany and abroad within the meaning of section 15 et seq. AktG ("**Group Company**"). In the event of issuance by a Group Company, the Management Board shall be authorized, subject to the approval of the Supervisory Board, to guarantee the Bonds on behalf of the Group Company, as well as to grant conversion rights to holders of convertible bonds or to grant option rights to, or impose conversion or share subscription obligations on, holders of bonds with attached warrants.

13.2.1 Bonds with attached warrants and/or convertible bonds

The Bonds shall be divided into partial bond certificates (*Teilschuldverschreibungen*). If the Bonds are to be issued with attached warrants, one or more warrants shall be attached to each partial bond entitling – or in the case of option obligations, obligating – the holder or creditor to purchase no-par-value bearer common shares in the Company in accordance with the Warrant Conditions established by the Management Board. The Warrant Conditions may stipulate that the option exercise price may also be fulfilled by surrender of partial bonds, which may be in conjunction with a supplementary cash payment. The pro rata amount of the Company's registered capital attributable to the shares arising through the exercise of such attached warrants may not exceed the nominal amount of such partial bond to which the warrants are attached. In the case that fractional shares arise thereunder, the Warrant Conditions and/or other bond terms and conditions may provide for the purchase of whole shares through the accumulation of these fractions as well as, if necessary, by additional cash payment. In any case, the conversion ratio may provide for the rounding up or down to a whole number of shares. Provision may also be made for fractional share entitlements to be pooled and/or settled in cash, or for supplementation through additional cash payment. In the event that convertible bonds are issued, the creditors holding the partial bond (or in the case of bearer bonds, the holder) shall be granted the right, or in the case of conversion obligation shall assume the obligation, to convert the respective partial bond into no-par-value common shares of the Company in accordance with the Convertible Bond Conditions established by the Management Board. The conversion ratio shall be calculated by dividing the nominal amount of the partial bond, or in the case of issuance below nominal price, the issuance price of the partial bond, by the established price per Company share. The Convertible Bond Conditions may provide for rounding the resulting number of shares up or down to a whole number, as well as for the handling of remaining fractional amounts through pooling, through additional cash payment to attain a number of whole shares, or through the payment of alternative compensation for non-convertible fractional amounts. The Convertible Bond Conditions may provide for a variable conversion ratio, whereby the conversion price (subject to the minimum price requirements further specified below) may fall within a specified range depending on the prevailing exchange price of the Company's shares during the term of the bond.

13.2.2 Authority to offer substitute consideration

The Convertible Bond Conditions or Warrant Conditions may provide, in the event of exercise of conversion or option rights, or fulfillment of obligations, that the Company has the right, in lieu of delivering shares, to pay a sum of cash equal to the number of shares of the Company that would otherwise have to be delivered multiplied by the volume-weighted average closing price thereof in electronic trading on the Frankfurt Stock Exchange during a period to be specified in the Convertible Bond Conditions or Warrant Conditions. The Warrant Conditions may also provide for the delivery, upon exercise of option rights or fulfillment of obligations, and at the option of the Company – and likewise, the Convertible Bond Conditions may also provide for the exchange of the bonds, upon exercise of conversion rights or fulfillment of obligations, and at the option of the Company – of existing shares in the Company, or of shares of another exchange-listed company as provided, instead of shares newly issued from the Company's conditional capital. The Convertible Bond Conditions or Warrant Conditions may provide for a combination of these forms of fulfillment. The terms and conditions of the bond may also provide for the right of the Company, upon exercise of option or conversion rights, or fulfillment of option or conversion obligations, at the final maturity of the bond (including maturity due to an event of early termination), to repay the amount of principal due to the respective creditor or holder of the bond through the payment in shares of the Company, or in the shares of another exchange-listed company as provided, in lieu of the whole or part of the nominal cash amount due.

13.2.3 Mandatory bond conversion and/or warrant exercise

The Convertible Bond Conditions or Warrant Conditions may also provide for a conditional or unconditional obligation for bond conversion or warrant exercise upon the maturity of the bond or at an earlier point in time or because of a specific event. The Convertible Bond Conditions or Warrant Conditions may entitle the Company to fully or partially settle in cash any difference between the nominal amount of the bond, or the bond issuance price if lower, and the resulting value of the shares arising from the converted bond or exercised warrants.

13.2.4 Warrant exercise price and/or bond conversion price

Where Bonds are issued with bond conversion or option exercise rights (attached warrants), and where the conversion or option exercise price is variable depending on the future stock exchange price of the Company's shares during the term of the Bond, then the applicable conversion or option exercise price per share must – with the exception of the cases provided for under the above sections 13.2.2 ("*Authority to offer substitute consideration*") and 13.2.3 ("*Mandatory bond conversion and/or warrant exercise*") – be at least 95% of the volume-weighted average closing price of the Company's shares in electronic trading on the Frankfurt Stock Exchange for a period of at least five consecutive trading days ending with the trading day preceding the day upon which the option or conversion rights are exercised. Where the Convertible Bond Conditions or Warrant

Conditions specify a fixed conversion price or option exercise price, this price must be at least 80% of the volume-weighted average closing price of the Company's shares in Xetra trading on the Frankfurt Stock Exchange (or any successor system) for a period of at least five consecutive trading days ending with the trading day preceding the date of the resolution by the Management Board on the issuance of the Bonds including such option or conversion rights or conversion obligations. In the cases provided for under the above sections 13.2.2 ("*Authority to offer substitute consideration*") and 13.2.3 ("*Mandatory bond conversion and/or warrant exercise*"), the option exercise price or conversion price must be at least either the minimum price stipulated in the preceding paragraph (80%) or the volume-weighted average closing price of the Company's shares in Xetra trading on the Frankfurt Stock Exchange (or any successor system) during the last at least five trading days before the final maturity date or other specified point in time, even if this average price is less than the minimum price stipulated in the first paragraph (95%). The provisions of section 9 (1) and section 199 AktG shall remain unaffected.

13.2.5 Protection against dilution

Where Bonds are issued with option or conversion rights, or with option or conversion obligations, the option exercise price or conversion price may, notwithstanding section 9 (1) AktG, be adjusted in accordance with the applicable terms and conditions of the Bonds if the Company increases its share capital before the end of the option or conversion period through the granting of subscription rights to shareholders, or if the Company issues or guarantees further Bonds whereby the holders of such existing option or conversion rights or obligations are not granted subscription rights thereto, unless an adjustment therefor is provided by law or subscription rights are granted as compensation or a corresponding amount is paid in cash. The terms and conditions of the Bonds may also provide for a value-preserving adjustment to the option exercise price or conversion price in the event of other measures or events that could lead to a dilution of the value of the option or conversion rights or obligations.

13.2.6 Authorization to establish additional details

The Management Board shall be authorized, subject to the approval of the Supervisory Board, to determine further details regarding the issuance and features of any bonds issued hereunder, including but not limited to the interest rate and type, the issuance price, the term and denomination of the bonds, the option or conversion period, and the details of any variable conversion ratio. In the event of issuance hereunder of a convertible bond or bond with attached warrants by a Group Company, such details are to be agreed together with the management of the respective Group Company.

13.2.7 Subscription rights

Where Bonds are issued, the Company's existing shareholders shall generally, as a matter of principle and of law, have a right of subscription thereto. The Bonds may also be underwritten and assumed by one or more banks with the obligation to offer them to the shareholders for subscription ("indirect subscription rights"). Where such Bonds are issued hereunder by a Group Company, the Company shall ensure that Company shareholders are granted any such statutory subscription rights. Notwithstanding the above, the Management Board shall be authorized to exclude such rights of Company shareholders to subscribe to the Bonds provided that the Bonds are issued against cash and further provided that the Management Board, after due examination, comes to the conclusion that the issuance price of the Bonds is not significantly lower than the theoretical market value of the Bonds determined using recognized financial-mathematical methodologies. Such exclusion of subscription rights may, however, only apply to issuances of Bonds whereby the number of shares arising upon exercise of the share conversion or option rights associated with the Bonds, or upon fulfillment of share conversion or subscription obligations, would not exceed 10% of the Company's total share capital at the time of entry into effect or – if this percentage is lower – of the Company's total share capital at the time of exercise. The calculation of this 10% limit shall include the proportion of total share capital attributable to shares issued, or relating to conversion or option rights or to conversion or subscription obligations in conjunction with Bonds issued, subsequent to the granting of this authorization to exclude subscription rights and issued based upon a resolution of the Management Board to exclude subscription rights through direct or analogous application of section 186 (3) sentence 4 AktG, or through the re-sale of treasury shares acquired during the term of this authorization in a manner other than via stock exchange transactions or through offer to all shareholders and through similar application of section 186 (3) sentence 4 AktG. The Management Board shall be further authorized to exclude such shareholder subscription rights for any fractional bond amounts arising from the bond subscription ratio. The Management Board shall, in addition, be authorized to exclude shareholder subscription rights to such Bonds insofar as necessary to ensure that the holders of conversion or share subscription rights (options), or of conversion or share subscription obligations, granted by the Company or a Group Company are offered subscription rights to Bonds issued under this authorization to the full extent to which they would be entitled upon exercise of such conversion or share subscription rights or fulfillment of such conversion or subscription obligations (protection against dilution). Finally, the Management Board shall be authorized to exclude the subscription rights of Company shareholders insofar as bonds are issued against non-cash contributions, as contributions in kind for the acquisition of receivables or companies,

or of parts of companies and investment participations in companies, and where the exclusion of such subscription rights is otherwise in the overriding interest of the Company.

13.3 Stock option programs

13.3.1 Stock Option Program 2015

Based on the authorization granted by the Company's annual shareholders' meeting on June 30, 2015, the Management Board and Supervisory Board resolved on July 4/10, 2015, as amended by resolutions dated April 27, 2017, the stock option program 2015 ("**Stock Option Program 2015**"). Under the Stock Option Program 2015, 467,000 subscription rights were granted, each with the right to acquire one ordinary bearer shares with no par value of the Company against payment of the exercise price. The exercise price corresponds to the weighted average of the closing prices of the Company's shares in Xetra trading (or a comparable successor system) during the last 60 trading days prior to the issue date. At the Company's discretion, the subscription rights can also be fulfilled by means of a cash settlement or terminated in return for a cash settlement. The cash settlement payment per subscription right is calculated from the weighted average price of the Company's shares, calculated according to the weighted average of the closing prices for a share in the company in Xetra trading (or a comparable successor system) during the last 60 trading days prior to the exercise date, less the exercise price.

The term of the subscription rights is ten (10) years from the issue date. Subscription rights that have not been exercised by the end of the term expire without compensation or indemnification. Subject to further exercise requirements, a subscription right can only be exercised if it has become vested in accordance with the option conditions and has not expired or been terminated.

All subscription rights that do not expire, have not lapsed and have not been terminated in accordance with the option conditions can be exercised at the earliest after the expiry of a waiting period of four (4) years after the acquisition of the respective subscription right until the expiry of the term in the exercise periods. The subscription rights can only be exercised if the following exercise price and hurdle are reached: The exercise price of the subscription rights corresponds to the average non-weighted closing price of the Company's shares in Xetra trading (or a comparable successor system) during the last 60 trading days prior to the offer date of the options plus an implied hurdle of 10% in relation to such price. The offer date is the date on which the respective option offer was made by the Company.

Subscription rights that have not expired or been terminated in accordance with the option conditions can also be exercised prematurely, but not before the statutory minimum waiting period of four (4) years after the acquisition of the respective subscription right and subject to the performance targets, within one or more periods to be determined, as soon as a change of control has occurred. A change of control is defined as the acquisition of shares in the Company that confer more than 50% of the voting rights by one person or several persons acting jointly or the acquisition of a controlling influence over the Company by a third party or several third parties in any other way.

If the number of shares issued by the Company changes after the share options have been issued as a result of a capital increase from company funds, a capital reduction or a reclassification of the share capital, the number of subscription rights to shares granted to the entitled persons, the exercise price and the performance target will be adjusted in proportion to the increase or decrease in the number of shares issued. If the Company increases the share capital after issuing the subscription rights by way of a capital increase with subscription rights for shareholders, the exercise price subject to section 9 (1) AktG and the exercise authority must be reduced by a dilution discount if dilution occurs. The dilution discount is to be determined by the Company at its reasonable discretion in accordance with section 317 BGB. The exercise price and the performance target will not be adjusted if the entitled persons are directly or indirectly entitled to the shares.

13.3.2 Stock Option Program 2020

Based on the authorization granted by the Company's annual shareholders' meeting on December 10, 2020, the Management Board and Supervisory Board resolved the stock option program 2020 ("**Stock Option Program 2020**") on December 14/16, 2020. Under the Stock Option Program 2020, the Management Board and, with respect to subscription rights granted to the Management Board, the Supervisory Board are authorized until December 9, 2025 to grant up to 724,000 subscription rights to members of the Management Board as well as to employees of the Company as well as members of the management and employees of companies affiliated with the Company. The terms and conditions of the Stock Option Program 2020 correspond to the terms and conditions of the Stock Option Program 2015 (see "*13.3.1 Stock Option Program 2015*").

Until the date of the Prospectus, 262,000 subscription rights have been granted under the Stock Option Program 2020.

13.4 Authorization to purchase and use treasury shares

On June 12, 2024, the Company's annual shareholders' meeting resolved under agenda item 10 lit. b) to authorize the Management Board, with the consent of the Supervisory Board, to acquire treasury shares in the Company in compliance with the principle of equal treatment (section 53a AktG) up to a total of 10% of the Company's share capital existing at the time the resolution was adopted or – if this amount is lower – at the time the authorization is exercised until June 11, 2029 (inclusive). The shares acquired on the basis of the authorization, together with other treasury shares of the Company that the Company has acquired and still holds or which are attributable to it pursuant to sections 71a et seq. AktG, may not exceed 10% of the Company's registered share capital at any point in time.

The authorization may be exercised once or multiple times, in whole or in part, for one or more purposes by the Company, but also by dependent companies or companies in which the Company holds a majority interest or by third parties for the account of the Company or companies dependent on it or in which the Company holds a majority interest.

The authorization may not be used for the purpose of trading in treasury shares.

a) Nature and manner of the acquisition of treasury shares

The acquisition of treasury shares takes place at the choice of the Management Board aa) through the stock exchange or bb) by means of a public offer directed to all shareholders of the Company or by means of a public invitation to the shareholders to make a sales offer (the acquisition according to lit. bb) is referred to hereinafter as "**Public Offer**").

aa) Acquisition of shares through the stock exchange

If the treasury shares are acquired through the stock exchange, the purchase price per share paid by the Company (without ancillary costs) may not be more than 10% higher or lower than the Company's share price in Xetra trading (or a corresponding successor system) ascertained by the opening auction on the last three stock exchange trading days before the acquisition.

bb) Acquisition of shares by a Public Offer

In the case of an acquisition by way of a Public Offer, the Company can determine a fixed purchase price or a purchase price range for each share (without ancillary costs) within which it is prepared to acquire shares. In the Public Offer, the Company can determine a period for the acceptance or submission of the offer as well as the option and the conditions for an adjustment of the purchase price range during this period in the event of significant price changes. The purchase price will, in the case of a purchase price range, be set on the basis of the sales price stated in the acceptance or offer declarations by the shareholders and the volume of the acquisition as determined by the Management Board after the end of the offer period.

(1) In the case of a Public Offer by the Company, the purchase price offered (excluding ancillary costs) or the purchase price range may not be more than 10% higher or lower than the volume-weighted average of the closing price of the Company's shares in Xetra trading (or a corresponding successor system) on the last three stock exchange trading days before the day on which the offer is publicly announced. In the event of an adjustment of the purchase price range by the Company, the last three stock exchange trading days prior to the public announcement of the adjustment will be the basis for the adjustment.

(2) In the case of a public invitation to all shareholders to submit offers for sales, the purchase price per Company share ascertained on the basis of the offers made (excluding ancillary costs) may not be more than 10% higher or lower than the volume-weighted average of the closing price of the Company's shares in Xetra trading (or a corresponding successor system) on the last three stock exchange trading days before the day of announcement of the public invitation to submit sales offers. In the event of an adjustment of the purchase price range by the Company, the last three stock exchange trading days prior to the public announcement of the adjustment will be the basis for the adjustment.

The volume of the purchase offer or the invitation to sell can be limited. If the shares offered by the shareholders for acquisition exceed the total amount of the purchase offer or of the Company's invitation to sell, the shares offered shall be taken into account or accepted in the proportion of the total amount of the purchase offer or the invitation to sell to the total of shares offered by the shareholders. It can, however, be provided that lower amounts of up to one hundred offered shares can be acquired on a preferential basis. The Public Offer can provide for additional conditions.

b) Authorization of the Management Board to sell or otherwise use acquired shares

The Management Board is authorized, with the consent of the Supervisory Board, to use the treasury shares acquired by the Company on the basis of the above authorization and earlier authorizations pursuant to section 71(1) no. 8 AktG for all legally permissible purposes and in particular, in addition to sale on the stock

exchange or by means of an offer to all shareholders, to pursue any admissible purpose, including in the following manner:

aa) The treasury shares can be redeemed and the Company's share capital can be reduced by that part of the share capital allotted to the redeemed shares without the redemption or its implementation requiring a further resolution by the Company's shareholders' meeting. The Management Board can redeem the treasury shares also in the simplified procedure without reducing the share capital so that by the redemption the proportion of the other shares in the share capital is increased. If the redemption of the shares takes place in the simplified procedure without reducing the share capital, the Management Board is authorized to amend the number of shares in the Articles of Association.

bb) They can be used in order to distribute a dividend in kind, in the context of which shares in the Company are issued (also partially and/or optionally) in return for the contribution of shareholders' dividend entitlements (scrip dividend).

cc) They can be offered for purchase, promised and transferred to persons who are employed or who were employed by the Company or one of its affiliates within the meaning of section 15 AktG and board members of the Company or its affiliates as part of share participation or other share-based programs for a fee or free of charge; the offered, promised or transferred shares can also be transferred to the beneficiaries after termination of the board membership or employment relationship. The shares can also be transferred to a credit institution, securities institution or a company operating pursuant to section 53(1) sentence 1 or section 53b(1) sentence 1 or section 53b(7) KWG or to a consortium of such credit institutions or securities institutions which takes over the shares with the obligation to use them solely for the purposes in sentence 1. Insofar as shares are to be granted to members of the Management Board within the scope of this authorization, the Supervisory Board shall decide on the allocation in accordance with the allocation of responsibilities under stock corporation law.

dd) They can be offered for purchase and transferred to the beneficiaries to service the share options issued under the Stock Option Program 2020). Insofar as shares are to be granted to members of the Management Board as part of this authorization, the Supervisory Board shall decide on the allocation in accordance with the allocation of responsibilities under stock corporation law.

ee) They can be offered to and transferred to third parties in return for contributions in kind, in particular as part of business combinations or the acquisition of companies, operations, parts of companies or interests. The aforementioned shares may also be used for the termination or settlement of corporate litigation at affiliates of the Company.

ff) They may be sold to third parties for cash if the price at which the Company's shares are sold is not significantly lower than the stock exchange price (including the listing in the Regulated Unofficial Market (*Freiverkehr*)) of a Company share at the time of sale (section 71(1) no. 8 sentence 5 AktG in conjunction with section 186(3) sentence 4 AktG). The proportionate amount of the share capital attributable to the number of shares sold on the basis of the authorization may not exceed 10%, either at the time of the resolution or – if this value of the share capital is lower – at the time this authorization is exercised. Shares issued or sold in direct or analogous application of section 186(3) sentence 4 AktG during the term of this authorization up to this point in time are to be counted toward this limit. Shares that were or can be issued to service convertible bonds or warrant bonds or profit participation rights with conversion or option rights must also be included, provided that the underlying bonds are issued in future during the term of this authorization with the exclusion of subscription rights in accordance with section 186(3) sentence 4 AktG.

gg) They can be used to service acquisition obligations or acquisition rights to shares in the Company arising from and in connection with convertible bonds, warrants bonds, profit participation rights and/or profit participating bonds (or combinations of these instruments) with conversion or option rights or conversion or option obligations issued by the Company or one of its group companies.

c) Other provisions

The authorization under lit. b) above to use treasury shares can be exercised once or multiple times, in whole or in relation to a partial volume of treasury shares acquired on an individual or joint basis. The authorization listed under lit. b) above can also be exercised by dependent companies, companies in which the Company holds a majority interest or by third parties for the account of the Company or companies dependent on it or in which the Company holds a majority interest.

Shareholders' subscription rights are excluded in the cases mentioned under lit. b) bb) to lit. b) gg) above inclusive, or insofar as this is necessary in the event of the sale of treasury shares to all shareholders in order to exclude fractional amounts.

Utilization of the authorization contained in lit. b) cc) and lit. b) dd) above may not result in a pro rata amount of 10% of the Company's share capital being exceeded, either at the time of the resolution by the Company's shareholders' meeting on the above authorization or at the time this authorization is exercised. Shares issued or sold from authorized capital or conditional capital to members of the Management Board and employees of the Company as well as to members of the management and employees of companies affiliated with the Company within the meaning of section 15 AktG during the term of this authorization from participation programs are to be counted towards this 10% limit.

13.5 General provisions governing a liquidation of the Company

Apart from liquidation as a result of insolvency proceedings, the Company may only be liquidated by a resolution of the shareholders' meeting that is passed by a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. In the event of the Company's liquidation, the AktG provides that any assets remaining following settlement of the Company's liabilities shall be distributed among the Company's shareholders in proportion to their shareholdings. The AktG provides certain protections for creditors in the event of a liquidation of the Company.

13.6 General provisions governing a change in the share capital

The AktG provides that the share capital of a stock corporation may be increased by a resolution adopted at the shareholders' meeting. Such resolution must be adopted by a majority of at least 75% of the share capital represented when the resolution is passed, unless the stock corporation's articles of association provide for a different majority. Section 14(2) of the Articles of Association provides that resolutions of the shareholders' meeting are adopted by a simple majority of the votes cast, except as otherwise provided by mandatory law (as in case of a capital increase) or the Articles of Association. Pursuant to Section 4(9) of the Articles of Association, the profit share of the new shares can be determined in deviation from section 60 (2) AktG in case of an increase of capital. Section 60 (2) AktG provides that, if contributions to share capital have not been made in the same proportion for all shares, shareholders shall first be paid from the distributable profit in an amount of 4% of the contributions made, and, if the profit is insufficient to make such payment, the amount to be paid shall be determined on the basis of an appropriately lower percentage (contributions which have been made during the course of the fiscal year shall be taken into account in proportion to the time which has elapsed since the date of such contributions).

In addition, shareholders may resolve to issue authorized capital (*Genehmigtes Kapital*) upon a vote of 75% of the share capital represented at the passing of the resolution authorizing the Management Board to issue shares of up to a specific amount within a period not exceeding five years. The nominal amount of such issuance may not exceed 50% of the share capital in existence at the time the resolution of the general shareholders' meeting is registered with the Commercial Register. The authorized capital for the Company is described above under "*13.1.3 Authorized Capital*".

Additionally, shareholders may resolve to create conditional capital (*Bedingtes Kapital*) for the purpose of issuing shares (i) to holders of convertible bonds or other securities convertible into shares of the Company, (ii) as consideration in connection with a merger with another company or (iii) to executives and employees. A resolution to create conditional capital must be adopted by at least 75% of the share capital represented at the passing of the resolution. The nominal amount of the conditional capital created for the purpose of share issues to executives and employees may not exceed 10% of the nominal share capital in existence at the time such resolution is passed, while the nominal amount of the conditional capital created for the purpose of share issues to holders of convertible bonds or other securities convertible into shares of the Company or as consideration in connection with a merger with another company may not exceed 50% of the nominal share capital in existence at the time such resolution is passed; however, there is generally no limitation with respect to a time period during which the contingent capital may be used. The conditional capital for the Company is described above under "*13.1.4 Conditional capital*". The authorization of the Management Board to issue convertible bonds or other securities convertible into shares of the Company must be limited to a period not exceeding five years from the date of the respective shareholder resolution (see "*13.2 Authorization to issue convertible bonds and/or warrant bonds*").

13.7 General provisions governing subscription rights

Section 186 AktG generally grants all shareholders the right to subscribe for new shares of the Company issued in a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. However, shareholders do not have the right to demand admission to trading for subscription rights. Subscription rights that are not exercised before expiry of the deadline for subscription will lapse and have no value and any shareholders whose rights

have lapsed will not receive any compensation. The Company's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. Exclusion of shareholders' subscription rights, wholly or in part, also requires a report from the Management Board to the shareholders' meeting that justifies the exclusion and demonstrates that the Company's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Company increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares with no subscription rights does not exceed 20% of the share capital at issue, both at the time when the authorization takes effect and at the time when it is authorized; and
- the price at which the new shares are being issued is not materially lower than the stock exchange price of the Company's shares.

13.8 Exclusion of minority shareholders

13.8.1 Squeeze-out under stock corporation law

Sections 327a et seq. AktG, which govern a so-called "squeeze-out under stock corporation law", provide that upon request of a shareholder holding 95% or more of the Company's share capital, the Company's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate compensation in cash. The amount of the cash compensation offered to minority shareholders must reflect "the circumstances of the Company" at the time the shareholders' meeting passes the resolution. The amount of the cash compensation is based on the full value of the Company, which is generally determined using the capitalized earnings method. Minority shareholders are entitled to initiate appraisal proceedings (*Spruchverfahren*), wherein the court will review the adequacy (*Angemessenheit*) of the cash compensation.

13.8.2 Squeeze-Out and tender rights under takeover law

Under sections 39a and 39b WpÜG, in the event of a so-called "squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover or mandatory offer may, within three months of the expiration of the deadline for acceptance of the offer, petition the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offer or against payment of an adequate compensation. Such transfer does not require a resolution of the target company's shareholders' meeting. The consideration paid in connection with the takeover or mandatory offer is considered adequate if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover or mandatory offer, while at all times a cash compensation must also be offered.

In addition, following a takeover bid or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (section 39c WpÜG), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with section 39a WpÜG.

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

13.8.3 Squeeze-out under reorganization law

Under section 62 (5) of the German Transformation Act (*Umwandlungsgesetz* – "**UmwG**"), a majority shareholder holding at least 90% of the Company's share capital may require the Company's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate compensation in cash, provided that (i) the majority shareholder is an AG, a partnership limited by shares (*Kommanditgesellschaft auf Aktien (KGaA)*) or a European company (*Societas Europaea (SE)*) having its registered office in Germany and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Company. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

13.8.4 Integration

Under section 319 et seq. AktG, the Company's shareholders' meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered office in Germany, provided the

prospective parent company holds at least 95% of the Company's shares. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. The amount of the compensation must be determined using the "merger value ratio" (*Verschmelzungswertrelation*) between the two companies, i.e., the exchange ratio which would be considered reasonable in the event of merging the two companies. Fractional amounts may be paid out in cash.

13.9 Shareholder notification requirements; mandatory offer; directors' dealings

Once the Shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post admission obligations (Prime Standard), the Company will be subject to WpHG provisions governing, among other things, disclosure requirements for significant shareholdings and the WpÜG provisions governing takeover and mandatory offers. Furthermore, the Company is already subject to and will, following the Uplisting, become subject to more stringent provisions of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation – "**MAR**"), as amended, governing, among other things, directors' obligations to disclose transactions in the Shares, debt instruments, related derivatives or other related financial instruments.

13.9.1 Notification requirements of shareholders

13.9.1.1 Notification thresholds and attribution rules

Pursuant to section 33 (1) WpHG, anyone who acquires or whose shareholding in any other way reaches or exceeds 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, is required to concurrently notify both the Company and BaFin of such occurrence. Subsequent notifications are required if such person sells or in any other way falls below the aforementioned thresholds.

All such notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances should have had knowledge of their proportion of voting rights reaching, exceeding, or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares pursuant to section 33 (3) WpHG. If a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting-in-concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company (e.g., fundamental changes to the Group's business model or a sale of a substantial part of the Group's assets). Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting-in-concert. Coordination in individual cases, however, is not considered as acting-in-concert.

Except for the 3%-threshold, similar notification requirements towards the Company and BaFin exist, if the aforementioned thresholds are reached, exceeded or undercut, because the shareholder holds financial instruments that (i) confer to him (a) the unconditional right to acquire already issued shares of the Company to which voting rights are attached when due or (b) discretion to exercise their right to acquire such shares, or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter mentioned notification requirements also apply, for example, to share swaps against cash consideration and contracts for difference. The number of voting rights relevant for the notification requirement will generally be calculated by reference to the full nominal amount of shares underlying the instrument except where the instrument provides exclusively for a cash settlement. Details for such calculations are laid down in the Commission Delegated Regulation (EU) 2015/761 of December 17, 2014. In addition, a person or entity is subject to a notification requirement towards the Company and BaFin if the sum of the voting rights from shares and (financial) instruments held or attributed to such person or entity reaches, exceeds, or falls below the aforementioned thresholds, again except for the 3% threshold.

13.9.1.2 Exceptions to notification requirements

There are certain exceptions to the notification requirements. For example, a company is exempt from notification obligations if its parent company has filed a group notification pursuant to section 37(1) WpHG. If the Company's parent company is itself a subsidiary, then the relevant company is exempt from notification obligations if its parent's parent company has filed such group notification. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the EU or in a member state of the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) the shares or instruments are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the Company's voting rights, do not grant the right to acquire more than 5% of the voting rights, or do not have a similar economic effect and (iii) it is ensured that the voting rights pertaining to such shares or instruments are not exercised or otherwise utilized.

13.9.1.3 Fulfilment of notification requirements

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading and Insider List Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung*). The notice may be submitted either in German or English, in writing or via fax. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (e.g., the first name, surname, and date of birth of the notifying individual or the legal name, seat and state of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a domestic issuer in Germany, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire EU and in all member states of the EEA. Such publications shall only be made in the English-language. The Company is also required to transmit these publications to BaFin, specifying the time of publication and the media used and to the German Company Register (*Unternehmensregister*) for storage.

13.9.1.4 Consequences of violations of notification requirements

Rights of shares held by shareholders, or from which voting rights are attributed to shareholders, do not exist for as long as the notification requirements are not fulfilled or not fulfilled appropriately. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. However, it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or grossly negligently fails to disclose the correct proportion of voting rights held, then the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. In addition, a fine may be imposed for failure to comply with notification obligations.

13.9.1.5 Special notification requirements for more than 10% of the voting rights

Pursuant to section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the Company's voting rights, or a higher threshold, is required to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10%-threshold has been reached, the aforementioned attribution rules apply. The Company is required to publish any notification pursuant to section 43 WpHG it receives without undue delay and no later than within three trading days.

13.9.2 Mandatory offers

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the Company's voting rights is required to publish this fact, including the percentage of its voting rights, within seven calendar days of crossing this threshold. Such publication must be furnished on the internet and by means of an electronic system for disseminating financial information. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares.

Once the share of voting rights exceeds 30% of the Company's voting rights, such shareholder (as bidder) is required to make a mandatory offer to all shareholders of the Company. Under certain conditions, BaFin may grant an exemption from this rule. If the relevant shareholder fails to give notice of reaching or exceeding the

30%-threshold or fails to submit the mandatory offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the delinquency. A fine may also be imposed in such cases.

A mandatory offer has to be directed at all shareholders and shares of the Company. Following publication of the offer document for the mandatory offer via the electronic German Federal Gazette (*Bundesanzeiger*) or via distribution free of charge at a suitable agency in Germany, shareholders are free to accept the offer within a specified acceptance period of four to ten weeks. Shareholders that have accepted the mandatory offer in writing to its depositary bank are entitled to receive an appropriate compensation for their shares taking into account the average stock market price of the shares as well as the acquisition price of shares by the bidder. If a bidder, following the mandatory offer, holds at least 90% or 95%, as applicable, of the voting share capital of a target company, it may initiate a squeeze-out as described above under "*13.8.2 Squeeze-Out and tender rights under takeover law*".

13.9.3 Directors' dealings

A person discharging managerial responsibilities within the meaning of Article 3 (1) no. 25 MAR (i.e., the members of the Management Board and the Supervisory Board), must notify the Company and BaFin of transactions undertaken for their own account relating to the shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto (subject to a EUR 20,000.00 de minimis exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 (1) no. 26 MAR. Such notifications shall be made promptly and no later than three business days after the date of the relevant transaction. The Company shall ensure that such notifications are made public promptly and no later than three business days after the relevant transaction.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue where the Shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities.

13.10 EU Short Selling Regulation (Ban on Naked Short-Selling)

Pursuant to Regulation (EU) 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps ("**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short selling of the Shares is only permitted under certain conditions. Additionally, under the provisions of the Short Selling Regulation, significant net short selling positions in the Shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Shares with its long positions in such shares. The details are regulated in the EU Short Selling Regulation and the other regulations the European Commission enacted on short selling. In certain situations, described in the Short Selling Regulation, BaFin may restrict short selling and comparable transactions.

14. GOVERNING BODIES

14.1 Overview

The Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The powers and responsibilities of these governing bodies are governed by the AktG, the Articles of Association and the rules of procedure (*Geschäftsordnungen*) for the Management Board and the Supervisory Board.

The Management Board manages the Company's business in accordance with the law, the Articles of Association, and the rules of procedure for the Management Board, taking into account the resolutions of the shareholders' meeting. The Management Board represents the Company in its dealings with third parties. The Management Board is required to implement and maintain appropriate risk management and risk controlling measures, including setting up a monitoring system in order to ensure that any developments that could potentially endanger the continued existence of the Company can be identified early. In addition, the Management Board must report regularly to the Supervisory Board on the performance and the operations of the Company. The Management Board is also required to present to the Supervisory Board for its approval, no later than at the last Supervisory Board meeting of each fiscal year, certain business planning matters (including financial investment and personnel planning) for the following fiscal year. Furthermore, each member of the Management Board who becomes aware of any matter that is of particular significance to the Company must immediately report such matter, orally or in writing, to the chairman and the vice chairman of the Supervisory Board or to all members of the Supervisory Board. Significant matters include any development or event at an affiliated company that could have a material impact on the Company.

The Supervisory Board advises the Management Board in the management of the Company and monitors its management activities. The Management Board may not transfer management tasks to the Supervisory Board. However, pursuant to the Articles of Association in combination with the rules of procedure for the Management Board, the Management Board must obtain the consent of the Supervisory Board for certain measures and resolutions, including:

- adoption of new or abandonment of existing business areas or markets, provided that revenue amounting to more than 10% of the consolidated revenue of the Group achieved in the last completed fiscal year is affected;
- determination or amendment of annual budgets, business, financial or investment plans for the current and upcoming fiscal year as well as medium and long-term corporate planning;
- conclusion of agreements with continuing obligations with a general contractual term of more than five years and/or a total volume of more than 10% of the balance sheet total of the Group in each case;
- material transactions between the Company or another company of the Formycon Group on the one hand and a member of the Management Board, a shareholder with a material interest in the Company or their respective related parties within the meaning of section 111a (1) sentence 2 AktG on the other hand, whereby transactions with an individual transaction value of at least EUR 0.25 million are material. A material interest refers to shareholders who directly or indirectly hold more than 10% of the voting shares of the Company;
- entering into credit agreements as borrower, into convertible obligations, granting loan collaterals, granting sureties (*Bürgschaften*), guarantees and obligations or joint liability, in each case for obligations of a third party, and in each case if it is not part of an approved annual budget and specified for each case and person; this limitation does not apply to (i) ordinary bank deposits (liquid funds) and (ii) borrowing money within the usual credit limits of the bank account up to EUR 0.25 million or a larger credit limit approved by the Supervisory Board;
- granting loans to members of the Management Board and related parties and companies as well as employees;
- conclusion, amendment and termination of joint venture agreements, co-operation agreements, framework agreements, intercompany agreements within the meaning of sections 291 et seqq. AktG (including agreements on silent partnerships), profit-participating loans or other far-reaching agreements that are not part of the ordinary course of business;
- sale of the Company as a whole or of significant parts of the Company and conclusion of merger, spin-off and other reorganization agreements;
- establishment, acquisition, closure and sale (including the obligation to do so) of business units, parts of business units or branches of the Company or subsidiaries;

- acquisition of or entering into an obligation to acquire participations in companies or partnerships of any kind or business as well as to establish new companies;
- sale of or entering into an obligation to sell shares or interests in subsidiaries or any other disposal regarding these shares or interests or the obligation to do so as well as the liquidation of subsidiaries or the closing of branches;
- acquisition, sale or encumbrance of land and land rights as well as acquisition and disposal of other fixed assets with the exception of financial assets, to the extent that the acquisition or disposal in individual cases exceeds 10% of the balance sheet total of the Group and provided these are not transactions within the Group;
- other obligations or transactions which burden the Company in individual cases with an amount exceeding 5% of the balance sheet total of the Group;
- conclusion, amendment or cancellation of consultancy agreements with a volume per agreement of EUR 2 million;
- disposal of intellectual property rights, if and insofar as the disposal is not part of the Company's ordinary course of business, as well as the conclusion, amendment and termination of agreements regarding the granting or acquisition of licenses, patents or know-how outside the Company's ordinary course of business;
- sale or other disposal (including the obligation to do so) regarding substantial assets relevant for the business model;
- waivers of claims, to the extent they exceed an individual amount of 3% of the balance sheet total of Formycon Group, and writing off of claims of more than 3% of the balance sheet total of the Group p.a., if not required under mandatory law;
- conclusion, amendment or cancellation of agreements between the Company and its shareholders or their relatives within the meaning of section 15 of the German Fiscal Code (*Abgabenordnung*) as well as with companies or partnerships in which these persons directly or indirectly hold shares or voting rights;
- initiation and participation in litigation as active party and conclusion of court settlements and the execution of settlements out of court, each with a value of more than EUR 1.5 million; this does not apply to patent or other intellectual property disputes in the normal course of business;
- speculative transactions of any kind, in particular futures (including forward contracts of any kind, in particular for foreign exchanges, bonds or stock traded at stock markets and rights unless they are covered by claims securely entered into) and the use of derivatives; this does not include transactions to hedge interest rate and currency risks;
- establishment or amendment of general principles on company pension schemes; and
- other transactions or measures that are not part of the ordinary course of business of the Company.

The Supervisory Board appoints the members of the Management Board and has the right to remove them for good cause. Simultaneous membership on the Management Board and the Supervisory Board is prohibited.

The members of the Management Board and the Supervisory Board owe duties of loyalty and due care to the Company. In discharging these duties, the members of the governing bodies are required to take into account a broad range of interests, including those of the Company, its shareholders, its employees and its creditors. The Management Board must also take into account the rights of shareholders to equal treatment and equal information. If the members of the Management Board or the Supervisory Board fail to discharge their duties, they are jointly and severally liable to the Company for damages. A D&O insurance policy, which provides for a deductible for the Management Board and Supervisory Board members, protects the Management Board and Supervisory Board members against claims for damages (see "*9.14 Insurance*").

Under the AktG, neither individual shareholders nor any other person may use its influence on the Company to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Persons using their influence to cause a member of the Management Board or the Supervisory Board, an authorized signatory (*Prokuristen*) or an assistant manager (*Handlungsbevollmächtigter*) to act in a manner that causes harm to the Company or its shareholders, are liable to compensate the Company for any resulting losses. Moreover, in this case, the members of the Management Board and Supervisory Board are jointly and severally liable in addition to the person using its influence if they have acted in breach of their obligations to the Company.

Generally, an individual shareholder may not take action against the members of the Management Board or the Supervisory Board if such shareholder believes that they have acted in breach of their duties to the Company and, as a result, the Company has suffered loss. The Company's claims for damages against the members of the Management Board or the Supervisory Board may generally only be pursued by the Company itself. In the case of claims against members of the Supervisory Board, the Company is represented by the Management Board, and in case of claims against members of the Management Board, it is represented by the Supervisory Board. Pursuant to a ruling by the German Federal Court of Justice (*Bundesgerichtshof*), the Supervisory Board must bring claims that are likely to succeed against Management Board members unless significant considerations of the Company's well-being, which outweigh or are at least equivalent to those in favor of such claim, render such a claim inadvisable. If the relevant governing body decides against pursuing a claim, it must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect by a simple majority.

Shareholders and shareholder associations can solicit other shareholders to file a petition, jointly or by proxy, for a special audit, for the appointment of a special representative, or to convene a general shareholders' meeting or exercise voting rights in a general shareholders' meeting in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of law or the Articles of Association, shareholders who collectively hold 1% of the share capital or a pro rata share of EUR 100,000 may request with a court to be allowed to bring a claim for damages of the Company in their own name but on behalf of the Company against members of governing bodies, subject to certain procedural requirements. Such claims, however, become inadmissible if the Company itself files a claim for damages.

The Company may only waive or settle a claim for damages against board members if at least three years have elapsed since the vesting of the claim, so long as the shareholders' meeting approves the waiver or settlement by a simple majority and provided that no minority of shareholders whose aggregate shareholdings amount to at least one-tenth of the share capital records an objection to such resolution in the minutes of the shareholders' meeting.

14.2 Management Board

14.2.1 Overview

Pursuant to Section 5(1) of the Articles of Association and section 78 AktG, the Management Board consists of one or more persons and the Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board may appoint members of the Management Board as chairman and vice chairman of the Management Board. Currently, the Management Board consists of four members.

Reappointment or extension, each for a maximum period of up to five years, is permissible. The Supervisory Board may revoke the appointment of a Management Board member prior to the expiration of his or her term for good cause, such as a gross breach of fiduciary duty, or if the shareholders' meeting passes a vote of no confidence with respect to such member, unless the no-confidence vote was clearly unreasonable. The Supervisory Board is also responsible for entering into, amending and terminating service agreements with Management Board members and, in general, for representing the Company in and out of court against the Management Board.

Pursuant to section 78(1) sentence 1 AktG, the Company is represented towards third parties and in court proceedings by the Management Board. If the Management Board consists of several persons, the Company will be represented by two members of the Management Board or a member of the Management Board jointly with an authorized signatory (*Prokurist*) pursuant to Section 5(2) sentence 1 of the Articles of Association. Pursuant to Section 5(2) of the Articles of Association, the Supervisory Board may determine that all or specific members of the Management Board are authorized to represent the Company individually.

14.2.2 Current members of the Management Board

The following table shows the current members of the Management Board, their respective age and position at the Company and the duration of their respective current term:

Name	Age	Member since	Appointed until	Position
Dr. Stefan Glombitza	59	October 2016	December 31, 2027	Chief Executive Officer/ Chief Operations Officer
Nicola Mikulcik	53	June 2022	May 31, 2027	Chief Business Officer
Dr. Andreas Seidl	54	July 2022	June 30, 2027	Chief Scientific Officer
Enno Spillner	54	April 2023	March 31, 2026	Chief Financial Officer

The members of the Management Board can be contacted at the Company's business address Fraunhoferstraße 15, 82152 Planegg-Martinsried, Germany (telephone: +49 (0) 89 864667 100).

The following description provides summaries of the *curricula vitae* of the current members of the Management Board and indicates their principal activities outside Formycon to the extent that those activities are significant with respect to Formycon:

***Dr. Stefan Glombitza**,* who was born on April 13, 1965 in Hirschau, Germany, studied pharmacy at the University of Regensburg from 1985 to 1989 and subsequently gained his PhD in Physiology (natural sciences). In 1995, he began his professional career as Medical Affairs Manager at Hexal AG. After two years as head of the medical department, he established a project management system in the development area and ultimately was appointed to the management board of Hexal Pharmaforschung as head of project management. With the takeover by Novartis in 2005, his remit expanded to cover leadership of global project and portfolio management within Sandoz's generics division. Under his leadership several hundred of projects from eight international development centers were successfully brought to approvals and launches in several jurisdictions. After several years in this role, he switched to the German business organization to set up the new cross-functional unit "Pharmaceutical Affairs". He managed this business unit for four years until 2013, when he became head of the global development center at the Austrian Sandoz facilities in Kundl and Schaftenau being in charge of both active ingredient and finished dosage form development. From 2016 until July 2022, Dr. Stefan Glombitza directed the operational development activities at Formycon as Chief Operating Officer (COO). Since July 1, 2022, he is Chief Executive Officer (CEO) of Formycon.

Dr. Stefan Glombitza is not, and was not within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in any other company or partnership outside Formycon.

***Nicola Mikulcik**,* who was born on April 20, 1971 in Munich, Germany, studied business management at Ludwig-Maximilian-University in Munich from 1991 to 1996. In 1996, she began her professional career with a two year business trainee program at Hexal AG. Thereafter, she was sent to the affiliated company Eon Labs in New York City, United States, to work on market research projects for 15 months. In 2000 and 2001, Nicola Mikulcik worked as an assistant to the Chief Executive Officer (CEO) of Hexal AG. In 2002, she moved to the business development function. After the integration of Hexal AG into the Novartis Group, Nicola Mikulcik held the role of Global Head of Business Development and Licensing at Sandoz AG from 2005 to 2014. In 2014, she became the General Manager of the start-up company Bioeq GmbH, a joint venture between ATHOS and Polpharma which developed Biosimilar projects in close collaboration with Formycon as well as with Polpharma. In 2022, Clinical Research GmbH (previously operating under Bioeq GmbH) was acquired by the Company. Since then, Nicola Mikulcik is active as the Chief Business Officer (CBO) of Formycon and represents the Company on the supervisory board of its joint venture Bioeq AG. In her role as a member of the Management Board, Nicola Mikulcik is responsible for business development & licensing, procurement, intellectual property litigation as well as launch & supply chain management.

Alongside her office as a member of the Management Board, Nicola Mikulcik is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Formycon:

Currently: Bioeq AG, Zug, Switzerland, member of the board of directors.

Previously: None.

Other than listed above, Nicola Mikulcik is not, and was not within the last five years, a member of any administrative, management or supervisory body of and/or a partner in any other company or partnership outside Formycon.

***Dr. Andreas Seidl**,* who was born on November 27, 1969 in Munich, Germany, studied chemistry from 1990 to 1996 with a focus on biochemistry followed by a PhD in the field of protein analytics at the University of Konstanz. In 2002, he started his professional career outside the university at Hexal Biotech GmbH, a subsidiary of Hexal AG, where he pioneered strategies for the development and approval of Biosimilars. Among other achievements, he made decisive contributions to the development of the first complex Biosimilar, Epoetin alfa Hexal/Binocrit. From 2002 to 2010, as Head of Analytics and Quality Control, he was responsible for analytical pharmaceutical development and quality control of the first Biosimilars. After the integration of Hexal AG into the Novartis Group, he managed several analytical development departments at the Oberhaching site from 2010 to 2015 and was appointed site head there. In this role, he was also responsible for a GLP (Good Laboratory Practice)/GCLP (Good Clinical Laboratory Practice)-certified testing laboratory for preclinical and clinical analytics. From 2015 to 2019, he was assigned responsibility for several bioanalytical groups in Germany, Austria and Switzerland within the Novartis global development organization, supporting the successful development and approval of a total of eight Biosimilars but also innovative Biological Drugs during this time. From 2019 to mid-2022, Dr. Andreas Seidl served as Chief Operating Officer (COO) on the board of

LEUKOCARE AG, an innovative biotech company in Martinsried near Munich, Germany, providing formulation and finished product development for all types of biologics (proteins, antibodies, viral vectors, vaccines, bio-functionalized medical devices) for the pharmaceutical and biotech industry. As Chief Scientific Officer (CSO) of Formycon since July 2022, Dr. Andreas Seidl is in charge of the scientific strategy and is operationally responsible for Scientific Affairs as well as bioanalytics, preclinical and clinical development.

Alongside his office as a member of the Management Board, Dr. Andreas Seidl is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Formycon:

Currently: None.

Previously: LEUKOCARE AG, member of the management board (from 2019 to 2022)

Other than listed above, Dr. Andreas Seidl is not, and was not within the last five years, a member of any administrative, management or supervisory body of and/or a partner in any other company or partnership outside Formycon.

Enno Spillner, whose full name is Ralph Enno Spillner, was born on February 21, 1970 in Hamburg, Germany, and studied business administration at the University of Bamberg from 1992 until 1996. Enno Spillner started his career at MediaPlus (ServicePlan Group) in 1997 as assistant to the Chief Executive Officer (CEO). In 1999, he joined BioM, as Head of Finance & Controlling. Later on, he gained additional responsibility for significant parts of the BioM investment business and in 2021 also joined the management of the BioM VC Fund as a co-founder and partner. In this context, he held interim positions as Chief Financial Officer (CFO) or Chief Executive Officer (CEO) in selected portfolio companies. Subsequently, he worked for more than ten years (2005-2016) at the publicly listed 4SC AG, a biopharmaceutical company, where he held the position as Chief Financial Officer (CFO) and later additionally as Chief Executive Officer (CEO). From 2016 to 2023, Enno Spillner served as member of the management board and Chief Financial Officer (CFO) of Evotec SE, which is listed on the Frankfurt Stock Exchange (Prime Standard) as well as NASDAQ. In his role as Chief Financial Officer (CFO), he was responsible in particular for the company's successful capital market positioning and various successful financial and M&A transactions, and led the company to the U.S. technology exchange NASDAQ in 2021. Since April 2023, he is Chief Financial Officer (CFO) of Formycon. In addition, he serves as chairman of the audit committee at Paris and NASDAQ listed Nanobiotix (Paris) since 2014.

Alongside his office as a member of the Management Board, Enno Spillner is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Formycon:

Currently: NANOBIOTIX SA à directoire (s.a.i.), Paris, France, member of the supervisory board

Previously:

- leon-nanodrugs GmbH, member of the supervisory board (from 2020 to 2023);
- Evotech SE, Rodange, Luxembourg, member of the management board (from 2016 to 2023);
- Evotec International GmbH, managing director (from 2016 to 2023);
- Evotec (München) GmbH, managing director (from 2016 to 2023);
- Evotec (Hamburg) GmbH, managing director (from 2016 to 2023);
- APTUIT (VERONA) SRL, Verona, Italy, director (from 2017 to 2023);
- Evotec (Modena) Srl, Medolla, Italy, director (from 2022 to 2023);
- EVOTEC (UK) LIMITED, Abingdon, United Kingdom, director (from 2016 to 2023);
- CYPROTEX DISCOVERY LIMITED, Abingdon, United Kingdom, director (from 2017 to 2023);
- APTUIT (OXFORD) LIMITED, Abingdon, United Kingdom, director (from 2017 to 2023);
- APTUIT (POTTERS BAR) LIMITED, Abingdon, United Kingdom, director (from 2017 to 2023);
- Evotec (US) Inc., Princeton, New Jersey, United States, director (from 2016 to 2023);
- Cyprotex US, LLC, Watertown, Massachusetts, United States, director (from 2020 to 2023);
- Just-Evotec Biologics, Inc., Seattle, Washington, United States, director (from 2019 to 2023);
- J.POD-Evotec Biologics, Inc., Seattle, Washington, United States, director (from 2020 to 2022);
- Aptuit Global, LLC, Wilmington, Delaware, director (from 2017 to 2023); and

- Aptuit (Switzerland) AG (liquidated), member of the board of directors (from 2017 to 2020).

Other than listed above, Enno Spillner is not, and was not within the last five years, a member of any administrative, management or supervisory body of and/or a partner in any other company or partnership outside Formycon.

14.2.3 Service agreements

Each member of the Management Board has entered into a service agreement with the Company governed by German law and based on substantially similar terms.

14.2.4 Remuneration and other benefits of the members of the Management Board

The Management Board compensation is particularly aimed at aligning the Management Board members' compensation with the long-term development and success of the Company as well as with shareholder interests. The compensation of the members of the Management Board consists of a fixed annual base salary and variable compensation components, comprising a short-term and a long-term incentive, as well as additional fringe benefits/benefits in kind (together, "**Total Compensation**").

As of the date of the Prospectus, the Company has not made any pension commitments to members of the Management Board.

14.2.4.1 Annual base salary

The members of the Management Board receive a fixed annual base salary in cash, which is paid in twelve equal installments as a monthly salary. The fixed base gross salary amounts to EUR 1,220,000.00 in aggregate.

14.2.4.2 Variable compensation

In addition to the annual base salary, the members of the Management Board are entitled to variable compensation instruments, a short-term ("**STI**") and a long-term incentive ("**LTI**"), which are orientated towards the Company's sustainable development and in line with the Company's steering logic.

STI

The STI is designed as a target bonus with a one-year performance period. The STI payout is based on the target achievement of pre-defined business targets, which shall be agreed between the Supervisory Board and each member of the Management Board no later than within the first quarter of the respective fiscal year. The target STI amounts to EUR 510,000.00 in gross and in aggregate. The payment in cash is made after the first ordinary meeting of the Supervisory Board in the subsequent year and by March 31 at the latest.

Special payments for extraordinary achievements are possible by Supervisory Board decision.

LTI

The Company will implement a long-term incentive for the remuneration of the members of the Management Board. The long-term incentive is designed as a (virtual) performance share unit ("**PSU**") plan and is granted in annual tranches each with a four-year performance period, usually beginning on January 1 of the fiscal year in which the allocation was made, and with a four-year vesting period, usually beginning with the allocation date. The allocation amount is determined by the Supervisory Board for each member of the Management Board as a percentage of the respective fixed annual base salary. The allocation amount will range from 80% to 110% (cap) of the respective fixed annual base salary. The number of the allocated PSUs will be determined by dividing the individual allocation amount by the volume-weighted average closing price of the shares of the Company in Xetra trading over a pre-defined trading period prior to the allocation date, rounded up to the nearest whole PSU.

Whether and to what extent a vesting of allocated PSUs occurs under the long-term incentive plan depends on the achievement of certain performance conditions over the four-year performance period. The performance conditions are selected by the Supervisory Board based on the long-term corporate strategy and corresponding goals and consist of a scorecard with milestone targets and a financial performance indicator. The Supervisory Board will determine the milestone targets for each performance period which can include KPIs from the areas such as pipeline & innovation, commercialization & strategic growth, and ESG, sustainability & culture. The effective achievement of the performance conditions is reflected in the performance factor that can range from 0% to 200% (cap).

To determine the final number of PSUs, the number of the allocated PSUs is multiplied with the performance factor. The resulting number of PSUs, rounded up to the nearest whole PSU, shall be paid out to the respective member of the Management Board in whole or in part in shares of the Company at a ratio of 1:1 (one share for one PSU) subject to any restrictions under applicable law and the Company's guidelines, whereby the Company may use treasury shares or shares from authorized capital to service the PSUs. The Supervisory

Board also has the option of paying out all or part of the long-term incentive in cash. The settlement in shares of the Company or payment in cash is capped at 400% of the respective fixed annual base salary.

14.2.4.3 Fringe benefits

The members of the Management Board will receive market standard monetary and non-monetary fringe benefits, such as a company car for business and private use and contributions to certain insurances and certain other specified fringe benefits.

14.2.4.4 D&O insurance

Furthermore, the members of the Management Board are covered by our D&O insurance. The Company believes that the terms of this insurance policy are in line with market practice (see "*9.14 Insurance*").

14.2.4.5 Non-compete

During the term of their service agreement, the members of the Management Board are subject to non-compete obligations, including a prohibition from working (self-employed or employed or otherwise) for any third party, that (i) is in direct or indirect competition with the Company or (ii) maintains business relations with the Company or its affiliated companies to a significant extent. The service agreements do not contain post-contractual non-compete clauses.

14.2.4.6 Severance payment

The members of the Management Board have a special right of termination if (i) the Company revokes the appointment as member of the Management Board prior to the end of the term of the respective service agreement without an important reason, (ii) the office of the Management Board member ends due to a reorganisation and/or restructuring measure or (iii) a third party acquires more than 30% of the voting rights in the Company by purchasing shares or in any other way or if the Company concludes a domination agreement with another company. The special right of termination can be exercised within three months of becoming aware of the revocation, the acquisition of control or the conclusion of the domination agreement.

In the event that the special right of termination is exercised, the members of the Management Board receive as severance payment the fixed annual base salary for the remaining term of the service agreement as well as STI payments for the remaining term of the service agreement in the average amount of the STI payments paid previously, provided, however, that the minimum severance payment corresponds to the fixed annual base salary for one year plus an STI payment in the average amount of the STI paid previously (provided that the remaining term of the service agreement is at least one year) and the maximum severance payment corresponds to the fixed annual base salary for two years without STI and no more than would be remunerated on the basis of the service agreement for the remaining term of the service agreement.

In addition, the Management Board members may either (i) call in any share options from the Stock Option Program 2015 and Stock Option Program 2020 allocated up to the date on which the special termination takes effect and have their equivalent value paid out by the Company by way of an immediately payable cash settlement or (ii) continue to hold the options and exercise them in accordance with the provisions of the share option programmes at the respective possible exercise dates.

14.2.5 Shareholdings of the members of the Management Board

As of the date of the Prospectus,

- Dr. Stefan Glombitza holds 7,500 Shares and option rights with respect to 182,500 shares of the Company;
- Nicola Mikulcik holds option rights with respect to 20,000 shares of the Company and does not hold any Shares;
- Dr. Andreas Seidl holds option rights with respect to 20,000 shares of the Company and does not hold any Shares; and
- Enno Spillner holds option rights with respect to 25,000 shares of the Company and does not hold any Shares.

14.3 Supervisory Board

14.3.1 Overview

Pursuant Section 6(1) sentence 1 of the Articles of Association, the Supervisory Board consists of five members.

The Supervisory Board is not subject to the German One-Third Co-Determination Act (*Drittelbeteiligungsgesetz*) or the Co-Determination Act (*Mitbestimmungsgesetz*). Therefore, the Supervisory

Board is not composed of both shareholder representatives and employee representatives, referred to as "co-determination". All members of the Supervisory Board are elected by the Company's shareholders' meeting.

The members of the Management Board cannot be elected as members of the Supervisory Board. Unless otherwise specified at the time of their election, the term of office of each Supervisory Board member ends at the end of the Company's shareholders' meeting that resolves on the formal approval of the members' acts for the fourth fiscal year following the commencement of their term of office, not including for this calculation the fiscal year in which the term of office began. Re-election of members of the Supervisory Board is permissible. The election of a successor of a member of the Supervisory Board who leaves before the end of the term of office shall be for the remainder of the term of office of the leaving member of the Supervisory Board. The Company's shareholders' meeting may dismiss a member of the Supervisory Board by a simple majority of the votes cast.

Pursuant to Section 6(5) of the Articles of Association, the Company's shareholders' meeting can dismiss Supervisory Board members before the end of their term of office without cause. Pursuant to Section 6(6) of the Articles of Association, each Supervisory Board member may resign from office even without good cause with one-month written notice issued to the chairman of the Supervisory Board or the Management Board. Pursuant to Section 6(6) of the Articles of Association, each member and substitute member of the Supervisory Board may resign from office, also without good cause, by giving one month's notice in text form (section 126b BGB) to the chairman of the Supervisory Board – or, if the chairman resigns from office, to the deputy chairman. The chairman or, in the event of resignation by the chairman, the deputy chairman may shorten the notice period or waive compliance with the notice period.

In addition, each member of the Supervisory Board may resign from office for good cause.

The current version of the rules of procedure for the Supervisory Board were passed by resolution of the Supervisory Board on April 16, 2024.

Pursuant to Section 8(2) of the Articles of Association, the Supervisory Board is authorized to adopt amendments and additions to the Articles of Association that only concern the wording of the Articles of Association.

Pursuant to Section 9(6) of the Articles of Association, the Supervisory Board shall have a quorum if at least one half of the members of which it shall be composed participate in the adoption of the resolution. In any case, three members must participate in the adoption of the resolution.

Pursuant to Section 9(7) of the Articles of Association, resolutions of the Supervisory Board are generally adopted with a simple majority of the votes cast, unless prescribed otherwise by mandatory law or the Articles of Association. Abstentions shall not count as votes cast for this purpose. In the event of a tied vote, the chairman or, if he does not participate in the resolution, the deputy chairman shall have the casting vote.

14.3.2 Current members of the Supervisory Board

The following table shows the current members of the Supervisory Board, their respective age and position at the Company and the duration of their respective current term:

Name	Age	Member since	Appointed until	Position
Wolfgang Essler	51	2023	2027(1)	Chairman
Colin Michael Bond	64	2024	2028(2)	Deputy chairman
Nicholas Haggar	59	2024	2028(2)	Member
Klaus Röhrig	47	2020	2025(3)	Member
Dr. Bodo Coldewey	52	2024	2027(1)	Member

(1) The term expires at the end of the Company's shareholders' meeting that resolves on the ratification of the activities of the Supervisory Board for the fiscal year ending December 31, 2026.
(2) The term expires at the end of the Company's shareholders' meeting that resolves on the ratification of the activities of the Supervisory Board for the fiscal year ending December 31, 2027.
(3) The term expires at the end of the Company's shareholders' meeting that resolves on the ratification of the activities of the Supervisory Board for the fiscal year ending December 31, 2024.

The members of the Supervisory Board can be contacted at the Company's business address Fraunhoferstraße 15, 82152 Planegg-Martinsried, Germany (telephone: +49 (0) 89 864667 100).

The following description provides summaries of the *curricula vitae* of the Supervisory Board members and indicates their principal activities outside Formycon to the extent that those activities are significant with respect to Formycon:

Wolfgang Essler who was born on October 20, 1972 in Munich, Germany, studied business administration at the University of Augsburg from 1992 until 1998. He began his professional career in the consulting firms O&R Corporate Finance GmbH (1998-2008) and Duff & Phelps GmbH (2008-2010) with a focus on corporate

finance and transactions, followed as a board member at the investment company balandis real estate ag and predecessor companies (2010-2023). Since 2021, he is chief representative (*Generalbevollmächtigter*) of ATHOS and managing director of Santo Holding (Deutschland) GmbH, i.e. of one of our Major Shareholder (see "*11.1 Current major shareholders*").

Alongside his office as a member of the Supervisory Board, Wolfgang Essler is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Formycon:

Currently:

- Vanguard AG, deputy chairman of the supervisory board;
- Mega Pharma Holding Uruguay S.A., Montevideo, Uruguay, member of the non-executive board of directors;
- WERK Immobilien GmbH, managing director;
- fidelius Investment GmbH, managing director;
- Santo Holding (Deutschland) GmbH, managing director;
- Terra Quantum AG, St. Gallen, Switzerland, member of the board of directors; and
- balandis real estate GmbH i.L., managing director and liquidator.

Previously: None

Other than listed above, Wolfgang Essler is not, and was not within the last five years, a member of any administrative, management or supervisory body of and/or a partner in any other company or partnership outside Formycon.

Colin Michael Bond who was born on January 26, 1960 in Upminster, United Kingdom, holds a Bachelor of Science degree in pharmacy and a master's degree in business administration from London Business School. During his early career, Colin Michael Bond worked as auditor and management consultant for PricewaterhouseCoopers, Arthur Andersen and Procter & Gamble. From 2010 to 2016, he served as Chief Financial Officer (CFO) of Evotec SE, which is listed on the Frankfurt Stock Exchange (Prime Standard) as well as NASDAQ. From 2016 to 2022, Colin Michael Bond served as Chief Financial Officer (CFO) of Vifor Pharma Management AG. From 2022 to June 2024, he served as Chief Financial Officer (CFO) of Sandoz AG. Colin Michael Bond is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Royal Pharmaceutical Society of Great Britain.

Alongside his office as a member of the Supervisory Board, Colin Michael Bond is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships:

Currently: BioPharma Credit Plc, Leeds, United Kingdom, member of the board of directors.

Previously:

- Sandoz AG, Basel, Switzerland, member of the board of directors (from 2022 to 2024);
- Siegfried Holding AG, Zofingen, Switzerland, member of the board of directors (from 2013 to 2023); and
- Vifor Pharma Management AG, Glattbrugg, Switzerland, member of the board of directors (from 2016 to 2022).

Other than listed above, Colin Michael Bond is not, and was not within the last five years, a member of any administrative, management or supervisory body of and/or a partner in any other company or partnership.

Nicholas Haggar who was born on April 25, 1965 in Norwich, United Kingdom, has over thirty years of experience in building pharmaceutical businesses. With an Master of Business Administration from Cranfield School of Management and a Bachelors Degree in Industrial and Manufacturing Systems Engineering, Nicholas Haggar began his professional career in pharmaceutical technical operations before moving into commercial and enterprise leadership. Nicholas serves on the Zentiva board since 2023, having been Chief Executive Officer of Zentiva following its carve-out from Sanofi in 2018. Nicholas Haggar has been active in the biosimilar space for the last 15 years. Currently, he serves as Chief Executive of HealthQube Ltd., a UK-based investment, analytics and consultancy platform.

Alongside his office as a member of the Supervisory Board, Nicholas Haggar is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Formycon:

Currently:

- Zentiva K.S. International, Prague, Czech Republic, non-executive director;
- Biocon Limited, Bangalore, India, independent director;
- Biocon Biologics Ltd., Bangalore, India, independent director;
- Biocon Biologics UK Ltd., London, United Kingdom, non-executive director;
- Biosimilars NewCo Ltd., London, United Kingdom, non-executive director;
- Biosimilars Collaborations Ireland Ltd., Dublin, Ireland, non-executive director;
- Healthqube Ltd, Chalfont St. Giles, United Kingdom, chief executive officer; and
- Polpharma Group B.V., Amsterdam, the Netherlands, non-executive chairman.

Previously: Zentiva K.S., Prague, Czech Republic, chief executive officer (from 2019 to 2023).

Other than listed above, Nicholas Haggar is not, and was not within the last five years, a member of any administrative, management or supervisory body of and/or a partner in any other company or partnership outside Formycon.

Klaus Röhrig, who was born on July 21, 1977 in Vienna, Austria, studied business administration at the Vienna University of Economics and Business. He holds a Master of Economics and Business Administration from Vienna University of Economics and Business Administration. In 2000, he started his career at Credit Suisse First Boston in London, United Kingdom, focusing on corporate finance and M&A for technology companies. From 2002 to 2006, he worked for Mercury Capital GmbH in Vienna, Austria. In 2006, he joined Elliott Associates in London, United Kingdom, where he worked until 2012 and was responsible for the funds' investments in the German speaking countries. Since 2015, he is founding partner and Co-Chief Investment Officer of Active Ownership Capital S.à r.l., an independent, partner-managed investment firm operating primarily in Continental Europe and Scandinavia.

Alongside his office as a member of the Supervisory Board, Klaus Röhrig is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Formycon:

Currently:

- Agfa-Gevaert N.V., Belgium, member of board of directors (non-executive director);
- Fagron NV, Belgium, member of board of directors (non-executive director);
- R3 Capital GmbH, Vienna, Austria, managing director;
- R3ND Immobilien GmbH, Vienna, Austria, managing director;
- Mercury Capital GmbH, Vienna, Austria, managing director;
- MAM Baby AG, Wollerau, Switzerland, member of the board of directors;
- Active Ownership Corporation S.à. r.l., Grevenmacher, Luxembourg, member of the management board;
- Active Ownership Capital S.à. r.l., Grevenmacher, Luxembourg, member of the management board;
- White Elephant Holdco S.à. r.l., Grevenmacher, Luxembourg, member of the management board;
- White Elephant S.à. r.l., Grevenmacher, Luxembourg,, member of the management board;
- AOC Technology SAS, Grevenmacher, Luxembourg, member of the management board;
- AOC Value SAS, Grevenmacher, Luxembourg, member of the management board;
- H2APEX Management S.à. r.l., Grevenmacher, Luxembourg, member of the management board;
- AOC Health Holdco S.à. r.l., Grevenmacher, Luxembourg, member of the management board;
- AO Gaming S.à. r.l., Grevenmacher, Luxembourg, member of the management board;

- AOC Cloud S.à. r.l., Grevenmacher, Luxembourg, member of the management board;
- Aonic Holdco S.à. r.l., Grevenmacher, Luxembourg, member of the management board;
- Aonic Holdco 2 S.à. r.l., Grevenmacher, Luxembourg, member of the management board;
- Aonic Midco S.à. r.l., Grevenmacher, Luxembourg, member of the management board
- AO MLP S.à. r.l., Grevenmacher, Luxembourg, member of the management board; and
- AOC Pharma S.à. r.l., Grevenmacher, Luxembourg, member of the management board.

Previously:

- Francotyp-Postalia Holding AG, member of the supervisory board (from 2013 to 2024); and
- H2APEX Group SCA, Grevenmacher, Luxembourg, non-executive chairman (from 2017 to 2020).

Other than listed above, Klaus Röhrig is not, and was not within the last five years, a member of any administrative, management or supervisory body of and/or a partner in any other company or partnership outside Formycon.

Dr. Bodo Coldewey*,* who was born on December 16, 1971 in Oldenburg, Germany, completed his studies in business engineering at the Technical University of Kaiserslautern and his doctorate at the Leipzig Graduate School of Management. In 1997, he began his professional career as consultant at KPMG Deutschland, where he worked until June 2000. In July 2000, he joined 3i Group plc as investment manager, where he worked until September 2002. From October 2002 to December 2011, Dr. Bodo Coldewey served as director of Oldenburgische Landesbank AG. Since 2012, he is managing director of the family office WEGA Invest GmbH.

Alongside his office as a member of the Supervisory Board, Dr. Bodo Coldewey is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Formycon:

Currently:

- WEGA Support GmbH, managing director;
- WEGA Invest GmbH, managing director;
- WEGA Beteiligungsverwaltungsgesellschaft mbH, managing director;
- Dozena GmbH, managing director;
- PW Garrel Verwaltungs GmbH, managing director;
- BW Garrel Verwaltungs GmbH, managing director; and
- WEGA EQUITY AUDA Beteiligungs-GmbH i.L., managing director and liquidator.

Previously: None

Other than listed above, Dr. Bodo Coldewey is not, and was not within the last five years, a member of any administrative, management or supervisory body of and/or a partner in any other company or partnership outside Formycon.

14.3.3 Committees of the Supervisory Board

The Supervisory Board may form committees subject to the applicable legal provisions. Currently, the Supervisory Board has established an audit committee (*Prüfungsausschuss*) and a nomination and remuneration committee committee (*Nominierungs- und Vergütungsausschuss*) as recommended by the German Corporate Governance Code (*Deutscher Corporate Governance Kodex* – "**DCGK**").

14.3.3.1 Audit committee

As of the date of the Prospectus, the members of the audit committee of the Supervisory Board are:

- Colin Michael Bond (chairman);
- Dr. Bodo Coldewey (deputy chairman); and
- Nicholas Haggar.

14.3.3.2 Nomination and remuneration committee

As of the date of the Prospectus, the members of the nomination and remuneration of the Supervisory Board are:

- Nicholas Haggar (chairman);
- Wolfgang Essler (deputy chairman); and
- Colin Michael Bond.

14.3.4 Remuneration of the members of the Supervisory Board

Pursuant to Section 10(1) of the Articles of Association, the members of the Supervisory Board may be granted a remuneration which has to be adopted by the Company's shareholders' meeting. On June 12, 2024, the Company's annual shareholders' meeting adopted a resolution on the remuneration of the members of the Supervisory Board under agenda item 8 with effect from July 1, 2024. According to such resolution, the members of the Supervisory Board shall receive a fixed remuneration of EUR 30,000.00 for the relevant fiscal year. The chairman of the Supervisory Board shall receive a fixed remuneration of EUR 80,000.00 and the deputy chairman shall receive a fixed remuneration of EUR 50,000.00 for the relevant fiscal year.

In addition, the members of the Supervisory Board shall receive a fixed remuneration of EUR 5,000.00 for their committee activities for the relevant fiscal year. The chairman of the Audit Committee shall receive a fixed remuneration of EUR 15,000.00 and the chairman of the Nomination and Remuneration Committee shall receive a fixed remuneration of EUR 10,000.00 for the relevant fiscal year.

Furthermore, each member of the Supervisory Board and each member of a committee shall receive an attendance fee of EUR 1,000.00 per meeting of the Supervisory Board or committee, up to a maximum of eight meetings per fiscal year; the chairman of the Supervisory Board and each chairman of a committee shall receive an attendance fee of EUR 1,500.00 per meeting of the Supervisory Board or committee, up to a maximum of eight meetings per fiscal year. The above also applies to attendance in meetings held in the form of a telephone conference or by other electronic means of communication, as well as to the connection of meetings by telephone or other electronic means of communication.

The remuneration is payable after the end of the relevant fiscal year. Members of the Supervisory Board who only belong to the Supervisory Board for part of a full fiscal year or who hold office as the chairman of the Supervisory Board or of a committee or as deputy chairman shall receive a pro rata share of such remuneration.

Additionally, the members of the Supervisory Board are reimbursed for expenses incurred in the performance of their duties, which shall also include any value-added tax incurred.

14.3.5 Shareholdings of members of the Supervisory Board

As of the date of the Prospectus, Klaus Röhrig holds indirectly 1,067,532 Shares, corresponding to 6.04% of the Company’s share capital and voting rights (see "*11.1 Current major shareholders*"). The further members of the Supervisory Board do not hold any Shares as of the date of the Prospectus.

14.4 Certain information regarding the members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been convicted of fraudulent offences. Wolfgang Essler is managing director/liquidator of balandis real estate GmbH i.L., which is currently subject to a solvent liquidation. Dr. Bodo Coldewey is currently managing director/liquidator of WEGA EQUITY AUDA Beteiligungs-GmbH, which is currently subject to a solvent liquidation. Other than that, in the last five years, no member of the Management Board or the Supervisory Board has been associated with any bankruptcy, receivership, liquidations, or companies put into administration acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager. In the last five years, no official public incriminations and/or sanctions have been made by statutory or legal authorities (including designated professional bodies) against any current member of the Management Board or any current member of the Supervisory Board, nor have sanctions been imposed by the aforementioned authorities. No court has ever disqualified any current member of the Management Board or any member of the Supervisory Board from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

As of the date of the Prospectus, beside their office as members of the Supervisory Board,

- Wolfgang Essler (see also "*14.6 DCGK*") is managing director of Santo Holding (Deutschland) GmbH. Klaus Röhrig is one of the ultimate shareholders of Active Ownership and holds management positions in the entities of the Active Ownership group. Santo Holding (Deutschland) GmbH and Active Ownership both are Major Shareholders (see "*11.1 Current major shareholders*"). In certain cases, the Company or the Group may pursue interests that conflict with the interest of Santo Holding (Deutschland) GmbH and/or Active Ownership. This applies in particular taking into account the business relationships with Group companies (see "*9.16 Material agreements*" and "*15. CERTAIN RELATIONSHIPS AND*

RELATED-PARTY TRANSACTIONS"). Since the interests of the aforementioned Major Shareholders, their affiliated companies and the Company or the Group will not necessarily always coincide or be aligned, the aforementioned dual mandates and any other relationships of the Supervisory Board members with the respective major shareholders of the Company may result in conflicts of interest for these individuals when acting in their different roles, in particular with regard to their respective fiduciary duties or duties of care;

- Nicholas Haggar is an Independent Director of Biocon Limited and Biocon Biologics Ltd. as well as a Non-Executive Director of Biocon Biologics UK Ltd. (together "**Biocon**"). Biocon is a potential partner and customer of the Company, but is also developing Biosimilars for their own commercialization and in this way also a competitor. Nicholas Haggar is also a Non-Executive Director at Zentiva K.S. International ("**Zentiva**") and advisor to Windstorm Trading & Investments Limited, the parent company of Polpharma. Both Zentiva and Polpharma are active in the field of Biosimilars and are therefore potential customers of the Company.

The Management Board members as well as Klaus Röhrig each directly or indirectly hold Shares and/or option rights to Shares (see "*14.2.5 Shareholdings of the members of the Management Board*" and "*14.3.5 Shareholdings of members of the Supervisory Board*"). Therefore, they have a financial and economic interest separately from their position in the Management Board or Supervisory Board, respectively, that may diverge from the Company's interests and, thus, may result in a conflict of interest.

Other than disclosed above, there are no conflicts of interest or potential conflicts of interest between the duties of any current member of the Management Board or the duties of any current member of the Supervisory Board in relation to the Company on the one hand and their private interests, membership in governing bodies of companies, or other obligations on the other hand.

The members of the Management Board are entitled to severance payments as disclosed above under "*14.2.4.6 Severance payment*". Other than that, no member of the Management Board or the Supervisory Board has entered into a service agreement with a company of the Group that provides for special benefits, such as severance pay, at the end of the business relationship.

There are no family relationships between the current members of the Management Board and those of the Supervisory Board, either among themselves or in relation to the members of the respective other body.

14.5 The Company's shareholders' meeting

Pursuant to section 175 AktG, the Company's shareholders' meeting must take place within the first eight months of each fiscal year and must be held, as the convening body shall decide, at the Company's registered seat in Munich or in Planegg-Martinsried or at a German stock exchange location. Except where other persons are authorized to do so by law or by the Articles of Association, the shareholders' meeting is convened by the Management Board. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting ("**Minimum Term**"); the day of the meeting itself and the day of the receipt of the notice not being included when calculating this period. The articles may provide that attendance at the meeting, or the exercise of voting rights shall require the shareholders giving notice of their attendance prior to the meeting. The notice of attendance must be delivered to the Company at least six days prior to the shareholders' meeting at the address specified for this purpose in the notice calling the shareholders' meeting. The articles or the notice if authorized by the articles may provide for a shorter time limit which is to be calculated in days. The day of receipt shall not be included in this calculation. The Minimum Term shall be prolonged by the number of days of the deadline for giving notice of attendance.

If the Management Board does not convene the shareholders' meeting in due time or if required for the Company's welfare, the Supervisory Board may convene the shareholders' meeting. Additionally, shareholders whose shares collectively make up 5% of the share capital of the Company may convene a shareholders' meeting. Shareholders or shareholder associations may solicit other shareholders to make such a request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*).

Prior to the shareholders' meeting, shareholders are required to register in order to be entitled to participate in the shareholders' meeting and to exercise voting rights and have to provide evidence of their shareholding in the form of a confirmation by the depository institute prior to the beginning of the twenty-first day before the shareholders' meeting.

Each ordinary share entitles its holder to one vote at the shareholders' meeting. Unless otherwise stipulated by mandatory statutory provisions or provisions of the Articles of Association, resolutions of the shareholders' meeting are adopted by a simple majority of the votes cast or, if a capital majority is required, by a simple majority of the registered share capital represented in the resolution. The Management Board is authorized to provide that shareholders may participate in the shareholders' meeting without being present in person at the

place of the shareholders' meeting or being represented and to allow shareholders to vote by mail or to participate in the shareholders' meeting online.

Under applicable German law, as a matter of principle, the shareholders of a stock corporation are to be treated equally under the same conditions. Accordingly, shareholders, including minority shareholders may challenge resolutions of the shareholders' meeting which give rise to unjustified unequal treatment of shareholders. Shareholders have certain initiative rights and one or more shareholders whose shares together amount to at least one twentieth of the share capital can demand that a shareholders' meeting of the Company be convened. Further, one or more shareholders whose shares together amount to at least one twentieth of the share capital or represent a pro rata amount of EUR 500 thousand may request that additional items be included in the agenda of a shareholders' meeting, such request to be received by the Company at least 30 days prior to the shareholders' meeting. At the shareholders' meeting, any shareholder has the right to request information from the Management Board concerning matters pertaining to the Company to the extent such information is required to assess the items on the agenda of the shareholders' meeting. The request for information may be refused in certain cases as stipulated in the AktG, in particular, if the disclosure of information is suited to cause a material disadvantage to the Company or its affiliated companies.

According to the current version of the AktG, resolutions of fundamental importance (*grundlegende Bedeutung*) require both a majority of votes cast and a majority of at least 75% of the registered share capital represented at the vote on the resolution. Resolutions of fundamental importance include:

- amendments, other than editorial amendments, to the Articles of Association, in particular amendments to the object of the Company;
- approval of contracts within the meaning of section 179a AktG (transfer of the entire assets of the company) and management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;
- capital increases, including the creation of conditional or authorized capital;
- the issuance of, or authorization to issue, convertible and profit-sharing certificates and other profit-sharing rights;
- exclusion of subscription rights as part of an authorization on the use of treasury stock; capital reductions;
- withdrawal of shares pursuant to section 237(2) AktG;
- liquidation of the company;
- continuation of the liquidated company after the resolution on liquidation or expiry of the time period;
- approval to conclude, amend or terminate inter-company agreements (*Unternehmensverträge*);
- integration of a stock corporation into another stock corporation and squeeze-out of the minority shareholders; and
- action within the meaning of the UmwG.

Neither German law nor the Articles of Association limit the right of foreign shareholders or shareholders not domiciled in Germany to hold shares of the Company or exercise the voting rights associated therewith.

14.6 DCGK

The DCGK, in its most recent version of April 28, 2022, and as published in the German Federal Gazette (*Bundesanzeiger*) on June 27, 2022, includes recommendations and suggestions for managing and supervising companies listed on German stock exchanges. It is based on internationally and nationally recognized standards of good, responsible corporate governance. The DCGK contains recommendations ("shall provisions") and suggestions ("should provisions") for corporate governance in relation to shareholders and the shareholders' meeting, the management board and the supervisory board, transparency, and accounting as well as auditing of financial statements. While compliance with the recommendations or suggestions of the DCGK is not mandatory, the AktG requires the management and supervisory boards of a listed company to disclose each year which recommendations were and will be complied with and which recommendations were not or will not be applied and why (so-called "declaration of conformity"). Deviations from the suggestions contained in the DCGK need not be disclosed. The declaration of conformity must be made publicly available on the Company's website at all times.

Prior to the Uplisting, the Company is not subject to the obligation to render a declaration as to compliance with the DCGK.

The Company will fully meet the obligation as a listed company to submit, publish and provide shareholders with permanent access to disclosure in accordance with section 161 AktG during the course of the current fiscal year. The Management Board and Supervisory Board believe in the objectives of the DCGK to foster a responsible and transparent corporate management and control directed towards achieving a sustained increase in shareholder value.

The Company currently complies, and following the Uplisting intends to comply, with all recommendations in the DCGK apart from the following:

- Recommendation A.3 of the DCGK:

  Pursuant to recommendation A.3 of the DCGK, the internal control system and the risk management system shall also cover sustainability-related objectives, unless required by law anyway.

  With its internal control system and risk management system, the Company strictly follows the requirements of the AktG. The Company currently does not implement sustainability-related objectives that go beyond these requirements in the interest of lean and functioning administrative processes.

  However, the Company attaches great importance to ensuring that sustainability-related objectives are adequately considered in the corporate strategy and corporate planning in the future. Therefore, the Company's internal control system and risk management system will be extended to sustainability-related objectives in the future.

- Recommendation C.10 of the DCGK:

  Pursuant to recommendation C.10 of the DCGK, the chairperson of the supervisory board shall be independent from the company and the management board. As a precautionary measure, a deviation is declared from this recommendation with respect to Wolfgang Essler, the current chairman of the Supervisory Board.

  Supervisory board members are to be considered independent from the company and its management board if they have no personal or business relationship with the company or its management board that may cause a substantial – and not merely temporary – conflict of interest. Wolfgang Essler is managing director of Santo Holding (Deutschland) GmbH, which holds 24.04% of the Shares and, therefore, is the Company's largest shareholder. Due to the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*"), there are certain business relations between Santo Holding (Deutschland) GmbH or its affiliates and the Company. These circumstances did not or do not constitute a conflict of interest, nor did they or do they impair the performance of the duties of Wolfgang Essler as chairman of the Supervisory Board. However, in certain cases, the Company may pursue interests that conflict with the interest of Santo Holding (Deutschland) GmbH.

  In all other respects, the recommendation C.10 of the DCGK has been complied with and will be complied with.

- Recommendations G.1 to G.16 of the DCGK:

  Recommendations G.1 to G.16 of the DCGK contain detailed guidelines that the supervisory board should consider when determining the remuneration of the management board members.

  The Supervisory Board has not yet adopted a remuneration system for the Management Board members that fully complies with the recommendations G.1 to G.16 of the DCGK. However, the Supervisory Board intends to adopt such a remuneration system (fully compliant with the recommendations G.1 to G.16 of the DCGK), present it to the 2025 annual general meeting of the Company for approval and implement it.

15. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are, among others, members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as consolidated companies in the Company's consolidated financial statements. Control exists if a shareholder owns more than half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies, including joint ventures, as well as transactions with persons who have significant influence over the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and the Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and the Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below in is a detailed description of such transactions with related parties for the Fiscal Years 2023, 2022 and 2021, for H1 2024 and up to and including the date of this Prospectus. Business relationships between consolidated companies of the Group are not included. Further information with respect to related party transactions, including quantitative amounts, are contained in the notes to the Audited Consolidated Financial Statement as well as the H1 2024 Unaudited Consolidated Interim Financial Statements, which are all included in this Prospectus in the section "17 FINANCIAL INFORMATION" on pages F-1 et seq.

15.1 Relationships with ATHOS group companies

15.1.1 Product development agreement between Clinical Research GmbH and Klinge

Clinical Research GmbH (previously operating under Bioeq GmbH) and Klinge, a company of the ATHOS group, are parties of a product development agreement relating to FYB203 ("**Product Development Agreement FYB203**"). Pursuant to the Product Development Agreement FYB203, Clinical Research GmbH performs certain R&D services at the risk and for the benefit of Klinge and with the aim of obtaining timely registrations of FYB203 in the target markets. The remuneration received by Clinical Research GmbH under the Product Development Agreement FYB203 is as follows for the periods indicated:

- Fiscal Year 2022: EUR 9.9 million
- Fiscal Year 2023: EUR 9.0 million
- H1 2024: EUR 0.8 million
- July 1, 2024 to date of the Prospectus: EUR 1.0 million

15.1.2 Development work agreement between Formycon Project 203 GmbH and Klinge

Formycon Project 203 GmbH and Klinge, a company of the ATHOS group, are parties of a development work agreement relating to FYB203 ("**Development Work Agreement FYB203**"). Pursuant to the Development Work Agreement FYB203, Formycon Project 203 GmbH performs certain development work, including chemistry, manufacturing and controls (CMC) development as well as GMP production for clinical trials, relating to FYB203. The remuneration received by Formycon Project 203 GmbH under the Development Work Agreement FYB203 is as follows for the periods indicated:

- Fiscal Year 2022: EUR 17.9 million
- Fiscal Year 2023: EUR 16.4 million
- H1 2024: EUR 6.5 million
- July 1, 2024 to date of the Prospectus: EUR 1.7 million

15.1.3 License Agreement FYB203

With respect to the License Agreement FYB203 with Formycon Project 203 GmbH as licensor, the Company as guarantor and Klinge, a company of the ATHOS group, as licensee, see "*9.16.4.3 License Agreement FYB203*". Until the date of the Prospectus, no remuneration has been paid under the License Agreement FYB203 to Formycon Project 203 GmbH.

15.1.4 Sublease agreement between iOmx Therapeutics AG and the Company

The Company as subtenant and iOmx Therapeutics AG, a company of the ATHOS group, as main tenant are parties of a sublease agreement regarding premises at Fraunhoferstraße 13, 82152 Planegg-Martinsried, Germany. The sublease began on January 1, 2024 and ended on May 31, 2024. The monthly rent amounted to

EUR 25,489.62. Under the sublease agreement, the Company paid EUR 0.1 million to iOmx Therapeutics AG in the period from January 1, 2024 to May 31, 2024.

15.1.5 Conditional purchase price payments of the Company to Santo Holding AG in connection with the ATHOS Transaction

As part of the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*"), the Company as acquirer and Santo Holding AG as seller entered into a share purchase and transfer agreement regarding 50% of the shares in Bioeq AG ("**Bioeq SPA**"). Under the Bioeq SPA, the Company is obliged to make conditional purchase price payments to Santo Holding AG under certain conditions, which are dependent on the future cash flows to the Company from the biosimilar product developments of Bioeq AG ("**Conditional Purchase Price Payments Bioeq**"). The Conditional Purchase Price Payments Bioeq made by the Company were as follows for the periods indicated:

- Fiscal Year 2023: EUR 0.8 million
- H1 2024: EUR 4.9 million
- July 1, 2024 to date of the Prospectus: EUR 12.9 million

15.1.6 Conditional purchase price payments of the Company to FYB 202 GmbH & Co. KG in connection with the ATHOS Transaction

As part of the ATHOS Transaction (see "*9.16.1 ATHOS Transaction*"), the Company as acquirer and FYB 202 GmbH & Co. KG as seller entered into a share purchase and transfer agreement regarding all shares in FYB 202 Project GmbH ("**FYB202 SPA**"). Under the FYB202 SPA, the Company is obliged to make conditional purchase price payments to FYB 202 GmbH & Co. KG under certain conditions, which are dependent on the future cash flows to the Company from the biosimilar product developments of FYB 202 Project GmbH ("**Conditional Purchase Price Payment FYB202**"). Until the date of the Prospectus, the Company has not made any Conditional Purchase Price Payments FYB202 by the Company to FYB 202 GmbH & Co. KG.

15.1.7 Existing Shareholder Loan

With respect to the Existing Shareholder Loan, see "*9.16.2.1 Existing Shareholder Loan*". Under the Existing Shareholder Loan, the Company has drawn down and repaid the following amounts:

- May 27 / May 31, 2022: EUR 10 million drawn
- July 29 / August 1, 2022: EUR 10 million drawn
- October 14 / October 17, 2022: EUR 10 million drawn
- December 1 / December 7, 2022: EUR 10 million drawn
- March 6, 2023: EUR 10.5 million repaid including EUR 0.5 million accrued interest
- March 30, 2023: EUR 10.4 million repaid including EUR 0.4 million accrued interest
- June 29, 2023: EUR 0.3 million interest payment
- September 28, 2023: EUR 0.3 million interest payment
- December 21, 2023: EUR 0.3 million interest payment
- March 28, 2024: EUR 20.8 million repaid including EUR 0.8 million accrued interest

15.1.8 New Shareholder Loan

With respect to the New Shareholder Loan which will become effective from January 1, 2025, see "*9.16.2.2 New Shareholder Loan*".

15.2 Relationships with Bioeq AG

15.2.1 Product development agreement between Clinical Research GmbH and Bioeq AG

Clinical Research GmbH (previously operating under Bioeq GmbH) and Bioeq AG are parties of a product development agreement relating to the Company's project FYB201 ("**Product Development Agreement FYB201**"). Pursuant to the Product Development Agreement FYB201, Clinical Research GmbH performs all R&D services at the risk and for the benefit of Bioeq AG and with the aim of obtaining timely registrations of FYB201 in the target markets. Clinical Research GmbH has received the following payments from Bioeq AG under the Product Development Agreement FYB201 for the periods indicated:

- Fiscal Year 2022: EUR 1.7 million

- Fiscal Year 2023: EUR 0.8 million
- H1 2024: EUR 0.7 million
- July 1, 2024 to date of the Prospectus: EUR 0.8 million

15.2.2 Agreements between Formycon Project 201 GmbH and Bioeq AG

Formycon Project 201 GmbH and Bioeq AG are parties of (i) a service agreement, (ii) commercial service agreement and (iii) the License Agreement FYB201 (see "*9.16.4.1 License Agreement FYB201*"), all of them relating to FYB201 (together, "**FYB201 Agreements**"). Formycon Project 201 GmbH has received the following payments from Bioeq AG under the FYB201 Agreements for the periods indicated:

- Fiscal Year 2021: EUR 11.6 million
- Fiscal Year 2022: EUR 10.4 million
- Fiscal Year 2023: EUR 14.3 million
- H1 2024: EUR 7.4 million
- July 1, 2024 to date of the Prospectus: EUR 3.9 million

15.2.3 Bioeq Shareholder Loan

With respect to the Bioeq Shareholder Loan Agreement between the Company and Polpharma as lenders and Bioeq AG as borrower, see "*9.16.3 Shareholder loan to Bioeq AG*".

15.3 Relationships with members of the Company's corporate bodies

15.3.1 Management Board

The following table provides a breakdown of the compensation paid or payable to the members of the Management Board at the time for the periods indicated:

in EUR million	Fiscal Year		
	2023	2022	2021
	(audited)		
Short-term remuneration	1.7	1.4	1.3
Post-employment benefits	-	0.6	–
Stock options granted	0.1	0.6	0.0
Total	**1.8**	**2.6**	**1.4**

In the period beginning on January 1, 2024 and ending on the date of the Prospectus, the members of the Management Board received an aggregate remuneration of EUR 1.5 million.

For a description of the current remuneration of the members of the Management Board, see "*14.2.4 Remuneration and other benefits of the members of the Management Board*".

15.3.2 Supervisory Board

In the Fiscal Year 2021, the members of the Supervisory Board received an aggregate remuneration of EUR 83,000.00. In the Fiscal Year 2022, the members of the Supervisory Board received an aggregate remuneration of EUR 96,000.00. In the Fiscal Year 2023, the members of the Supervisory Board received an aggregate remuneration of EUR 109,000.00. In the period beginning on January 1, 2024 and ending on the date of the Prospectus, the members of the Supervisory Board received an aggregate remuneration of EUR 145,583.33.

For a description of the current remuneration of the members of the Supervisory Board, see "*14.3.4 Remuneration of the members of the Supervisory Board*".

16. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

Income received from Shares and Subscription Rights is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the Company's shareholders and the tax laws of the Company's state of incorporation, statutory seat, and place of effective management (i.e., Germany) may have an impact on the income received from Shares and Subscription Rights.

The following section outlines certain key German taxation principles that may be relevant with respect to the acquisition, holding or transfer of Shares and Subscription Rights. It is important to note that the legal situation may change, possibly with retrospective effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all tax considerations that may be relevant to shareholders of the Company. This presentation is based on domestic German tax laws in effect as of the date of the Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries. We cannot rule out that the German tax authorities or courts will interpret these laws and provisions differently from what is described in this section.

This section does not replace the need for individual shareholders of the Company to seek personal tax advice. Therefore, prospective shareholders are advised to consult their own tax advisors regarding the tax implications of acquiring, holding, or transferring Shares and what procedures are necessary to secure the repayment of German withholding tax (Kapitalertragsteuer), if possible. Only qualified tax advisors are able to adequately consider the particular tax situation of individual shareholders of the Company.

Shareholders are taxed in particular in connection with the holding of Shares (taxation of dividend income), upon the sale or disposal of Shares and Subscription Rights (taxation of capital gains) and the gratuitous transfer of Shares and Subscription Rights (inheritance and gift tax).

16.1 General taxation of dividends

16.1.1 No taxation in case of payments from a tax-recognized contribution account

In the future, the Company may pay dividends out of the tax-recognized contribution account (*steuerliches Einlagekonto*). To the extent the Company pays dividends from such tax-recognized contribution account, such dividends are not subject to withholding tax, personal income tax or corporate and trade income tax, as the case may be (including the solidarity surcharge (*Solidaritätszuschlag*) and church tax (*Kirchensteuer*), if applicable). Any dividends paid out of a tax-recognized contribution account would, however, lower the acquisition costs of the Shares, which may result in a higher amount of taxable capital gains upon the shareholder's sale or disposal of the Shares. Special rules apply to the extent that dividends from the tax-recognized contribution account exceed the then lowered acquisition costs of the Shares (the details are outlined below).

16.1.2 Withholding tax

Dividends distributed by the Company that are not paid out of the tax-recognized contribution account are subject to a deduction at source (withholding tax) at a 25% rate plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and church tax, if applicable. The basis for determining the dividend withholding tax is the dividend approved for distribution by the Company's general meeting.

In general, dividend withholding tax is withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is a resident of Germany or of a foreign country.

As the Shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, one of the following entities is responsible and authorized to collect withholding tax in Germany and to remit it to the relevant tax authority for the account of the relevant shareholder: (i) a domestic bank or financial service institute (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) or domestic securities institute (*Wertpapierinstitut*) (including the domestic branches of such foreign institutes), which holds the Shares in custody or that manages such Shares and that pays out or credits the shareholder's capital investment income or that pays the capital investment income to a foreign entity, or (ii) the central securities depository (*Wertpapiersammelbank*) holding the collective deposit Shares in custody if it pays the capital investment income to a foreign entity, or (iii) the Company itself if and to the extent Shares that are held in collective safe custody (*girosammelverwahrt*) by the central securities depository are treated as so-called "shares being held separately" (*abgesetzte Bestände*) (each person within the meaning of (i) through (iii) a "**Dividend Paying Agent**").

Where dividends are distributed to a company resident in another member state of the EU within the meaning of Article 2 of Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended ("**Parent-Subsidiary Directive**"), withholding of the dividend withholding tax may not be required (withholding tax

exemption) or may be refunded, in each case only upon application and provided that certain additional requirements are met. This also applies to dividends distributed to a permanent establishment located in another member state of the EU of such parent company or of a parent company that is tax resident in Germany, if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. Further prerequisites for the exemption from withholding at the source or a refund of withholding tax under the Parent-Subsidiary Directive are that the shareholder has directly held at least 10% of the Company's registered share capital continuously for twelve months and that the German Federal Central Office of Taxation (B*undeszentralamt für Steuern*), with its registered offices in An der Küppe 1, 53225 Bonn, Germany, has certified to the creditor of the dividends, based upon an application filed by such creditor on the officially prescribed form, that the prerequisites for exemption have been met. The exemption from, or the refund of, withholding taxes on dividends is subject to the German anti-treaty shopping rules. These rules, *inter alia*, generally require that a shareholder maintains its own administrative substance in the country of its tax residence and conducts its own business activities. If there is a holding of at least 10% of the Company's registered share capital and the shares held in collective safe custody by Clearstream are treated as shares being held separately, the German tax authorities will not object when the main paying agent (*Hauptzahlstelle*) of the Company disburses dividends without deducting withholding tax, assuming a valid exemption certificate (*Freistellungsbescheinigung*) and proof that the relevant shares have been held separately are presented to the main paying agent.

The dividend withholding tax rate for dividends paid to shareholders without a tax residence in Germany will be reduced in accordance with any applicable double taxation treaty between Germany and the relevant shareholder's country of residence, provided that the Shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the German Federal Central Office of Taxation at the aforementioned offices for a refund of the difference between the dividend withholding tax withheld, including the solidarity surcharge, and the amount of withholding tax actually owed under the applicable double taxation treaty, which usually amounts to between 5% and 15%. Depending on the applicable double taxation treaty, a reduced withholding tax rate may be applicable in the tax withholding process, if the shareholder has applied for an exemption certificate from the German Federal Central Office of Taxation. The applicable double taxation treaty may also provide for a full exemption from the German dividend withholding tax if the relevant shareholder has directly held at least 10% of the Company's registered share capital and if further prerequisites are met.

Corporations that are not tax residents in Germany will upon application receive a refund of two fifths of the dividend withholding tax that was withheld and remitted to the tax authorities subject to certain requirements. This applies regardless of any further reduction or exemption provided for under the Parent-Subsidiary Directive or a double taxation treaty.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute to receive an exemption from, or (partial) refund of, German dividend withholding tax.

Pursuant to special rules on the restriction of withholding tax credit and withholding tax refund, the aforementioned relief in accordance with applicable double taxation treaties as well as the credit of withholding tax described for Shares held as private and as business assets (see "*16.4.1 Taxation of capital gains of shareholders with a tax residence in Germany*") is subject to the following three cumulative prerequisites: (i) the relevant shareholder must qualify as beneficial owner of the Shares for a continuous period of at least 45 days occurring within a period of 45 days prior and 45 days after the due date of the dividends ("**Minimum Holding Period**"), (ii) the shareholder has to bear at least 70% of the change in value risk related to the Shares during the Minimum Holding Period without being directly or indirectly hedged, and (iii) the shareholder is not required to fully or predominately, directly or indirectly, transfer the dividends to third parties (the tests under (i) through (iii) together, the "**Minimum Risk Test**").

Should any of the three prerequisites not be met, the following applies:

- As regards the taxation of dividends of shareholders with a tax residence in Germany, three fifths of the withholding tax imposed on the dividends may not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base in an assessment procedure for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax (i.e., due to a tax exemption without qualifying for a full tax credit) or that has already obtained a refund of taxes withheld, has to notify the competent local tax office accordingly and has to make a payment in an amount corresponding to 15% of the relevant dividends. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed EUR 20,000 or who has been the beneficial owner of the Shares for at least one uninterrupted year upon receipt of the dividends.
- As regards the taxation of dividends of shareholders without a tax residence in Germany who have applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund

is available. This restriction does not apply to a shareholder (i) that directly holds at least 10% of the Shares and that is subject to (corporate) income tax in the country of its tax residence without any exemptions, or (ii) that has been the beneficial owner of the Shares for at least one uninterrupted year upon receipt of the dividends, or (iii) if the applicable tax rate pursuant to the applicable double taxation treaty is at least 15%.

- In addition to the aforementioned statutory provisions, the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) has published decrees outlining the treatment of transactions where the credit of withholding tax will be denied even when the statutory minimum tests described above are met, to prevent abuse.

Prospective shareholders should seek their own professional advice as to whether they can obtain a tax credit or tax refund with respect to withholding taxes on dividends.

In case of individual shareholders holding Shares as private assets, the Dividend Paying Agent which keeps or administrates the Shares and pays or credits the capital investment income is required to create so-called "baskets for offsetting losses" (*Verlustverrechnungstöpfe*) to allow for negative capital income to be set off against current and future positive capital investment income. A setoff of negative capital investment income at one Dividend Paying Agent against positive capital investment income at another Dividend Paying Agent is only possible in the course of the income tax assessment at the level of the respective shareholder. In such case, the relevant shareholder must apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the basket for offsetting losses exists. The application is irrevocable and must reach the Dividend Paying Agent until December 15 of the respective year, as otherwise the losses will be carried forward by the respective Dividend Paying Agent to the following year.

Withholding tax will not be withheld by a Dividend Paying Agent if the shareholder provides such Dividend Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent such shareholder's capital income does not exceed the annual savers' allowance (*Sparerpauschbetrag*) of EUR 1,000 (EUR 2,000 for jointly filing individuals) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the shareholder provides the Dividend Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

16.2 Taxation of dividends of shareholders with a tax residence in Germany

16.2.1 Individuals who hold the Shares as private assets

For individuals who are tax resident in Germany (generally, individuals whose domicile or habitual abode is located in Germany) and who hold their Shares as private assets, the withholding tax of 25% plus solidarity surcharge of currently 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if applicable) will generally serve as a final tax (i.e., once such tax has been deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his or her annual tax return (*Abgeltungsteuer* – "**Flat Tax**")).

The purpose of the Flat Tax is to provide for separate and final taxation of capital investment income earned (i.e., taxation that is irrespective of the individual's personal income tax rate). Shareholders may apply to have their entire capital investment income, including dividends paid by the Company, assessed in accordance with the general rules and with an individual's personal income tax rate if this results in a lower tax burden. In this case, the base for taxation is the gross dividend income less the annual savers' allowance of EUR 1,000 (EUR 2,000 for jointly filing individuals). Subject to the Minimum Risk Test, any tax and solidarity surcharge withheld is credited against the income tax and solidarity surcharge so determined, and any overpayment refunded. Income related expenses cannot be deducted from capital gains in either case. The only possible deduction is the annual savers' allowance of EUR 1,000 (EUR 2,000 for jointly filing individuals) on the entire private capital investment income. Furthermore, dividend income can only be offset by losses from capital income, subject to further restrictions and except for losses generated by the sale or disposal of stocks (*Aktien*).

If the individual owns (i) at least 1% of the Shares and – by virtue of his or her professional activity (*berufliche Tätigkeit*) for the Company – is able to exercise a significant entrepreneurial influence on the business activity of the Company, or (ii) at least 25% of the Shares, the tax authorities may upon application allow for the dividends to be taxed under the partial-income method (see section"*16.2.2 Shares held as business assets*").

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on payments to shareholders who are subject to church tax unless the shareholder objects in writing to the German Federal Central Office of Taxation against the sharing of his or her private information regarding his or her affiliation with a religious denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense (*Sonderausgabe*). 26.375% of the church tax withheld on the dividends is, however, deducted from the with-holding tax (including the solidarity surcharge) to be withheld. If no church tax is withheld along

with the withholding of the withholding tax, the shareholder who owes church tax is required to declare his or her dividends in his or her income tax return. The church tax on the dividends will then be imposed by way of a tax assessment.

Contrary to the above, dividend payments that are funded from the Company's tax-recognized contribution account and are paid to shareholders who are tax resident in Germany whose Shares are held as private assets, do not form part of the shareholder's taxable income, but reduce the acquisition costs for such Shares. If the dividend payment funded from the Company's tax-recognized contribution account exceeds the shareholder's acquisition costs, the German tax authorities take the view that negative acquisition costs will arise which may result in a higher capital gain in case of a sale or disposal of the Shares. This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the Shares have been gratuitously transferred several times in succession, one of his or her legal predecessors at any point during the five years preceding the sale or disposal directly or indirectly held at least 1% of the share capital of the Company ("**Qualified Participation**") and (ii) the dividend payment funded from the Company's tax-recognized contribution account exceeds the acquisition costs of the Shares. In case of a Qualified Participation, a dividend payment funded from the Company's tax-recognized contribution account is considered a disposal of the Shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's tax-recognized contribution account exceeds the acquisition costs of the Shares. In this case the taxation corresponds to the taxation of capital gains of share-holders maintaining a Qualified Participation (see "*16.4 Taxation of capital gains*").

16.2.2 Shares held as business assets

The Flat Tax does not apply to dividends from Shares held as business assets of shareholders who are tax resident in Germany. In this case, the taxation depends on whether the shareholder is a corporation, an individual or a partnership. Subject to the Minimum Risk Test, the withholding tax withheld and paid to the tax authorities, including the solidarity surcharge (and church tax, if applicable), is credited against the income or corporate income tax and the solidarity surcharge (and church tax, if applicable) of the shareholder, and any overpayment will be refunded.

Dividend payments that are funded from the Company's tax-recognized contribution account and paid to shareholders who are tax resident in Germany and whose Shares are held as business assets are generally fully tax-exempt in the hands of such shareholders. At the same time such dividend payments lead to a corresponding reduction of the acquisition costs/book value for the relevant Shares. To the extent the dividend payments funded from the Company's tax-recognized contribution account exceed the acquisition costs/book value of the Shares, a taxable capital gain should occur. The taxation of such capital gain corresponds to the taxation of shareholders whose Shares are held as business assets (see "*16.4 Taxation of capital gains*"). As regards the application of the 95% exemption in case of a corporation, this is, however, not undisputed.

16.2.2.1 Corporations

In general, dividends received by corporations that are tax resident in Germany are effectively 95% exempt from corporate income tax and solidarity surcharge. 5% of the dividends are, however, treated as a non-deductible business expense and, as such, are subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825%.

Portfolio dividends (i.e., dividends earned on direct shareholdings in a distributing corporation equal to less than 10% of its share capital at the beginning of the respective calendar year) are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10% during a calendar year is deemed to have occurred at the beginning of the respective calendar year. Participations which a shareholder holds through a commercial partnership are only attributable to such shareholder on a pro rata basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Business expenses actually incurred and with a direct business relationship to the dividends may be fully deducted.

Any dividends (after deducting business expenses related to the dividends) are fully subject to trade tax, unless the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, entitling it to an intercorporate privilege for trade tax purposes. In such case, the aforementioned exemption of 95% of the dividend income applies analogously for trade tax purposes. The applicable trade tax depends on the tax rate imposed by the local municipalities in which the shareholder maintains its operations or permanent establishment (*Gewerbesteuerhebesatz*).

16.2.2.2 Sole proprietors (Individuals)

If the Shares are held as part of the business assets of a sole proprietor (individual) with his or her tax residence in Germany, 40% of any dividend is tax exempt (so-called "partial income method" (*Teileinkünfteverfahren*)). Only 60% of the expenses economically related to the dividends are tax deductible. The partial income method

also applies when individuals hold the Shares indirectly through a partnership (except for individual investors who hold their Shares through partnerships that are neither commercial partnerships nor deemed to be commercial partnerships). The partial income method does not, however, apply with respect to church tax (if applicable). If the Shares are held as business assets of a domestic commercial permanent establishment, the full amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject to trade tax, unless the respective shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the net dividends (after deducting directly related expenses) are exempt from trade tax. Trade tax is, however, generally credited, in full or in part, as a lump sum against the relevant shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

16.2.2.3 Commercial partnerships

If a shareholder is a commercial partnership, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge (and church tax, if applicable) are levied at the level of each partner rather than at the level of the partnership, provided the partnership has not exercised its option to be taxed as corporation. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, dividends are generally 95% tax exempt. Dividends from an indirect shareholding representing less than 10% of the share capital for the relevant partner are, however, fully subject to taxation (see "*16.2.2.1 Corporations*" above). If the partner is an individual and the Shares are held as business assets of the partnership, only 60% of the dividend income is subject to income tax. In this case, the partial income method does not apply with respect to church tax, if applicable (see "*16.2.2.2 Sole proprietors (Individuals)*" above). Upon application and subject to further conditions, an individual who is a partner can have his personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, if the Shares are held as business assets of a domestic permanent establishment of an actual or presumed commercial partnership, the full amount of dividend income is generally also subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax that the partnership pays on the relevant partner's portion of the partnership's income is generally credited as a lump sum, in full or in part, against the individual's personal income tax liability depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends (after deduction of business expenses economically related thereto) should generally not be subject to trade tax. In this case, trade tax should, however, be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the Shares are attributable on a look-through basis since this portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to partners other than such specific corporate partners (which includes individual partners and should, according to a literal reading of the law, also include corporate partners to whom, on a look-through basis, only portfolio participations are attributable) should not be subject to trade tax. Due to a lack of case law and administrative guidance, the application of the rules for the taxation of portfolio participations is, however, unclear. Consequently, shareholders are strongly recommended to consult their own tax advisors.

Partnerships may elect to be treated as a corporation for purposes of German income taxation. If the shareholder is a partnership that has validly exercised such option right ("**Opting Partnership**"), the dividends are subject to corporate income tax and trade tax generally according to the same rules that apply to corporations (see section "*16.2.2.1 Corporations*" above).

16.2.2.4 Financial and insurance sector

Special rules apply to companies operating in the financial and insurance sectors as well as pension funds (see "*16.5 Special treatment of companies in the financial and insurance sectors and pension funds*").

16.3 Taxation of dividends of shareholders without a tax residence in Germany

Dividends paid to shareholders of the Company (individuals and corporations) without a tax residence in Germany are taxed in Germany, provided that the Shares are held as part of the business assets of a permanent establishment or a fixed base in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. Subject to the Minimum Risk Test, the withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. These shareholders are essentially subject to the same rules applicable to tax resident shareholders, as described above.

In all other cases, the withholding of the dividend withholding tax discharges any tax liability of the shareholder in Germany. A refund or exemption is granted only as discussed with respect to dividend withholding tax (see "*16.1.2 Withholding tax*").

Dividend payments that are funded from the Company's tax-recognized contribution account are generally not taxable in Germany.

16.4 Taxation of capital gains

16.4.1 Taxation of capital gains of shareholders with a tax residence in Germany

16.4.1.1 Shares and Subscription Rights held as private assets

Capital gains earned from the sale or disposal of Shares that are held as private assets by shareholders with a tax residence in Germany and which were acquired after December 31, 2008, are generally taxable regardless of the length of time held. The tax rate is generally a uniform 25% plus the current 5.5% solidarity surcharge thereon (resulting in an aggregate tax rate of 26.375%) as well as any church tax, if applicable. This also applies to capital gains earned from the sale or disposal of Subscription Rights granted for such Shares. If the entitlement to dividend payments is disposed of without the Shares, the income from the sale or disposal of the entitlement to dividend payments is taxable. The same applies if the Shares are sold without the entitlement to dividend payments.

The taxable capital gains are the difference between (i) the proceeds from the sale or disposal of the Shares or Subscription Rights after deducting the direct sales or disposal costs and (ii) the acquisition costs of the Shares or Subscription Rights; however, the acquisition costs of Subscription Rights granted by the Company are deemed to be EUR 0 if the Subscription Rights are granted for Shares that were acquired after December 31, 2008. Under certain conditions, payments from the Company's tax-recognized contribution account reduce the acquisition costs of the Shares and may lead to negative acquisition costs, which can increase capital gains if such Shares are held as private assets and do not qualify as a Qualified Participation.

Losses on the sale or disposal of Shares can only be used to offset gains made on the sale or disposal of stocks (in the Company or in other stock corporations during the same assessment period or in subsequent assessment periods). Losses from the sale or disposal of Subscription Rights may only be offset against positive income from capital investment but insofar without restrictions (i.e., including such from the sale or disposal of shares in stock corporations). In case of a derecognition (*Ausbuchung*) or transfer of worthless shares (or other capital assets), the utilization of such losses is further restricted and can only be offset for up to EUR 20,000 per calendar year.

However, the German Fiscal Court (*Bundesfinanzhof*) expressed its view that such limitation on the offsetting of losses from the disposal of shares is unconstitutional and therefore has referred such legal question to the German Federal Constitutional Court (*Bundesverfassungsgericht*; decision dated June 4, 2021 (docket-no.: VIII R 11/18)). It therefore remains to be seen if such legal regulations will still be applicable in the future.

According to the German Federal Ministry of Finance, the exercise of Subscription Rights is not equivalent to a sale or disposal. Shares acquired by exercising Subscription Rights are considered to be acquired at the price of subscription (plus acquisition costs of Subscription Rights acquired against payment, if any) and at the time of the exercise.

If the Shares or Subscription Rights are held in custody or administered by a domestic bank or financial service institute, or securities institute (including domestic branches of foreign institutes), or if such entity or branch sells or disposes the Shares or Subscription Rights and pays out or credits the capital gains (already each, a "**Domestic Paying Agent**"), such Domestic Paying Agent with-holds a withholding tax of 25% plus the current 5.5% solidarity surcharge thereon and any church tax, if applicable, and remits such taxes to the tax authority. In such a case, the tax on the capital gain will generally be discharged. If the Shares or Subscription Rights were only held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of taxes withheld is generally based on the difference between the proceeds from the sale or disposal, after deducting expenses directly related to the sale or disposal, and the amount paid to acquire such Shares or Subscription Rights. The withholding tax rate of 25% plus the current 5.5% solidarity surcharge thereon and any church tax, if applicable, will, however, be applied to 30% of the gross sales proceeds if the Shares or Subscription Rights were not administered by the same custodian bank since acquisition and the original cost of the Shares or Subscription Rights cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual capital gain is higher than 30% of the gross proceeds required to, verify the original costs of the Shares or Subscription Rights in his or her annual tax return.

Entities required to collect withholding taxes on capital investment income are also required to withhold the church tax for shareholders who are subject to church tax, unless the shareholder objects in writing to the German Federal Central Office of Taxation against the sharing of his or her private information regarding his

or her affiliation with a religious denomination. If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense. 26.375% of the church tax withheld on the capital gain is, however, deducted from the withholding tax (including the solidarity surcharge) withheld.

If withholding tax or, if applicable, church tax on capital gains is not withheld by a Domestic Paying Agent, the respective shareholder is required to declare the capital gains in his or her income tax return. The income tax, the solidarity surcharge and any applicable church tax on the capital gains will then be collected by way of assessment.

In general, it is not possible to deduct income-related expenses in connection with capital gains, except for expenses directly related in substance to the sale or disposal, which can be deducted when calculating the capital gains. Only the annual savers' allowance of EUR 1,000 (EUR 2,000 for jointly filing individuals) may be deducted from the entire capital investment income.

A shareholder may request that the entire capital investment income, along with all other taxable income, are subject to the progressive income tax rate instead of the uniform tax rate for private capital investment income if this lowers the tax burden. In such case, the base for taxation would be the gross income less the annual savers' allowance of EUR 1,000 (EUR 2,000 for jointly filing individuals). The prohibition on deducting income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax withheld is credited against the income tax so determined, and any over-payment refunded.

One exception to this rule is that a shareholder's capital gains are subject to the partial income method and not the Flat Tax in case of a Qualified Participation. Consequently, 60% of the proceeds from the sale or disposal of Shares are subject to the individual income tax rate, if the shareholder, or his or her legal predecessor in case of acquisition without consideration, has directly or indirectly held Shares equal to at least 1% of the Company's share capital at any time during the previous five years. 60% of the expenses economically related to the proceeds from the sale or disposal of Shares are tax-deductible. The partial income method does not apply to church tax. In case of a Qualified Participation, the partial income method should also apply to capital gains or losses associated with the Subscription Rights. Unlike under the Flat Tax regime, the acquisition costs of the Subscription Rights are calculated as a fraction of the original acquisition costs of the underlying Shares which is split off from the Shares and attributed to the Subscription Rights (so-called aggregate value method). Upon exercise of a Subscription Right, its acquisition costs increase the acquisition costs of the newly acquired Shares.

In case of a Qualified Participation, withholding tax (including the solidarity surcharge and church tax, if applicable) is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is required to declare the capital gains from the sale or disposal in his or her income tax return. The withholding tax (including solidarity surcharge and church tax, if applicable) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax liability, and any overpayment will be refunded. The exercise of the Subscription Rights should not be considered equivalent to a sale or disposal in the case of a Qualified Participation. Rather, the acquisition costs of the Subscription Rights increase the acquisition costs of the newly acquired Shares.

Withholding tax will not be withheld by a Domestic Paying Agent if the shareholder provides such Domestic Paying Agent with an application for exemption, to the extent such shareholder's capital investment income does not exceed the annual savers' allowance of EUR 1,000 (EUR 2,000 for jointly filing individuals). Furthermore, no withholding tax will be levied if the shareholder provides the Domestic Paying Agent with a non-assessment certificate to be applied for with the competent tax office.

16.4.1.2 Shares and Subscription Rights held as business assets

The Flat Tax does not apply to proceeds from the sale or disposal of Shares or Subscription Rights held as business assets by shareholders tax resident in Germany. If the Shares or Subscription Rights form part of a shareholder's business assets, taxation of the capital gains realized will then depend upon whether the shareholder is a corporation, sole proprietor, or partnership. Dividend payments that are funded from the Company's tax-recognized contribution account reduce the original acquisition costs/book value. This may give rise to a higher taxable capital gain in case of a sale or disposal of Shares. If the dividend payments funded from the Company's tax-recognized contribution account exceed the original acquisition costs/book value for tax purposes, a taxable capital gain may arise.

Corporations: In general, capital gains earned from the sale or disposal of Shares by corporations domiciled in Germany are effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the Shares and the holding period of the Shares. 5% of the capital gains are, however, treated as a non-deductible business expense and, as such, are subject to

corporate income tax (plus the solidarity surcharge thereon) and to trade tax. Losses from the sale or disposal of Shares and any reductions in profits connected therewith generally do not qualify as tax-deductible business expenses. By contrast, the full amount of the capital gains earned from the sale or disposal of Subscription Rights is subject to corporate income tax (plus solidarity surcharge) and trade tax. Capital losses and other reductions in profit in connection with the Subscription Rights should be tax-deductible, subject to general restrictions. The exercise of Subscription Rights should not be considered equivalent to a sale or disposal.

Sole proprietors (Individuals): If the Shares form part of the business assets of a sole proprietor (individual) who is tax resident in Germany, only 60% of the capital gains from their sale or disposal are subject to the individual's personal tax rate plus the solidarity surcharge thereon (partial income method). Correspondingly, only 60% of losses from such sales or disposal and 60% of expenses economically related to such sales or disposal are deductible. For church tax, if applicable, the partial income method does not apply. The partial income method also applies to capital gains or losses from the sale or disposal of Subscription Rights that are held by the individual entrepreneur as business assets. The exercise of Subscription Rights should not be considered equivalent to a sale or disposal.

If the Shares or Subscription Rights are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains are also subject to trade tax. The trade tax is fully or partially credited as a lump sum against the shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

Commercial partnerships: If the shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership, provided the partnership has not exercised its option to be taxed as corporation. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles applying to capital gains which are outlined in the subsection on "*16.2.2.1 Corporations*" above apply. If the partner is an individual, the tax principles applying to capital gains that are outlined in the subsection on "*16.2.2.2 Sole proprietors (Individuals)*" above apply. Upon application and provided that additional prerequisites are met, an individual who is a partner may obtain a reduction of his or her personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale or disposal of Shares attributable to a permanent establishment maintained in Germany by an actual or presumed commercial partnership are subject to trade tax at the level of the partnership. In such case, generally only 60% of the capital gains are subject to trade tax to the extent the partners in the partnership are individuals, while 5% are subject to trade tax to the extent the partners are corporations and Shares are sold. Under the principles discussed above, losses on sales or disposal and other reductions in profits related to the Shares sold or disposed are generally not deductible if the partner is a corporation, and 60% thereof are considered if they are attributable to the share in the profits of an individual.

Capital gains and losses realized from the sale or disposal of Subscription Right are fully taken into account for purposes of trade tax within the scope of general restrictions to the extent they are attributable to the profit share of partners, which are corporations. By contrast, if the partner is an individual, the capital gains from the sale or disposal of Subscription Rights included in the profit share are arguably only subject to trade tax at a rate of 60%; accordingly, losses and reductions of profits related to the sale or disposal of Subscription Rights profits should in this case only be deductible at a rate of 60% subject to general restrictions. The exercise of Subscription Rights held as business assets should not be considered equivalent to a sale or disposal.

If the partner is an individual, the trade tax the partnership pays on his or her share of the partnership's income is generally credited as a lump sum, in full or in part, against his or her personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the respective taxpayer.

If the shareholder is an Opting Partnership, any gain from the disposal of the Shares is subject to corporate income tax and trade tax generally according to the same rules that apply to corporations (see subsection "*16.2.2.1 Corporations*" above). If the Opting Partnership has, upon the election for the treatment as a corporation for German income tax purposes, applied for a tax-neutral roll-over of the book value of the Shares, the sale or disposal of the Shares within a period of seven years after the election took effect will generally result in a retroactive taxation of the hidden reserves in the Shares at that time.

Special rules apply to capital gains realized by companies operating in the financial and insurance sectors, as well as pension funds (see "*16.5 Special treatment of companies in the financial and insurance sectors and pension funds*").

If a Domestic Paying Agent is involved, the proceeds from the sale or disposal of Shares or Subscription Rights held as business assets are generally subject to the same withholding tax rate as those of shareholders whose Shares or Subscription Rights are held as private assets (see "*16.5 Special treatment of companies in the financial and insurance sectors and pension funds*"). The Domestic Paying Agent may, however, refrain from withholding the withholding tax if (i) the shareholder is a corporation, association, or estate with its tax

residence in Germany, or (ii) the Shares or Subscription Rights form part of the shareholder's domestic business assets, and the shareholder informs the Domestic Paying Agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including the solidarity surcharge and church tax, if applicable) will be credited against the relevant shareholder's income tax or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) and any excess amount will be refunded.

16.4.2 Taxation of capital gains of shareholders without a tax residence in Germany

Capital gains realized by a shareholder without a tax residence in Germany are only subject to German income tax if the selling or disposing shareholder holds a Qualified Participation or if the Shares or Subscription Rights form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

The German Federal Fiscal Court has stated that if the shareholder is a corporation that is neither tax resident in Germany nor maintains a permanent establishment or has appointed a permanent representative in Germany, the capital gains from the sale or disposal of Shares or Subscription Rights by a shareholder who holds a Qualified Participation are fully exempt from German corporate income tax. The German tax authorities have adopted this view.

If the shareholder is an individual and holds a Qualified Participation as a private asset, only 60% of the capital gains from the sale or disposal of the Shares or Subscription Rights are subject to progressive income tax, plus solidarity surcharge thereon. Arguably, the partial income method shall also apply to capital gains earned from the sale or disposal of Subscription Rights by an individual. Where a Domestic Paying Agent is involved, withholding tax on capital gains is generally levied at a rate of 25%, plus 5.5% solidarity surcharge thereon. If, however, (i) the Shares or Subscription Rights are not held through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany and (ii) a Domestic Paying Agent is involved, then the German tax authorities have taken the view that the Domestic Paying Agent is, in general, not required to withhold tax on capital investment income, plus solidarity surcharge thereon. In case of a Qualified Participation, the capital gains must be declared in a tax return and are taxed by way of a tax assessment, subject to an exemption under domestic law or under a double taxation treaty.

For gains or losses on the sale or disposal of Shares or Subscription Rights that can be allocated to a domestic permanent establishment or fixed place of business, or which are part of business assets for which a permanent representative in Germany has been appointed, the aforementioned principles for shareholders with a tax residence in Germany whose Shares or Subscription Rights are business assets apply accordingly (see "*16.4.1 Taxation of capital gains of shareholders with a tax residence in Germany*"). The Domestic Paying Agent may refrain from deducting withholding tax if the shareholder declares to the Domestic Paying Agent on the official form that the Shares form part of domestic business assets and certain other requirements are met.

Most double taxation treaties provide for an exemption from German taxes, assigning the right of taxation to the shareholder's country of tax residence in the former case, provided that not more than 50% of the company's value comprise of German real estate.

16.5 Special treatment of companies in the financial and insurance sectors and pension funds

As an exception to the aforementioned rules, dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are generally fully taxable. This applies to dividends received on, as well as gains from the sale or disposal of, Shares and Subscription Rights that are allocated to the trading portfolio (*Handelsbestand*) of credit institutes, securities institutes and financial services institutes within the meaning of section 340e (3) HGB, as well as to Shares or Subscription Rights that, upon acquisition of such Shares or Subscription Rights, are allocated to the current assets (*Umlaufvermögen*) of a financial enterprise (*Finanzunternehmen*) within the meaning of the KWG, 50% or more of which are directly or indirectly held by a credit institute, securities institute or financial services institute. The same applies to Shares and Subscription Rights held as capital investments (*Kapitalanlagen*) by life insurance providers, health insurance providers and pension funds. An exemption to the foregoing (i.e., and thus a 95% effective tax exemption), however, shall apply to dividends obtained by the aforementioned companies to which the Parent-Subsidiary Directive applies. Apart from this, further relief from German taxation might be obtained pursuant to an applicable double taxation treaty, subject to further prerequisites.

16.6 Solidarity surcharge

The solidarity surcharge has been abolished or reduced as of the assessment period 2021 for certain German taxpayers. The solidarity surcharge continues to apply to capital investment income, withholding tax (including the Flat Tax regime) and corporate income tax. Shareholders are advised to monitor future developments. In case individual shareholders apply to be taxed with their capital investment income under their regular progressive tax rate, the solidarity surcharge might not be levied (in full).

16.7 Inheritance and gift tax

The transfer of Shares or Subscription Rights to another person by inheritance or gift is generally only subject to German inheritance or gift tax if:

2. the decedent, donor, heir, beneficiary or other transferee maintained his or her domicile or habitual abode in Germany, or had its place of management or registered offices in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with residence in the United States) prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany); or

3. the Shares or Subscription Rights were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or

4. the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of No. 1 above, and with certain restrictions in case of No. 2 above. Special provisions apply to certain German nationals living outside Germany and former German nationals.

The fair value of the Shares represents the tax assessment base, which generally corresponds to the stock exchange price of the Shares. Depending on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

16.8 Other taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale, or other transfer of Shares or Subscription Rights. Provided that certain requirements are met, an entrepreneur for value added tax purposes may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. Wealth tax is currently not imposed in Germany.

The European Commission published a proposal ("**Commission's Proposal**") for a directive for a common financial transaction tax in certain participating member states of the EU, including Germany. Such directive could under, depending on the actual circumstances, apply to certain transactions in the Shares or Subscription Rights, including with respect to secondary market transactions. The Commission's Proposal remains subject to negotiations between the participating member states of the EU and it is currently unclear in what form and when the Commission's Proposal will be implemented, if at all. Prospective shareholders are advised to monitor future developments closely and should consult their own tax advisors in relation to the consequences of a financial transaction tax.

16.9 Responsibility of the Company for the withholding of tax at source

The Company does in general not assume any responsibility for the deduction of withholding tax (including the solidarity surcharge and, if applicable, the church tax thereon) at source. This is only different in relation to "shares being held separately" (*abgesetzte Bestände*).

17. FINANCIAL INFORMATION

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H1 2024 UNAUDITED INTERIM FINANCIAL STATEMENTS
(PREPARED IN ACCORDANCE WITH IFRS)

Condensed Interim Statement of Financial Position

in EUR thousand	explanatory note	June 30, 2024	Dec. 31, 2023
ASSETS			
Non-current assets			
Goodwill		44,534	44,534
Other intangible assets	13	524,921	508,403
Right-of-use (ROU) assets	13	11,051	9,300
Property, plant and equipment		3,663	3,027
Investment accounted for using the equity method	8	181,802	167,044
Financial assets		85,929	90,907
Deferred tax assets		0	0
Total non-current assets		**851,900**	**823,215**
Current assets			
Inventories		2,124	467
Trade and other receivables		10,554	11,612
Contract assets	6	28,806	16,561
Other financial assets		6	6
Prepayments and other assets		13,600	11,335
Income tax receivables		171	131
Cash and cash equivalents		40,620	27,035
Total current assets		**95,881**	**67,147**
Total assets		**947,781**	**890,362**

in EUR thousand	explanatory note	June 30, 2024	Dec. 31, 2023
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	14	17,657	16,053
Capital reserve	10, 14	494,912	412,871
Retained Earnings		73,827	-1,968
Period income (loss)		-10,094	75,795
Total equity capital		**576,302**	**502,751**
Non-current liabilities			
Non-current lease obligations		9,631	7,815
Other non-current liabilities	10, 14	191,020	187,690
Deferred tax liabilities	11	125,230	122,800
Total non-current liabilities		**325,881**	**318,305**
Current liabilities			
Provisions		0	387
Current lease obligations		1,233	1,186
Other current liabilities	15	27,352	51,349
Trade payables		16,948	16,319
Current income tax liabilities		65	65
Total current liabilities		45,598	69,306
Total liabilities		**371,479**	**387,611**
Total equity and liabilities		**947,781**	**890,362**

Condensed Interim Statement of Comprehensive Income

in EUR thousand	explanatory note	Jan 1-June 30, 2024	Jan 1-June 30, 2023
Revenue	6	26,893	43,789
Cost of sales		-24,985	-26,153
Research and development expenses	7	-9,692	-5,170
Selling expenses		-593	-437
Administrative expenses	9, 10	-9,298	-5,543
Other expenses		-314	-142
Other income		6	14
Operating profit/loss (EBIT)		**-17,983**	**6,358**
Income from investments accounted for using the equity method	8	14,757	-6,162
Finance income	8	820	8,960
Finance expense	8	-5,287	-93
Change in Impairments based on the expected credit loss model		-6	0
Net finance income		10,284	2,705
Profit before tax		**-7,699**	**9,063**
Income tax expense	11	-2,395	-7,259
Profit (loss) / Comprehensive income (loss) for the period		**-10,094**	**1,804**
Basic (undiluted) earnings per share (in EUR)		-0.58	0.11
Average number of shares outstanding (without dilution)		17,286,654	15,826,442
Diluted earnings per share (in EUR)		-0.58	0.11
Average number of shares outstanding (with dilution)		17,286,654	15,955,167

Condensed Interim Statement of Changes in Equity

in EUR thousand	explanatory note	Subscribed capital	Capital reserve	Retained Earnings	Period income (loss)	Total equity
as of January 1, 2023		**15,129**	**343,419**	**-1,967**		**356,581**
Capital increase against cash contributions		910	69,160			70,070
Costs of capital increase			-1,736			-1,736
Effect of stock options granted			696			696
Period income (loss)					1,804	1,804
as of June 30, 2023		**16,039**	**411,539**	**-1,967**	**1,804**	**427,415**
as of January 1, 2024		**16,053**	**412,871**	**73,827**		**502,751**
Capital increase against cash contributions	14	1,604	81,240			82,844
Effect of stock options granted	10		801			801
Period income (loss)					-10,094	-10,094
as of June 30, 2024		**17,657**	**494,912**	**73,827**	**-10,094**	**576,302**

Condensed Interim Statement of Cash Flows

in EUR thousand	explanatory note	Jan 1-June 30, 2024	Jan 1-June 30, 2023
Profit (loss) for the period		-10,094	1,805
Adjustments for non-cash items:			
Depreciation and amortization		1,079	904
Net finance income		-10,285	-2,705
Effect of stock options		802	695
Net loss (gain) arising from disposals of non-current assets		3	16
Other non-cash transactions		256	0
Income tax expense		2,395	7,259
Changes in operating assets and liabilities:			**0**
Decrease (increase) in inventories		-1,656	-394
Decrease (increase) in trade and other receivables		864	-16,656
Decrease (increase) in contract assets		-12,246	-7,026
Decrease (increase) in other financial assets		0	0
Decrease (increase) in prepayments and other assets		-2,265	-1,772
Increase (decrease) in provisions		-387	387
Increase (decrease) in contract liabilities		0	1,336
Increase (decrease) in other liabilities		-274	-403
Increase (decrease) in trade payables		628	8,402
Income taxes paid		-5	-179
Net cash used for operating activities		**-31,185**	**-8,331**
Investments in intangible assets		-16,647	-12,313
Investments in property, plant and equipment		-982	-253
Proceeds from issuance of debt		5,000	0
Interest received		767	236
Net cash used for investing activities		**-11,862**	**-12,330**
Proceeds from issuance of shares		82,843	70,070
Costs relating to issuance of shares		0	-1,736
Payment of lease liabilities		-599	-465
Outflows for the payment of financial liabilities		-25,388	-20,165
Interest paid		-224	2
Net cash from financing activities		**56,632**	**47,706**
Net increase (decrease) in cash and cash equivalents		**13,585**	**27,045**
Cash and cash equivalents as of January 1		**27,035**	**9,820**
Cash and cash equivalents as of June 30		**40,620**	**36,865**

Notes

1. Reporting entity

Formycon AG (hereinafter also the "Company"), together with the subsidiary companies within its scope of consolidation (hereinafter "Formycon Group", "Formycon" or the "Group"), is a leading independent developer of high-quality biosimilar drugs, meaning follow-on products to biopharmaceuticals already on the market. Formycon has long specialized in the development of biosimilars and is able to cover all technical stages of the biopharmaceutical development chain from analysis and cell line development to preclinical studies and clinical trials, all the way through to the creation and submission of regulatory approval application documents. In addition to its decades of experience in protein chemistry, analysis and immunology, Formycon also has extensive expertise in the successful transfer of antibodies and antibody-based therapies into the clinical development stage.

Formycon AG has its registered offices in Martinsried/Planegg, Germany, and is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HRB 200801. The Company's shares are listed in the Frankfurt Stock Exchange's Open Market "Scale" segment for small- to medium-sized companies (Deutsche Börse: Open Market, Scale, German securities identifier (WKN): A1EWVY, ticker symbol: FYB, ISIN: DE000A1EWVY8).

2. Significant accounting principles

These condensed consolidated interim financial statements (hereinafter also the "Financial Statements") presented here in translation from the German original have been prepared in accordance with IAS 34 ("Interim Financial Reporting"). As interim financial statements, these do not include all of the explanatory notes typically included in full-year financial statements.

The accounting policies applied by Formycon Group in the preparation of these Financial Statements correspond to those applied by Formycon Group in its consolidated financial statements for fiscal year 2023.

3. Use of judgements and estimates

The preparation of these Financial Statements in accordance with IFRS requires Formycon's management to make certain judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and income, assets and liabilities, as well as related notes. Uncertainties regarding these estimates and underlying assumptions may lead to situations whereby a material adjustment is required in future periods to the carried amount of the relevant asset or liability.

These estimates and underlying assumptions are subject to regular review. Revisions to estimates are generally recognized prospectively. During the review of estimates for the current period, no grounds were identified for any such revisions.

The key discretionary decisions made by Formycon's management in the application of accounting principles and valuation methods in the preparation of these Financial Statements, along with the main sources of estimate uncertainties, were compared with those in the preparation of the consolidated financial statements for fiscal year 2023.

All judgements and assumptions applied in preparing this Interim Financial Statements are comparable to those made in the financial statements for 2023.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability are categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assumptions have been made in measuring fair values in the following cases:

- Valuation of conditional purchase price payments in determining and allocating the purchase price (see Note 15 "Financial instruments"),
- Valuation of obligations arising from share settled as well as cash-settled share-based compensation arrangements (see Note 10 "Share-based compensation arrangements").

4. Changes in accounting and valuation methods

Accounting methods

The accounting principles applied in the preparation of these Financial Statements correspond in full to those used in the preparation of the consolidated financial statements of Formycon Group for the fiscal year ending December 31, 2023.

The amendments to existing International Financial Reporting Standards regarding the classification of liabilities as non-current or current and lease Liabilities in a sale and leaseback transaction which are to be applied for the first time for fiscal years beginning January 1, 2024, had no effect on the preparation of these Financial Statements.

5. Segment Information

For the reporting period reportable segments developed as follows:

Segments 2024

in EUR thousand	FY8201	FYB202	FY8203	FYB206	FYB208	FYB209	Total for reportable operating segments	Remaining amount	Formycon Group
External revenue	8,173	11,347	7,373				26,893	0	26,893
Segment revenue	**8,173**	**11,347**	**7,373**	**0**	**0**	**0**	**26,893**	**0**	**26,893**
Segment profit (loss)	18,439	-5,320	-69	0	-7,176	-3,305	2,569	-12,663	-10,094
Finance income							0	820	820
Finance expense							0	-5,293	-5,293
Income from investment participations at equity	14,757						14,757	0	14,757
Allocated costs (cost of sales, research and development expenses, administrative expenses)	-4,367	-16,207	-7,237	0	-6,978	-3,214	-38,002	-4,894[1]	-42,896
Other expenses (selling expenses, miscellaneous)							0	-901	-901
Depreciation and amortization	-124	-460	-206	0	-198	-91	-1,079	0	-1,079
Income taxes							0	-2,395	-2,395
Assets									
Investment accounted for using the equity method	181,802						181,802	0	181,802
Additions to non-current assets	0	0	0	16,567	0	0	16,567	3,420	19,987

[1] mainly legal and consulting costs (see Note 9) as well as costs of centralized functions.

Segments 2023

in EUR thousand	FY8201	FYB202	FY8203	FYB206	FYB207	FYB208	FYB209	Total for reportable operating segments	Remaining amount	Formycon Group
External revenue	6,082	23,664	14,043					43,789	0	43,789
Segment revenue	**6,082**	**23,664**	**14,043**	**0**	**0**	**0**	**0**	**43,789**	**0**	**43,789**
Segment profit (loss)	-5,254	13,848	-912	0	-1,731	-2,971	-1,253	1,726	78	1.804
Finance income								-	8,960	8,960
Finance expense								-	-93	-93
Income from investment participations at equity	-6,162							-6,162	0	-6,162
Allocated costs (cost of sales, research and development expenses, administrative expenses)	-5,045	-9,565	-14,580	0	-1,688	-2,897	-1,222	-34,997	-965	-35,962
Other expenses (selling expenses, miscellaneous)								0	-565	-565
Deprecation and amortization	-129	-252	-375	0	-43	-74	-31	-904	-	-904
Income taxes								0	-7,259	-7,259
Assets										
Investment accounted for using the equity method	180,244							180,244	0	180,244
Additions to non-current assets	150	3,154	0	8,993	0	0		12,297	1,139	13,436

6. Revenue

Revenue streams

During the period, Formycon generated revenue by providing development services to the respective development partners for its partnered development projects FYB201 and FYB203, as well as FYB202. These costs include not only product development costs but also costs incurred for the management of clinical studies. In addition, Formycon generates revenue through license income from the granting of exclusive marketing rights to Bioeq AG for FYB201. Such license revenues are recognized only from the point at which they can be reliably determined. During the reporting period, a total of EUR 3,760 thousand (1H 2023: EUR 1,149 thousand) was recognized as license revenue from FYB201.

In addition, revenue from partial realization of development milestone from the marketing agreement for FYB202 was recognizes at EUR 11,347 thousand (1H 2023: EUR 23,664 thousand).

Geographical breakdown of revenue

During the period, and based upon customer domicile, the Group's revenues were generated entirely in Germany and Switzerland, the details of which may be found in the accompanying table "Geographical breakdown of revenue".

in EUR thousand	Jan 1-June 30, 2024	Jan 1-June 30, 2023
Germany	7,373	14,181
Switzerland	19,520	29,608
Total	**26,893**	**43,789**

The revenue generated in Germany during fiscal year 2024 and 2023 corresponds to FYB203 segment revenue.

Contract assets

Assets arising from contracts with customers are included as both trade receivables and contract assets. As of the reporting date, such receivables from customers were EUR 5,621 thousand (Dec. 31, 2023: EUR 6,757 thousand), while receivables from services not yet invoiced and separately reported as contract assets were EUR 28,806 thousand (Dec. 31, 2023: EUR 16,561 thousand).

7. Research and development expenses

Formycon Group has, in support of its FYB207 project, been awarded government grants from the Bavarian Research Foundation (*Bayerische Forschungsstiftung*), an agency of the Bavarian state government, as well as under the Bavarian state government's special "BayTherapie 2020" grant program. Grant awards in the amount of EUR 0 thousand (1H 2023: EUR 2,826 thousand) were offset against the corresponding research and development expenses and thus recognized in profit or loss for the reporting period. Disbursements have not taken place in the reporting and in the comparison period. Active development of FYB207 has been suspended during the reporting period. However, the grant term ends July 31, 2024 and the company is currently preparing the final report for the grantor. Thereafter the payout of the remaining grant is expected.

8. Finance income/expense

The components of finance income and expense during the reporting period may be found in the accompanying table "Finance income and expense". Period finance expense include EUR 4,970 thousand (1H 2023: EUR 8,515 thousand finance income) resulting from the fair value remeasurement of the contingent purchase price payments, primarily due to the unwinding of the discount.

in EUR thousand	Jan 1-June 30, 2024	Jan 1-June 30, 2023
Realized and unrealized gains from foreign currency translation	53	59
Interest income per effective interest method	767	386
At-equity result Bioeq AG	14,757	0
Change in fair value of conditional purchase prices		8,515
Finance income	**15,577**	**8,960**
Bank fees	-8	-7
Realized and unrealized losses from foreign currency translation	-18	-47
Interest expense from lease liabilities	-104	-36
Interest expense per effective interest method	-187	-3
Share of loss from Bioeq AG	0	-6,162
Change in fair value of conditional purchase prices	-4,970	0
Change in Impairments based on the expected credit loss model	-6	0
Finance expense	**-5,293**	**-6,255**
Net finance income	**10,284**	**2,705**

9. Administrative Expense

During the reporting period Administrative expenses developed as shown in the table "Administrative Expense".

in EUR thousand	Jan 1-June 30, 2024	Jan 1-June 30, 2023
Staff expenses	-4,380	-3,289
Legal and advisory expenses	-3,022	-1,031
IT expenses	-527	-405
Depreciation, amortization and write-downs	-647	-642
Other expenses	-722	-175
Total	**-9,298**	**-5,543**

The increase versus the comparison period is mainly a result of an increase in staff expense to EUR 4,380 thousand (1H 2023: EUR 3,289 thousand) due to the continuously growing number of employees and legal and advisory expense related to projects for strategy and financing opportunities for the company of EUR 3,022 thousand (1H 2023: EUR 1,031) thousand.

10. Share-based compensation arrangements

During the reporting period there have been no changes to the outstanding grants within the two existing share-based compensation programs.

During the reporting period, the total current expense for share-based compensation payments was EUR 802 thousand (1H 2023: EUR 695 thousand). As of June 30, 2024, the impact of these share-based payments on the capital reserve account was EUR 7,310 thousand (Dec. 31, 2023: EUR 6,509 thousand). At the same time a liability for cash settled programs was recognized under other non-current liabilities at the amount of EUR 265 thousand (Dec. 31, 2023: EUR 44 thousand).

11. Income tax expense

Components of income tax expense

The components of current and deferred income tax expense during the reporting period (including offsetting gains) may be found in the accompanying table "Components of income tax expense". Deferred tax assets on tax loss carryforwards are written down to the extent that the Group cannot demonstrate that future taxable profits will be sufficient to utilize the loss carryforward if they exceed deferred tax liabilities.

in EUR thousand	Jan 1-June 30, 2024	Jan 1-June 30, 2023
Current tax expense / income	-35	80
Deferred tax expense		
from valuation at equity	197	-82
from differing asset valuations	5	-5
from capitalization of certain leases as right-of-use (ROU) assets and corresponding liabilities from lease obligations	-34	-26
from accounting for cash-settled share-based compensation arrangements	-59	0
from capitalization of certain internally generated intangible assets	6,561	7,065
Other	-3	-356
from deferred taxes on tax loss carryforwards	-4,236	584
Total tax expense	**2,395**	**7,259**

Further information on deferred tax liabilities as of the reporting date may be found in the accompanying table "Calculation of deferred taxes".

in EUR thousand	June 30, 2024		December 31, 2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Valuation of participation in affiliates	234		431	
Valuation of non-current assets		95		91
Right-of-use (ROU) assets and corresponding leasing obligations	108		74	
Arising from assets recognized during the purchase price allocation		119,116		119,116
Capitalization of internally generated intangible assets		22,362		15,801
Other	1,705	1,522	198	76
Tax loss carryforwards - Formycon AG corporate tax (*Körperschaftssteuer*)	15,499		15,499	
Tax loss carryforwards - Formycon AG trade tax (*Gewerbesteuer*)	9,573		9,573	
Tax loss carryforwards - FYB202 Project GmbH	7,749		5,980	
Offset (netting) of deferred tax assets and liabilities	-17,864	-17,864	-12,284	-12,284
Valuation adjustment to deferred tax assets	-17,002		-19,470	
Total	**0**	**125,230**	**0**	**122,800**

Reconciliation of expected income tax expense/income to reported total tax expense/income:

in EUR thousand	Jan 1-June 30, 2024	Jan 1-June 30, 2023
Profit before tax	-7,699	9,063
Tax rate	26.68%	26.68%
Expected income tax expense/income	**-2,054**	**2,418**
Tax-free income and non-taxable expenses from the valuation of financial instruments	-2,414	-710
Taxes for prior years		83
Other	1,459	186
Non-recognition of deferred tax assets on tax losses	5,405	5,282
Total tax expense	**2,395**	**7,259**

12. EBITDA and adjusted EBITDA

The Executive Board additionally presents earnings before finance income/expenses, taxes, depreciation and amortization (EBITDA) in this section of the Financial Statements because it relies upon consolidated EBITDA as well as "Adjusted EBITDA" as key performance measures in managing the Group and believes that this measure is relevant to an understanding of the Group's financial performance. EBITDA is derived and calculated from reported operating income (EBIT). Adjusted EBITDA additionally includes the contribution from Formycon's jointly controlled investment accounted for using the equity method Bioeq AG. While EBITDA is not a defined performance measure under the IFRS cost of sales method, the Group's definition of EBITDA is consistent with usual definitions.

in EUR thousand	Jan 1-June 30, 2024	Jan 1-June 30, 2023
EBIT	-17,983	6,358
Depreciation of property, plant and equipment	346	265
Depreciation of right-of-use (ROU) assets	607	547
Amortization of intangible assets	126	92
EBITDA	**-16,904**	**7,262**
At-Equity Result Bioeq AG	14,757	-6,162
Adjusted EBITDA	**-2,147**	**1,100**

13. Other intangible assets and Right-of-use Assets

Capitalized development expenditures

All costs for the development of the FYB202 project, both external and internal, have been capitalized as eligible development expenditures up until Jan. 31, 2023. As of June 30, 2024, the capitalized book value of this pending development project was EUR 485,050 thousand (Dec. 31, 2023: EUR 485,050 thousand). Starting February 1, 2023 prospectively all expenditure on the project was recorded as Cost of Sales. Amortization of the asset will start as soon as the asset is ready for use.

Upon attainment of TPoS all costs for the development of the FYB206 project, both external and internal, have been capitalized as eligible development expenditures. As of June 30, 2024, the amount of capitalized development expenditures for this project was EUR 44,696 thousand (Dec. 31, 2023: EUR 21,128 thousand).

During the reporting period, borrowing costs of EUR 300 thousand (1H 2023: EUR 860 thousand) under the shareholder loans were allocated to these two qualifying assets, FYB202 (in 2023 only) and FYB206, and capitalized as part of their acquisition costs.

Right-of-use assets

During the reporting period the existing rented area at the companies site in Martinsried have been extended and at the same time the term for all existing areas was extended until June 2034 (5 years fixed and 5 years optional). An exercise of the lease extension option is assumed in the lease term because the Company believes it likely that the option will be exercised.

14. Equity

Changes to equity during the reporting period are presented in the Condensed Consolidated Interim Statement of Changes in Equity.

Number of shares outstanding

The Company has registered capital (*Grundkapital*) of EUR 17,656,902.00, which is divided into 17,656,902 bearer shares without par value.

Through court entry into the commercial register on February 8, 2024, the Company's registered capital was increased by EUR 1,603,877.00 through a partial utilization of the Authorized Capital 2023. The new shares were issued as part of a capital increase by a strategic investor at an issuance price of EUR 51.65 per share and thus a total cash contribution to the Company in the amount of EUR 82,843,475.00. Subsequent to the capital increase, the Company's registered capital was EUR 17,656,902.00. The excess of the issuance price over the imputed nominal value of EUR 1.00 per share is included in the capital reserve account.

15. Financial instruments

Valuation

The Group generally classifies all financial assets and liabilities as financial instruments measured at amortized cost. The sole exception to this is the conditional portion of the purchase price under the ATHOS transaction during 2022 as partial consideration for the acquisition of the shareholdings in FYB202 Project GmbH and Bioeq AG, which are measured at fair value. For all financial assets and liabilities except for the shareholder loan to Bioeq AG book value is an adequate approximation of fair value. The book values and fair values of the Group's financial assets and liabilities are summarized below. In the prior fiscal year, the book value for all financial assets and liabilities represented a reasonable approximation of their respective fair value, and thus the fair values were not specifically disclosed.

in EUR thousand	Book value at June 30, 2024	Fair value at June 30, 2024	FV category
Financial assets not carried at fair value			
Financial assets	85,929	79,561	3
Trade and other receivables	10,554		3
Contract assets	28,806		3
Cash and cash equivalents	40,620		3
Financial liabilities carried at fair value			
Current portion of conditional purchase price	24,136	24,136	3
Non-current portion of conditional purchase price	190,754	190,754	3
Financial liabilities not carried at fair value			
Trade payables	16,948		3

These contingent purchase price payments are measured at fair value based on level 3 input factors under the fair value hierarchy. As of Dec. 31, 2023, the contingent purchase price payments were valued at EUR 214,824 thousand as of the reporting date, these were valued at EUR 214,890 thousand. During the reporting period EUR 4,904 thousand (1H 2023: EUR 165 thousand) have been paid on the conditional purchase price. The remaining difference of EUR 4,970 thousand is in majority resulting from interest effects and therefore was recognized in finance expense. The valuation model is based upon the expected cash flows discounted at risk-adjusted rates depending upon the respective future payment dates. As of the reporting date, the discount rate was 11.7% (Dec. 31, 2023: 11.2% to 11.8%).

16. Transactions with related persons and companies

Key management personnel and members of Supervisory Board

The Group's key management personnel are the members of the Executive Board of Formycon AG.

Beyond regular remuneration, there were no transactions with any member of the Executive Board or Supervisory Board during the reporting period or prior-year period.

Related companies

During the reporting period, sales revenue of EUR 15,546 thousand (1H 2023: EUR 20,126 thousand) with related companies was recognized, of which EUR 8,173 thousand (1H 2023: EUR 6,098 thousand) was with jointly controlled Bioeq AG. In terms of the closing balance sheet EUR 5,621 thousand (Dec. 31, 2023: EUR 6,471 thousand) is recognized under trade receivables. In addition, the loan receivable from Bioeq AG amounts to EUR 86,300 thousand (Dec. 31, 2023: EUR 91,300 thousand) including accrued interest.

In addition to the sales revenue and trade receivables resulting from these development partnerships, the Group has also received loans from key shareholders. During the reporting period EUR 20,485 thousand including accrued interest have been repaid to the shareholders. At the same time the credit line of EUR 48,000 thousand was prolonged for another year until May 31, 2025. As of the reporting date EUR 0 thousand (Dec. 31, 2023: EUR 20,485 thousand) of this loan are outstanding.

Formycon also has liabilities relating to conditional purchase price payments to Athos Group companies resulting from the business combination transaction. As of the reporting date, the amount of this recorded liability was EUR 214,890 thousand (Dec. 31, 2023: EUR 214,824 thousand), while finance expense for the reporting period included EUR 4,970 thousand (1H 2023: EUR 8,515 thousand income) arising from the fair value measurement of these obligations.

There were no other transactions with related persons or companies during the reporting period.

17. Subsequent events

There have been no events of material significance which occurred following the end of the reporting period and are not reflected in these Financial Statements.

Planegg-Martinsried, Germany, August 8, 2024

Dr. Stefan Glombitza Nicola Mikulcik Dr. Andreas Seidl Enno Spillner

2023 AUDITED CONSOLIDATED FINANCIAL STATEMENT
(PREPARED IN ACCORDANCE WITH IFRS)

Consolidated Statement of Financial Position

in EUR thousand	Explanatory note	Dec. 31, 2023	Dec. 31, 2022
ASSETS			
Non-current assets			
Goodwill	19	44,534	44,534
Other intangible assets	19	508,403	488,439
Right-of-use (ROU) assets	18	9,300	8,916
Property, plant and equipment	18	3,027	2,600
Investment accounted for using the equity method	20	167,044	186,406
Financial assets	20	90,907	92,300
Deferred tax assets		0	0
Total non-current assets		**823,215**	**823,195**
Current assets			
Inventories		467	571
Trade and other receivables	25	11,612	14,314
Contract assets	9	16,561	1,161
Other financial assets		6	0
Prepayments and other assets	19	11,335	4,636
Income tax receivables		131	0
Cash and cash equivalents		27,035	9,820
Total current assets		**67,147**	**30,502**
Total assets		**890,362**	**853,697**

in EUR thousand	Explanatory note	Dec. 31, 2023	Dec. 31, 2022
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	21	16,053	15,129
Capital reserve	21	412,871	343,419
Accumulated loss carryforward	21	-1,968	-37,960
Period income (loss)	21	75,795	35,992
Total equity capital		**502,751**	**356,580**
Non-current liabilities			
Non-current lease obligations	26	7,815	7,594
Other non-current liabilities	24	187,690	319,339
Deferred tax liabilities	16	122,800	119,518
Total non-current liabilities		**318,305**	**446,451**
Current liabilities			
Provisions		387	0
Current lease obligations	26	1,186	925
Other current liabilities	23	51,349	38,315
Trade payables	25	16,319	11,318
Current income tax liabilities	16	65	108
Total current liabilities		**69,306**	**50,666**
Total liabilities		**387,611**	**497,117**
Total equity and liabilities		**890,362**	**853,697**

Consolidated Statement of Comprehensive Income

in EUR thousand	Explanatory note	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Revenue	9	77,696	42,497
Cost of sales	10	-54,391	-30,425
Research and development expenses	11	-9,162	-16,912
Selling expenses	12	-841	-1,442
Administrative expenses	12	-13,283	-11,446
Other expenses	12	-389	-347
Other income	12	1	347
Operating profit/loss (EBIT)		**-369**	**-17,728**
Income from investments accounted for using the equity method	13	-19,362	76,844
Finance income	13	102,210	432
Finance expense	13	-2,962	-22,952
Change in Impairments based on the expected credit loss model	13	-447	0
Net finance income		79,439	54,324
Profit before tax		**79,070**	**36,596**
Income tax expense	16	-3,275	-604
Profit (loss) / Comprehensive income (loss) for the period		**75,795**	**35,992**
Basic (undiluted) earnings per share (in EUR)	14	4.76	2.62
Average number of shares outstanding (without dilution)		15,915,789	13,715,221
Diluted earnings per share (in EUR)		4.72	2.59
Average number of shares outstanding (with dilution)		16,048,616	13,883,874

Consolidated Statement of Changes in Equity

in EUR thousand	explanatory note	Subscribed capital	Capital reserve	Accumulated loss carryforward	Period income (loss)	Total equity
as of Jan. 1, 2022		**11,065**	**82,785**	**-24,669**	**-13,290**	**55,891**
Appropriation of prior-year income (loss)		0	0	-13,290	13,290	0
New shares issued as consideration for acquisition transaction		4,000	258,400	0	0	262,400
Effect of stock options granted	15	0	535	0	0	535
Shares issued through exercise of stock options		64	1,699	0	0	1,763
Period income (loss)		0	0	0	35,992	35,992
as of Dec. 31, 2022		**15,129**	**343,419**	**-37,960**	**35.922**	**356,580**
Appropriation of prior-year income (loss)		0	0	35,922	35,922	0
Capital increase against cash contributions		910	69,160	0	0	70,070
Costs of capital increase		0	-1,736	0	0	-1,736
Effect of stock options granted	15	0	1,624	0	0	1,624
Shares issued through exercise of stock options		14	404	0	0	418
Period income (loss)					75,795	75,795
as of Dec. 31, 2023		**16,053**	**412,871**	**-1,968**	**75,795**	**502,751**

Consolidated Statement of Cash Flows

in EUR thousand	Explanatory note	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Profit (loss) for the period		75,795	35,992
Adjustments for non-cash items:			
Depreciation and amortization	18, 19	1,887	1,862
Net finance income	13	-79,439	-54,324
Effect of stock options	15	1,624	535
Net loss (gain) arising from disposals of non-current assets	18, 19	41	36
Other non-cash transactions	15	-46	0
Income tax expense	16	3,275	604
Changes in operating assets and liabilities:			
Decrease (increase) in inventories		104	-363
Decrease (increase) in trade and other receivables	25	2,696	3,217
Decrease (increase) in contract assets	9	-15,400	-137
Decrease (increase) in other financial assets		0	150
Decrease (increase) in prepayments and other assets	25	-6,699	-4,008
Increase (decrease) in other liabilities	25	1,094	655
Increase (decrease) in trade payables	25	4,999	-2,766
Increase (decrease) in current provisions		387	0
Income taxes paid	16	-166	-331
Net cash used for operating activities		**-9,848**	**-18,878**
Investments in intangible assets	19	-20,167	-26,208
Investments in property, plant and equipment	18	-1,029	-551
Investments in financial assets	20	0	-11,419
Acquisition of subsidiaries less cash and cash equivalents acquired	7	0	1,108
Proceeds from issuance of debt	20	3,300	0
Interest received	13	516	2
Net cash used for investing activities		**-17,380**	**-37,068**
Proceeds from issuance of shares	21	70,488	1,763
Costs relating to issuance of shares		-1,736	0
Inflows from the assumption of financial liabilities	23, 24	0	40,000
Payment of lease liabilities	26	-1,103	-908
Inflows for the payment of financial liabilities	23	-23,137	0
Interest paid	13	-69	-118
Net cash from financing activities		**44,443**	**40,737**
Net increase (decrease) in cash and cash equivalents		**17,215**	**-15,209**
Cash and cash equivalents as of Jan, 1		**9,820**	**25,029**
Cash and cash equivalents as of Dec, 31		**27,035**	**9,820**

Notes

1. Reporting entity

Formycon AG (hereinafter also the "Company"), together with the subsidiary companies within its scope of consolidation (hereinafter "Formycon Group", "Formycon" or the "Group"), is a leading independent developer of high-quality biosimilar drugs, meaning follow-on products to biopharmaceuticals already on the market. Formycon has long specialized in the development of biosimilars and is able to cover all technical stages of the biopharmaceutical development chain from analysis and cell line development to preclinical studies and clinical trials, all the way through to the creation and submission of regulatory approval application documents. In addition to its decades of experience in protein chemistry, analysis and immunology, Formycon also has extensive expertise in the successful transfer of antibodies and antibody-based therapies into the clinical development stage.

Formycon AG has its registered offices in Martinsried/Planegg, Germany, and is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HRB 200801. The Company's shares are listed in the Frankfurt Stock Exchange's Open Market "Scale" segment for small- to medium-sized companies (Deutsche Börse: Open Market, Scale, German securities identifier (WKN): A1EWVY, ticker symbol: FYB, ISIN: DE000A1EWVY8).

2. Basis of accounting

These Consolidated Financial Statements (hereinafter also the "Financial Statements"), presented here in translation from the German original, have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed within the European Union. The provisions of sec. 315e of the German Commercial Code (*Handelsgesetzbuch*, HGB) were taken into account as applicable. These Financial Statements were released for publication by the Company's Management Board (*Vorstand*) on April 16, 2024.

During the fiscal year, the following standards and interpretations were mandatorily applied for the first time:

- IFRS 17 ("Insurance Contracts"): IFRS 17 replaces IFRS 4 and, for the first time, establishes uniform requirements for the recognition, measurement, presentation of, and notes to insurance contracts, reinsurance contracts and investment contracts with discretionary participation. There have been no material effects on these Financial Statements.

- Amendments to IAS 1 ("Presentation of Financial Statements") and IFRS Practice Statement 2 ("Making Materiality Judgements") regarding "Disclosure of Accounting Policies": Under the amended IAS 1, only "material" information regarding accounting policies must be disclosed in the notes to the financial statements. For the information to be material, the accounting policy must be related to material transactions or other events and there must be a reason for its disclosure. The changes to Practice Statement 2, in turn, describe how the concept of materiality should be applied to the disclosure of accounting policies. This means that the focus will henceforth be on company-specific disclosures instead of generic disclosures. There have been no material effects on these Financial Statements.

- Amendments to IAS 8 ("Accounting Policies, Changes in Accounting Estimates and Errors") regarding "Definition of Accounting Estimates": The amendments to IAS 8 clarify how companies can better distinguish changes in accounting policies from changes in estimates. For this purpose, IAS 8 now defined an "accounting estimate" as being related to an uncertainty in the valuation of a financial figure in the financial statements. In addition to input parameters, a company also uses measurement methodologies to determine an estimate, which may be methodologies for estimation or valuation. There have been no material effects on these Financial Statements.

- Amendments to IAS 12 ("Income Taxes") regarding "Deferred Tax related to Assets and Liabilities arising from a Single Transaction": The amendments to IAS 12 address existing uncertainties in the accounting of deferred taxes in connection with leases as well as with disposal or restoration obligations. When assets and liabilities are recorded for the first time, the existing "initial recognition exemption" (IAS 12.15) is applied under certain conditions, meaning that, in such exceptional cases, deferred taxes are not recognized. In practice, there has been uncertainty as to whether this exception also applies to leases and disposal or restoration obligations. A narrow amendment has now been made to IAS 12 to ensure uniform application of the standard. The amendment clarifies that this "initial recognition exemption" no longer applies to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, even if the other previously valid requirements are already met. This is therefore a reverse exception to the "initial recognition exemption" for these narrowly defined cases. The changes mean that deferred taxes must be recognized, for example, on leases recognized by the lessee and on disposal or restoration obligations. There have been no material effects on these Financial Statements.

- Amendments to IAS 12 ("Income Taxes") regarding "International Tax Reform - Pillar Two Model Rules": The amendments introduce a temporary but mandatory exception to the accounting of deferred taxes resulting from the introduction of global minimum taxation. In addition, the amendments stipulate specific disclosure requirements for affected companies so that users of the financial statements are able to understand the degree to which a company is affected, in the current period as well as in the future, by the minimum taxation. There have been no material effects on these Financial Statements.

Formycon does not plan early application of the following new or amended standards and interpretations, which will only become mandatory in subsequent fiscal years. Unless otherwise stated, the effects of these changes on the Financial Statements are currently under review.

Already endorsed by the European Union:

- Amendments to IAS 1 ("Presentation of Financial Statements") regarding "Classification of Liabilities as Current or Non-current" and "Non-current Liabilities with Covenants": The amendments to IAS 1 adopted in January 2020 provide for certain limited adjustments to the assessment criteria for classifying liabilities as current or non-current. The amended standard clarifies that this classification also depends upon whether the company has the right, as of the reporting date, to postpone the settlement of the liability for at least 12 months following the end of the reporting period. If such a right exist, the liability is classified as non-current. The right to postpone the settlement of the liability must be substantial. If the company must fulfill certain conditions in order to exercise such a right, these must be fulfilled as of the balance sheet date; otherwise, the liability is classified as current. When classifying a liability, it is irrelevant whether management intends or expects that the liability will actually be settled within 12 months of the balance sheet date. The determining criterion for the classification is the right existing as of the balance sheet date to postpone the settlement of the liability by at least 12 months. This also applies in the event of settlement within the adjustment period. The January 2020 amendments were supplemented by a further amendment to IAS 1 published in October 2022 (after the date of initial application of the changes had already been postponed from January 1, 2022 to January 1, 2023 due to changes in July 2020). This further amendment addresses the classification of liabilities subject to additional conditions, or "covenants". The IASB makes it clear that additional conditions that must be met before or on the balance sheet date can have an impact on the classification as current or non-current. However, additional conditions that only have to be met subsequent to the balance sheet date have no influence on the classification. Instead of being taken into account as part of the classification, such subsequent conditions must be disclosed in the notes to the financial statements. This is intended to enable users of the financial statements to assess the extent to which non-current liabilities could potentially become repayable within 12 months. The amendments to IAS 1 must be applied in their entirety to reporting periods beginning on or after January 1, 2024. Early application of the amended standard is permitted. The Group currently assumes that there will be no material impact on its consolidated financial statements.
- Amendments to IFRS 16 ("Leases") regarding "Lease Liability in a Sale and Leaseback": The amendments to IFRS 16 govern the accounting of lease liabilities from sale and leaseback transactions and stipulates that a lessee must measure the lease liability following a sale in such a way that there is no recognition of any amount of gain or loss relating to the retained right of use. The newly added paragraphs include explanation different possible approaches with concrete examples, such as variable lease payments. The amendments to IFRS 16 must be applied to fiscal years beginning on or after January 1, 2024. Early application of the amended standard is permitted. The Group currently assumes that there will be no material impact on its consolidated financial statements.

Pending endorsement by the European Union:

- Amendments to IAS 7 ("Statement of Cash Flows") and IFRS 7 ("Financial Instruments: Disclosures") regarding "Supplier Finance Arrangements": The amendments affect disclosure requirements related to supplier financing arrangements (also known as supply chain financing, trade payables financing or reverse factoring arrangements). The new regulations supplement requirements already contained in other standards and explicitly prescribe the following appendix information:
    - Terms and conditions of supplier financing agreements,
    - The carrying amounts of liabilities subject to such agreements for which suppliers have already received payment from the finance providers, including specification of the balance sheet item under which these liabilities are included,
    - The range of due dates, and
    - Information on liquidity risk.

The amended standard is to be applied to reporting periods beginning on or after January 1, 2024, subject to adoption into EU law. Early application of the changes is permitted but requires EU endorsement. The Group currently assumes that there will be no material impact on its consolidated financial statements.

- Amendments to IAS 21 ("The Effects of Changes in Foreign Exchange Rates") regarding "Lack of Exchangeability": The amendments concern the determination of the exchange rate in the event of a long-term lack of convertibility, an issue which has until now not been addressed by IAS 21. With these amendments, IAS 21 additionally includes:
  - Requirements for assessing whether a currency can be converted to another currency,
  - Statements on determining the exchange rate if such conversion is not possible, and
  - Additional disclosure requirements relating thereto.

The amended standard is to be applied to reporting periods beginning on or after January 1, 2025, subject to adoption into EU law. Early application of the changes is permitted but requires EU endorsement. The Group currently assumes that there will be no material impact on its consolidated financial statements.

- Amendments to IFRS 10 ("Consolidated Financial Statements") and IAS 28 ("Investments in Associates and Joint Ventures") regarding "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture": The amendments address a known inconsistency between the provisions of IFRS 10 and IAS 28 (2011) in the event of the sale or contribution of assets to an associate or joint venture. According to the existing IFRS 10, a parent company must recognize the full amount of the gain or loss from the sale of a subsidiary in the income statement if control is lost. In contrast, the existing IAS 28.28 requires that the gain on a sale transaction between an investor and an investment valued at equity - be it an associate or joint venture - only be recognized in the amount of the share held by the others in this company. In the future, it is proposed that the entire gain or loss from the transaction should only be recognized if the assets sold or contributed constitute a "business operation" within the meaning of IFRS 3. The new standard would apply regardless of whether the transaction is structured as a share deal or asset deal. However, if the assets do not constitute a business operation, only a proportionate recognition of profits would be permitted. The date of initial application of the changes has been indefinitely postponed by the IASB.

3. Functional currency and presentation currency

These Financial Statements are presented in euros, the Company's functional currency. Unless otherwise stated, all amounts in euros presented herein have been rounded to the nearest thousand euros (EUR thousand).

4. Use of judgements and estimates

In preparing these Financial Statements, the Management Board has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgements

Judgements exercised by the Management Board have an impact on the following specific issues presented herein:

- Lease term: Determination of whether the exercise of lease extension options is reasonably certain (see Note 26 "Leases")
- Internally generated intangible assets: Point in time at which the criteria of IAS 38 ("Intangible Assets") are met, thereby resulting in an obligation to capitalize the asset (see Note 19 "Goodwill and other intangible assets")
- Identification of multiple performance obligations under the development partnerships for purposes of revenue recognition (see Note 9 "Revenue") and separation thereof between f development services and granting of license

Assumptions and estimate uncertainties

Significant assumptions and estimates which could result in the risk of necessary adjustments in subsequent periods to the amounts recognized herein have been made in the following specific cases:

- Recognition of deferred tax assets: Availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be used (see Note 16 "Income tax expense")
- Acquisition of subsidiaries: Fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed in the previous fiscal year (see Note 7 "Acquisition of subsidiaries")
- Impairment test of intangible assets and goodwill: Key assumptions underlying the calculation of the recoverable amounts (see Note 19 "Goodwill and other intangible assets")
- Valuations under IFRS 2 ("Shared-based payment", specifically including phantom shares): The determination of the fair value of share-based payment arrangements is based, among other factors, upon future share price volatility and future staff turnover, both of which may have a significant influence on the valuation of the options at the time of issuance. The correctness of these estimates depends upon actual future stock market performance and actual future staff turnover, both of which may deviate from the original estimates used in preparing these Financial Statements and may thus lead to significant corrections in future periods (see Note 15 "Share-based compensation arrangements").
- Determination of book value of investment participations in jointly controlled companies: Key assumptions for impairment testing in accordance with IAS 28 "Investments in Associates and Joint Ventures" (see Note 20 "Financial assets")

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assumptions have been made in measuring fair values in the following cases:

- Valuation of intangible assets acquired during the previous fiscal year for the purpose of determining and allocating the purchase price (see Note 7 "Acquisition of subsidiaries"),
- Valuation of conditional purchase price payments in determining and allocating the purchase price (see Note 25 "Financial instruments"),
- Valuation of obligations arising from share settled as well as cash-settled share-based compensation arrangements (see Note 15 "Share-based compensation arrangements"),
- Impairment testing of unfinished internally generated intangible assets (see Note 19 "Goodwill and other intangible assets"), and
- Impairment testing of financial assets (see Note 20 "Financial assets").

5. Group structure

In addition to the Formycon AG parent entity, Formycon Group also includes, as of December 31, 2023, the following 100% owned and fully consolidated subsidiaries:

- Formycon Project 201 GmbH (Martinsried/Planegg, Germany)
- Formycon Project 203 GmbH (Martinsried/Planegg, Germany)
- FYB202 Project GmbH (Martinsried/Planegg, Germany)
- Clinical Research GmbH (until Dec. 31, 2023: Bioeq GmbH, Holzkirchen, Germany)

Furthermore, Bioeq AG (Zug, Switzerland), which is under joint control by Formycon, is included in these Financial Statements using the equity method:

6. Accounting and valuation methods

Basis of valuations

These Financial Statements have been prepared based on the principle of historical cost. Exceptions to this are the valuations of the contingent consideration component of the Athos transaction during the previous fiscal year (see Notes 7 "Acquisition of subsidiaries", 23 "Other current liabilities" and 24 "Other non-current liabilities") and of obligations arising from cash-settled share-based compensation arrangements, which have both been carried out at fair value. Equity-settled share-based payment arrangements granted to employees are likewise measured at fair value as of the grant date (see Note 15 "Share-based compensation arrangements").

In their preparation, and for all periods therein, the Group has, unless otherwise stated, consistently applied the following accounting policies.

Principles of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method provided that the set of activities and assets acquired meets the definition of a "business" and that the Group has acquired control thereof. In determining whether a particular set of activities and assets is a "business", the Group assesses whether the set of activities and assets acquired includes at least one "input", meaning "an economic resource (e.g. non-current assets, intellectual property) that creates outputs when one or more processes are applied to it" (per IFRS 3 "Business Combinations"), and one substantive process and whether the presumed "business" is able to provide goods or services to customers.

The consideration transferred for the acquisition and the identifiable assets and liabilities acquired thereby are generally measured at fair value. Any goodwill arising from the transaction is tested annually for impairment. Any gains on acquisitions below market value are recognized immediately as profit. Unless relating to the issuance of debt or equity securities, transaction costs are expensed as incurred.

In determining the amount of consideration transferred for the acquisition, any amounts paid for the fulfillment of pre-existing obligations are excluded. Any profit or loss arising therefrom is recognized as such.

Any consideration transferred for the acquisition in the form of a contingent future obligation is measured at fair value at the time of the business combination. Finally, all other contingent consideration is measured at fair value at each reporting date, with any subsequent changes in the fair value of the contingent consideration recognized as profit or loss.

Subsidiaries

Subsidiaries are companies under the Group's control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated into these Financial Statements from the date control begins until the date such control ends.

Loss of control

If the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary from its consolidated statement of financial position (balance sheet), along with any related non-controlling interests or other equity components. Any resulting gain or loss is recognized in profit or loss. If an interest in the former subsidiary is retained, it is measured at fair value as of the date control over the subsidiary is lost.

Financial assets accounted for using the equity method

The Group's financial assets (investments) accounted for using the equity method include a shareholding in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Shares in joint ventures, which are accounted for using the equity method, are initially recognized at acquisition cost, including transaction costs. Subsequent to this initial recognition, these Financial Statements include the Group's share of the comprehensive income of the financial assets accounted for using the equity method until the date upon which such significant influence or joint control ends.

Consolidation of intragroup transactions

In preparing these Financial Statements, balances and transactions between the Company and consolidated subsidiaries thereof, as well as any unrealized intercompany income and expenses (other than income and expenses arising from foreign currency transactions), have been eliminated. In the case of companies accounted for using the equity method (associates and joint ventures), any unrealized gains on transactions have been offset against the investment asset, but not by more than the Group's investment in the respective company. Unrealized losses have been analogously offset (i.e. added to the investment asset), but only where there is no indication of impairment.

Transactions in foreign currencies

Business transactions in foreign currencies are converted into the functional currency of the respective Group company at the spot rate on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency as of the reporting date are translated into the functional currency at the closing rate for the period. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the exchange rate in effect at the time the fair value was measured. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate prevailing on the transaction date. Currency translation differences are recognized in period profit and loss and included within finance costs.

Revenue from contracts with customers

The Group generates revenue by granting licenses for the marketing of products once development has been completed. Depending on the contractual design, these licenses may include marketing rights for certain regions, sublicensing rights for certain regions, and/or rights to develop, manufacture and register the products. In some cases, the Group may retain certain rights. The Group subsequently receives license revenue for the granted rights based upon product sales within the licensed territories. If the amount can be reliably determined, the Group recognizes the revenue at the time the license is granted. As a rule, however, such license revenues depend upon actual product sales and thus the amount generated thereby can only be reliably determined over time. The corresponding license revenue is allocated as variable consideration to the separate performance obligation of granting a license.

These license agreements may also include upfront payments, which are likewise allocated to the relevant license grant performance obligation. Revenue from such upfront payments is recognized at the time the license is granted.

In addition the company generates revenues from the provision of development and other services to assist with the completion of product development through to market approval. These other services may include, for example, the organization of clinical studies and the preparation of approval documents. The customer agreement may provide for ongoing reimbursement of costs or defined milestones. Services rendered but not yet been invoiced are reported as contract assets. In the case of ongoing reimbursements, the regular payments are recognized against contract assets as received, whereas milestone payments are only recognized against contract assets provided that the relevant milestones have been achieved. Revenue is recorded over the development period using the cost-to-cost method. Associated costs are recognized in profit or loss as they are incurred.

In some cases, a single customer contract may combine different kinds of performance obligations, such as both the granting of a license and the provision of development services.

The transaction price of the contract is allocated to the respective individual performance obligations based upon their individual values. Development services are valued using cost plus an appropriate margin as well as residual value considerations. The license is granted on the basis of the residual value considerations if the individual values are not observable.

Specific conditions may be attached to milestones and upfront payments. The assessment of the fulfillment of such conditions has an impact on the revenue recognized. Currently the fulfillment of such conditions is assessed to be highly probable.

Once product sales are generated, license revenues become due and payable to the Group with relatively short payment terms.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are expensed as the employee performs the related work services. In cases where the Group has an obligation to pay a future amount as a result of service rendered by the

employee, whether legally binding or constructive, and where the obligation can be reliably estimated, a liability is recognized for the amount expected to be paid.

Equity-settled share-based compensation

Share-based compensation payments to employees settled by the physical delivery of shares are recognized as an expense in the amount of their fair value upon the grant date, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of granted shares for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of granted shares that meet the related service and non-market performance conditions at the vesting date. In the case of share-based payments with non-vesting conditions, the fair value of the share-based payment as of the grant date is measured to reflect such conditions, but with no subsequent true-up for differences between expected and actual outcomes. Further explanation may be found under Note 15 ("Share-based compensation arrangements").

Cash-settled share-based compensation

The fair value of amounts payable to employees under cash-settled stock appreciation rights (SARs) is recognized as an expense with a corresponding increase in liabilities, beginning with the period during which the respective employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at the settlement (payout) date based upon the fair value of the SARs. Any changes in the liability are recognized in profit or loss. Further explanation may be found under Note 15 ("Share-based compensation arrangements").

Defined contribution plans

Obligations to make contributions to defined contribution plans are expensed as the employee performs the related work services. Prepaid contributions are recognized as an asset to the extent that there is a right to a refund of, or reduction in, future payments.

Termination benefits

Benefits arising from the termination of employment are expensed as of the date on which the Group can no longer withdraw the offer of such benefits, or the date on which the Group recognizes costs for a restructuring, whichever is earlier. If these benefits are not expected to be settled in full within 12 months of the reporting date, they are discounted appropriately.

Government grants

Government grants to fund the future purchase of assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and that the Group will meet the conditions attached to the grant. Once such government grant is actually used to fund the acquisition of the asset, the deferred income is then amortized over the period of the asset's useful life and recognized in profit and loss as other income.

Grants which compensate the Group for expenses incurred are recognized as a reduction in expense in the period(s) in which the relevant expenses are recognized, unless the grant conditions are not met until after the related expenses have been recognized. In this case, the grant is recognized in the period during which the entitlement arises.

The Group is currently receiving grants to cover research and development expenditures incurred in connection with the development of the FYB207 project. Accordingly, the grants are recorded as a reduction in research and development expenses, (see Note 11 "Research and development expenses") and are reflected in the same way as the expenses and presented in the Consolidated Statement of Cash Flows under cash flows from operating activities.

Finance income and finance expense

The Group's finance income and finance expenses include:

- interest income,
- interest expense,
- gains and losses of investments accounted for using the equity method,
- write-downs of financial assets valued at equity,
- foreign currency gains and losses on financial assets and financial liabilities, and
- gains and losses arising from the measurement of fair value of contingent consideration classified as a financial liability.

Interest income and expenses are recognized in profit or loss using the effective interest method.

The effective interest rate is the interest rate that exactly discounts the estimated future payments or receipts over the expected life of the financial instrument to the net book value of the financial asset, or in the case of a financial liability to the remaining amount thereof.

In calculating interest income and expense, the effective interest rate is applied to the gross book value of the asset, provided that the asset is not credit impaired, or in the case of a financial liability to the remaining amount thereof. In the case of financial assets which have become credit-impaired subsequent to initial recognition, interest income is, however, instead calculated by applying the effective interest rate to the amortized cost of the financial asset. Should the asset no longer be credit-impaired, the calculation of interest income reverts to the gross basis.

Income tax expense

Income tax expense consists of current tax expense and deferred tax expense. Both are recognized in profit or loss, except to the extent that they relate to a business combination or to an item recognized directly in equity or other comprehensive income (OCI). The Group has determined that interest and penalties on income taxes, as well as uncertain tax items, do not meet the definition of income tax expense, and therefore accounts for these in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Current taxes

Current tax expense is the expected tax liability or tax receivable on taxable income or tax loss for the year, based on tax rates enacted or certain to be soon enacted as of the reporting date, along with any adjustments to tax liability for prior years. The amount of the expected tax liability or tax receivable is the best estimate of the tax amount expected to be paid or received, but also reflecting any tax uncertainties. Current tax receivables and liabilities are only offset (netted) under certain specific conditions.

Deferred taxes

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

- temporary differences upon initial recognition of assets or liabilities in a transaction which is not a business combination and which affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures where the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising upon initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities resulting from the application of IFRS 16 "Leases" are offset (netted). All other deferred tax assets and deferred tax liabilities are only offset under certain specific conditions.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out (FIFO) method of allocation. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost, including any capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Should significant components thereof have

different useful lives, these are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent costs of acquisition or production

Subsequent expenditures are only capitalized if it is probable that the Group will derive additional future economic benefits resulting from the expenditure.

Depreciation

Depreciation is calculated to fully depreciate the cost of an item of property, plant and equipment less its estimated residual value on a straight-line basis over its estimated useful life. Depreciation is generally recognized in profit or loss.

The estimated useful lives of significant items of property, plant and equipment, for both the current period and prior-year period, are:

- Leasehold improvements: The useful life specific to the asset, not to exceed the remaining term of the underlying lease at the time of the leasehold improvement, i.e. 5-10 years
- Laboratory furnishings and equipment: 7-15 years
- Office furnishings and equipment: 5-10 years

Depreciation methods, useful lives and residual values are reviews on each reporting date and adjusted as necessary.

Goodwill and other intangible assets

Recognition and measurement

Goodwill

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses.

Research and development

Research expenditures are recognized in profit or loss as incurred.

Development expenditures are only capitalized provided that the expenditure can be measured reliably, that the product or process is technically and commercially feasible, that future economic benefits are probable, and that the Group both intends and has sufficient resources to complete development and to utilize or sell the asset. Any development expenditures not meeting these criteria are recognized in profit or loss as incurred. Capitalized development expenses are valued at acquisition or production cost less accumulated amortization and any accumulated impairment losses.

Formycon develops biopharmaceuticals, in particular biosimilars, with the aim of converting biosimilar candidates into development and marketing partnerships upon attainment of certain defined milestones. Formycon currently has seven projects under active development. For each individual development project, an assessment is made as to whether the criteria for recognition of an internally generated intangible asset have been met.

While innovative drug development projects in phase 3 clinical trials often suffer failures or significant setbacks, the probability of success of a biosimilar candidate in phase 3 clinical comparability trials is significantly higher. Because the efficacy of the originator (reference) biopharmaceutical has already been scientifically proven and recognized by the authorities, and because biosimilar development focuses on various tests and studies to demonstrate biological similarity to the reference drug already prior to phase 3 clinical testing, one may reasonably conclude, predicated on this already demonstrated similarity, that the likelihood of successfully completing the remaining development of a biosimilar that will bring future economic benefits is very high. It should be noted that more than 95% of biosimilar candidates entering phase 3 clinical trials are, upon completion thereof, proved similar to the reference drug. It is also notable that 78% of biosimilars entering phase 1 clinical trials are ultimately licensed upon completion of development work.

The many activities which Formycon undertakes to develop a biosimilar candidate may be broadly divided into the following six development steps:

- Market research: assessment of market situation, identification of possible drug targets, project planning
- Initial analysis: development of the analytical method panel, characterization of reference molecule, definition of quality target, commencement of cell line development

- Development phase: cell line development, biosimilar manufacturing process development
- Preclinical testing: *in vivo* studies generally not necessary, but comprehensive physiochemical and bioanalytical testing leading to technical proof of similarity (TPoSo)
- Phase I clinical trials: testing on healthy volunteers to demonstrate biological similarity to the reference product
- Phase III clinical trials: study to demonstrate the similarity of the biosimilar to the reference product in patients (similar efficacy, safety and immunogenicity)

TPoSo is generally the point following completion of pre-clinical testing at which Formycon is able to demonstrate, based on the results thereof, that the asset resulting from the development fulfills the criteria of IAS 38.57 and thus that all subsequent development expenditures may be deemed part of the cost of generating the asset and capitalized accordingly. Each project is, however, individually assessed as to whether the criteria have been met.

The costs to be allocated are determined as costs directly attributable to development; because the assets are qualifying assets within the meaning of IAS 23, these costs also include related borrowing costs. The capitalization of development expenditures is terminated upon regulatory approval, except for subsequent development expenditures which generate an additional economic benefit with respect to the related asset.

Other intangible assets

Other intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditures

Subsequent expenditures relating to goodwill and intangible assets are capitalized only to the extent that they generate an additional economic benefit with respect to the related asset. All other expenditures, including expenses for internally generated goodwill and brand names, are recognized in profit or loss as incurred.

Amortization

Intangible assets are amortized on a straight-line basis over the respective estimated useful life. The amortization begins from the day the respective assets are first used, or in the case of development projects, from the day of initial regulatory approval of the drug in question. The amortization is generally recognized in profit or loss. Other than through impairment, goodwill is not amortized.

The estimated useful lives are:

- Patents and trademarks: based on the term of the corresponding legal protection (5-10 years)
- Capitalized development costs (both acquired and internally developed): up to 18 years

Amortization methods, useful lives and residual values are reviewed on each reporting date and adjusted as necessary.

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized from the date they arise or are issued. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual terms of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL (i.e. fair value with changes in value through profit or loss), transaction costs directly attributable to its acquisition or issue. Trade receivables without a significant financing component are initially recognized at the transaction price.

Classification and subsequent measurement

Financial assets

Upon initial recognition, a financial asset is classified and measured as:

- an instrument at amortized cost,
- an FVOCI debt instrument (i.e. an investment in a debt instrument measured at fair value with changes through other comprehensive income),

- an FVOCI equity investment (i.e. an equity investment measured at fair value with changes through other comprehensive income), or
- an FVTPL instrument.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as an FVTPL instrument:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is classified as an FVOCI instrument if it meets both of the following conditions and is not designated as an FVTPL instrument:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value of the investment in OCI. This election is made individually for each investment.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. Upon initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as an FVTPL instrument if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes its assessment of the objective of the business model in which a financial asset is held through an assessment of each individual portfolio. The information considered includes:

- the stated objectives for the investment, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows, or realizing cash flows through the sale of the assets;
- how performance results are evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods and expectations about future sales activity.

Financial liabilities: Classification, subsequent measurement, and gains and losses

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, is a derivative, or is designated as such upon initial recognition.

Financial liabilities at FVTPL are measured at fair value, with net gains and/or losses, including interest expense, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign currency translation differences are recognized in profit or loss. Any gain or loss upon derecognition is also recognized in profit or loss.

With the exception of the obligation to pay contingent consideration under the Athos transaction, all of the Group's financial liabilities are measured at amortized cost.

Derecognition

Financial assets

The Group derecognizes a financial asset when its contractual right to receive cash flows from the financial asset expires, or when it transfers its right to receive contractual cash flows in a transaction in which either the Group transfers substantially all of the risks and rewards associated with ownership of the financial asset are transferred, or when the Group, although neither transferring nor retaining substantially all the risks and rewards of ownership, does not retain control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its contractual terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Subscribed capital

Costs directly attributable to the issuance of common shares are recorded as a deduction from equity. Income tax effects relating to the transaction costs of an equity measure are recognized directly in equity in accordance with IAS 12 "Income Taxes".

Asset impairment

Financial assets (excluding derivatives)

Financial instruments and contract assets

The Group recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost, and
- contract assets.

The Group also recognizes loss allowances for ECLs on other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date, and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

In the case of trade receivables and contract assets, valuation allowances reflect the amount of the expected credit loss over the term.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Group considers reasonable and reliable information which is both relevant and available, including quantitative as well as qualitative information. In addition to well-founded estimates based on analysis, including forward-looking assessments, the Group also considers its own past experience. Should a financial asset be overdue by more than 30 days, the Group assumes that its credit risk has increased significantly. Due to the company's customer structure and contractually agreed payment terms, there have to date been no such delays.

Due to the small number of contract counterparties, the Group assesses each of these with whom there is significant contract exposure through an assessment of each individual portfolio. In each existing case, the Group has assessed the risk of default as extremely low. Thus, subject to materiality considerations, no value adjustments are currently recognized.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be an S&P rating of BBB- or

higher. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Non-financial assets

The book value of the Group's non-financial assets, other than inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. Should this be the case, an estimate is made of the asset's recoverable amount. Goodwill and intangible assets with an indefinite useful life as well as unfinished internally generated intangible assets (capitalized development costs) are tested annually for impairment.

In testing for impairment, assets are grouped into the smallest groupings of assets that generate cash inflows from continued use that are as independent as possible of cash inflows from other assets or cash-generating units (CGUs). Goodwill acquired in a business combination is allocated to the CGU(s), or group(s) of CGUs, expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less disposal costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and of the risks specific to the asset or CGU.

Should the book value of an asset or CGU exceed this recoverable amount, an impairment loss is recognized.

Impairment losses are included in profit or loss. Impairment losses recognized in respect of CGUs are first allocated to any goodwill allocated to the CGU, then allocated to the book values of the other assets of the CGU (or group of CGUs) on a *pro rata* basis. Each development project generally corresponds to its own CGU.

Any impairment of goodwill, once recognized, is not reversed. In the case of other (non-goodwill) assets, an impairment loss may only be reversed to the extent that the book of the asset does not exceed the book value, net of depreciation and amortization, which would exist had no impairment loss been recognized.

Leases

The Group enters into lease contracts solely as a lessee. Upon entry into a contract, the Group first assesses whether the contract constitutes a lease or contains a lease component. This is deemed to be the case when the contract entitles the holder to control the use of an identified asset for a period of time in exchange for payment of a fee.

Upon commencement of a lease (or contract containing a lease component), or when a lease (or contract containing a lease component) is modified, the Group allocates the contractual consideration *pro rata* based on the stand-alone selling prices of the leased assets.

Upon commencement of the lease, the Group recognizes a right-of-use (ROU) asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term, or unless the cost of the right-of-use asset suggests that the Group will exercise a purchase option. In either of these cases, the right-of-use asset is instead depreciated over the useful life of the underlying asset, which is determined on the same basis as in the case of comparable owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. If the lease includes extension options and it is likely that these will be used, these are assumed in the lease term.

The lease liability is initially measured at the present value of the lease payments that are not already paid as of the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate (which is, in fact, the relevant discount rate usually used by the Group).

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes adjustments as necessary to reflect the individual lease term and type of asset leased.

Lease payments included in the measurement of the lease liability may include:

- fixed payments, including de facto fixed payments;
- variable lease payments that depend upon a benchmark index or rate, initially set according to the index or rate on the commencement date;
- amounts expected to be payable under a residual value guarantee; and/or
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional lease extension period if the Group is reasonably certain to exercise the lease extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized book value using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; if the Group changes its assessment of whether it will exercise a purchase, extension or termination option; or if there is a change in the amount of a *de facto* fixed lease payment.

Should the lease liability be remeasured in this way, a corresponding adjustment is made to the book value of the right-of-use asset, or if the book value of the right-of-use asset has been reduced to zero, it is recognized in profit or loss.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and corresponding lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Operating profit/loss (EBIT)

Operating profit/loss is net income generated from the Group's continuing sales-generating primary activities plus other income and expenses from operating activities, but excluding finance income and finance costs, participations in the profits and losses of companies accounted for using the equity method, and income taxes.

Measurement of fair value

"Fair value" is the price at which an asset would, as of the measurement date, be sold, or a liability transferred, in an orderly transaction on the relevant principal market or, if none exists, in the most advantageous market to which the Group has access at that time. The fair value of a liability reflects the risk of non-performance (credit risk).

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Where a quoted price in an active market is available, the Group determines the fair value of a financial instrument on the basis thereof. A market is considered "active" when transactions for the relevant asset or liability occur and are reported with sufficient frequency and volume to provide market price information on an ongoing basis.

If there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all factors which market participants would normally consider when pricing the asset or liability.

Where fair value is to be measured for an asset or liability for which the relevant market price is quoted as a bid/ask price pair, the Group values assets or long positions at the bid price and liabilities or short positions at the ask price.

7. Acquisition of subsidiaries in prior fiscal year

On May 1, 2022, Formycon acquired a 100% ownership share of FYB 202 Project GmbH (Berlin, Germany) from FYB 202 GmbH & Co. KG, which upon completion of the transaction was renamed "FYB202 Project GmbH" (without space) and its location of official registration changed to Martinsried/Planegg, Germany; a 100% ownership share of Bioeq GmbH (Holzkirchen, Germany); and 50% of the shares of Bioeq AG (Zug, Switzerland).

Through the transaction, Formycon acquired full rights to FYB202, a candidate biosimilar to Stelara® (ustekinumab), as well as a 50% interest in Bioeq AG, which owns the rights to FYB201, a biosimilar to Lucentis® (ranibizumab). Stelara® is used to treat various serious inflammatory diseases such as moderate to severe psoriasis (psoriasis) and inflammatory bowel diseases such as Crohn's disease and ulcerative colitis. Lucentis® is used to treat neovascular ("wet") age-related macular degeneration and other serious eye diseases.

In addition, through the acquisition and organizational integration of long-term partner Bioeq GmbH ("Bioeq"), Formycon was able to expand its expertise and in house resources in a number of areas important for the development, regulatory approval and commercialization of biosimilars.

Formycon contributed its FYB201 project into the partnership with Bioeq AG in 2013, then in 2017 contributed its FYB202 project into the partnership with Aristo Pharma GmbH, an Athos Group company, with the respective partnerships assuming onward development, approval and commercialization. By reacquiring these two biosimilar candidates, Formycon has gained a significantly higher share of future sales revenue upon their respective market introduction. Formycon intends to invest a large part of the anticipated cash inflows into the accelerated expansion of its product development pipeline, thereby enabling it to develop future biosimilar candidates independently and with its own resources. The aim is thus to make a sustainable, ongoing contribution to value creation and to Formycon's continued future growth.

Through the transaction, important prerequisites were put into place to enable Formycon's further expansion and to establish Formycon as a global biopharmaceutical player within the rapidly growing biosimilars market. Assuming that regulatory approvals are received as expected and that market launches and out-licensing of its biosimilar candidates take place as planned, Formycon is aiming toto achieve a significantly positive EBITDA within the near to medium term.

In the case of FYB202 Project GmbH and Bioeq GmbH, the identifiable assets and liabilities acquired at the time of acquisition included "inputs" (within the meaning of IFRS 3 "Business Combinations") in the form of the FYB202 biosimilar originally created by the Group and an organized workforce. All of the companies' necessary marketing and organizational processes were performed by the companies themselves or were outsourced to external service providers. The Group concluded that the acquired inputs and processes together contributed significantly to the ability to generate earnings. The Group thus came to the conclusion that the acquisition of the respective companies meets the IFRS 3 definition of a business combination.

In the case of Bioeq AG, the identifiable assets and liabilities acquired through the transaction included inputs, development processes and an organized workforce. The Group likewise concluded that the inputs and processes acquired together likewise contribute significantly to the ability to generate earnings and that the acquired company is a "business" within the meaning of IFRS 3. The remaining 50% of the shares of Bioeq AG are held by Polpharma Biologics B.V. (Utrecht, Netherlands). Bioeq AG is a joint venture over which Formycon Group has joint control and in which it has a 50% shareholding. The shares in the company are thus valued at equity in accordance with IAS 28 "Investments in Associates and Joint Ventures" and reported under financial assets. In determining the fair value at the time of acquisition, the provisions of IFRS 3 have been applied by analogy, even though outside the mandatory scope thereof.

Consideration transferred

The consideration transferred by Formycon for the transactions, valued in accordance with IFRS 3, consisted of 4,000,000 common shares newly issued from the Company's authorized capitali, a cash component, and an earn-out component dependent upon future net cash inflows from the FYB201 and FYB202 projects. The earn-out component was measured over the next 15 years as a percentage of the net cash inflows after taxes from the respective projects to Formycon AG. This conditional payment obligation is capped at EUR 677,082 thousand (on an undiscounted basis, of which EUR 194,052 thousand for FYB202 and EUR 483,030 thousand for FYB201). The actual amounts were discounted back to the acquisition date of May 1, 2022 until the agreed target amount or the agreed undiscounted maximum was reached. Depending upon actual future net cash inflows, the present values of these future payment outflows could be in line with the estimates in the table below, or they could be as low as zero, while the nominal amount of the payment could be anywhere between zero and the agreed maximum. The common shares issued were valued at the market price on the acquisition date of EUR 65.60 per share. In the case of Bioeq AG, a loan receivable in the nominal amount of EUR 82,000 thousand was acquired by Formycon along with the 50% shareholding in the company. Thus, the acquisition costs for the respective transaction components are as follows:

in EUR thousand	FYB202 Project GmbH Bioeq GmbH	Bioeq AG	Total
Newly issued common shares (number of shares)	3,330,000	670,000	4,000,000
Newly issued common shares	218,448	43,952	262,400
Fair market value of investment participation indirectly held by Formycon prior to acquisition transaction	114,811	0	114,811
Debts assumed	8,153	0	8,153
Cash component	18,763	0	18,763
Earn-out component	54,115	237,387	291,502
less: Acquisition of loan receivable	0	-82,000	-82,000
Total consideration paid allocated to respective shareholdings acquired (including prior investment participation at fair market value)	**414,290**	**199,339**	**613,629**

The acquisition of the shares in FYB202 Project GmbH was reported as a step acquisition within the meaning of IFRS 3.41 *et seq*. The share in FYB 202 GmbH & Co. KG was shown at fair value at the time of acquisition and the resulting profit included in finance income. As part of Formycon's exit as a limited partner of FYB 202 GmbH & Co. KG and the resulting division of assets, Formycon acquired the receivable held by FYB 202 GmbH & CO. KG against Formycon in the amount of EUR 114,811 thousand, so that this debt was then extinguished as a claim of Formycon against itself ("confusion of debts").

Acquisition-related costs

The Group incurred costs of EUR 717 thousand for legal advice and due diligence in connection with the business combination. These costs were included in administrative expenses.

Identifiable assets acquired and liabilities assumed

The recognized amounts of assets acquired and liabilities assumed as of the acquisition date are summarized below.

in EUR thousand	FYB202 Project GmbH & Bioeq GmbH	Bioeq AG (at 50% equity)
Intangible assets	460,883	276,054
Property, plant & equipment	50	157
Deferred tax assets	0	3,209
Inventories	0	2,070
Trade and other receivables	14,781	2,173
Cash and cash equivalents	19,871	942
Total assets	**495,585**	**284,605**
Equity	369,756	170,226
Non-current liabilities	0	82,156
Current liabilities	6,714	398
Deferred tax liabilities	119,116	31,825
Total equity and liabilities	**495,586**	**284,605**

Determination of fair values

The valuation methods used to determine the fair value of significant assets acquired under the transaction were as follows:

- Intangible assets: Relief-from-royalty method and residual value method.

In the case of patent rights, the relief-from-royalty method measures the present value of estimated future royalty payments that will be spared through the ownership thereof. The residual value method, on the other hand, values these as the present value of the expected future net cash flows generated from the acquired patents and rights.

- Inventories: Market comparison method.

The fair value of inventories is measured on the basis of their estimated sales price in the ordinary course of business less the estimated costs of completion and sale along with a reasonable profit margin commensurate to the effort required for completion and sale of the inventories.

Provisional determinations of fair value

The fair values of the intangible assets of FYB202 GmbH (full rights to the FYB202 development project) and Bioeq AG (commercialization rights to the FYB201 development project) were provisionally determined as of December 31, 2022. During the fiscal year, there were no further changes to these valuations.

Goodwill

Goodwill resulting from the acquisition of the subsidiaries and associate has been measured and recognized as follows, whereby the goodwill of jointly controlled Bioeq AG is already implicitly included in the valuation thereof and thus not reported separately. The recorded goodwill represents, in particular, the know-how in clinical study management and supply chain management which has now been integrated into Formycon AG through the assumption of staff. This goodwill is not tax deductible.

in EUR thousand	FYB202 Project GmbH & Bioeq GmbH	Bioeq AG
Consideration transferred (including prior investment participation at fair market value)	414,290	199,339
Fair value of identifiable net assets	369,756	170,226
Difference (goodwill)	44,534	29,113

8. Operating segments

Basis for segmentation

The Group's segments are defined on the basis of the so-called "management approach" as required by IFRS 8 ("Operating Segments"). Accordingly, the segments are determined, and the disclosures for each segment made, based on the criteria that the key decision makers use internally for allocating resources and assessing the profitability of the Group's components. At Formycon, the key decision maker is the Management Board, which allocates resources and evaluates segment performance on the basis of the management reports submitted to it. The following segment reporting was prepared in accordance with this definition. In evaluating the performance of the Group's business segments, the Management Board relies upon operating profit/loss as the primary measure of profitability.

The Management Board monitors and directs activities at the level of the Group's individual development projects. Project progress, operational performance and financial performance are reported on a monthly basis along with a deviation analysis from the approved plan for each project. The Group's development projects thus also represent the Group's reportable segments.

The business activity of all segments is biopharmaceutical development. With the exception of FYB207, all of these are biosimilars, and thus the operating activities do not differ significantly between segments. For the purposes of internal reporting, almost all of the Group's costs are allocated to the individual projects.

2023	FYB201	FYB202	FYB203	FYB206	FYB207	FYB208	FYB209	Total for reportable operating segments	Remaining amount	Formycon Group
External revenue	14,885	37,356	25,456	0	0	0	0	77,696	0	77,696
Segment revenue	**14,885**	**37,356**	**25,456**	**0**	**0**	**0**	**0**	**77,696**	**0**	**77,696**
Segment profit (loss)	-16,159	12,502	-1,672	0	-2,920	-3,429	-4,173	-15,850	92,092	76,242
Finance income	0	0	0	0	0	0	0	0	102,210	102,210
Finance expense	0	0	0	0	0	0	0	0	-2,962	-2,962
Income from investment participations at equity	-19,362	0	0	0	0	0	0	-19,362	0	-19,362
Allocated costs (cost of sales, research and development expenses, administrative expenses)	-11,275	-24,185	-26,456	0	-2,847	-3,346	-4,072	-72,181	-2,768	-74,949
Other expenses (selling expenses, miscellaneous)	0	0	0	0	0	0	0	0	-1,229	-1,229
Depreciation and amortization	-286	-668	-672	0	-72	-85	-103	-1,887	0	-1,887
Income taxes	0	0	0	0	0	0	0	0	-3,275	-3,275
Assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Investment accounted for using the equity method	167,044	0	0	0	0	0	0	167,044	0	167,044
Additions to non-current assets	**14,111**	**3,717**	**0**	**16,073**	**0**	**0**	**0**	**33,902**	**1,406**	**35,307**

2022	FYB201	FYB202	FYB203	FYB206	FYB207	FYB208	FYB209	Total for reportable operating segments	Remaining amount	Formycon Group
External revenue	12,125	2,576	27,795	0	0	0	0	42,497	0	42,497
Segment revenue	**12,125**	**2,576**	**27,795**	**-**	**-**	**-**	**-**	**42,497**	**0**	**42,497**
Segment profit (loss)	-12,870	89,157	637	-6,334	-6,921	-1,034	-1,293	61,342	-25,350	35,992
Finance income	0	0	0	0	0	0	0	0	432	432
Finance expense	0	0	0	0	0	0	0	0	-22,952	-22,952
Income from investment participations at equity	-12,932	89,776	0	0	0	0	0	76,844	0	76,844
Allocated costs (cost of sales, research and development expenses, administrative expenses)	-11,676	-3,092	-26,287	-6,130	-6,699	-1,001	-1,251	-56,136	-784	-56,920
Other expenses (selling expenses, miscellaneous)	0	0	0	0	0	0	0	0	-1,442	-1,442
Depreciation and amortization	-387	-103	-872	-203	-222	-33	-42	-1,862	0	-1,862
Income taxes	0	0	0	0	0	0	0	0	-604	-604
Assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Investment accounted for using the equity method	186,406	0	0	0	0	0	0	186,406	0	186,406
Additions to non-current assets	291,639	615,424	0	5,733	0	0	0	912,796	-19,305	893,491

Income and expenses that cannot be assigned to a specific operating segment are substantially the result of the fair value measurement of the contingent purchase price payment obligations. The income from investment participations at equity allocated to the FYB201 segment includes, in addition to Formycon's share earnings from jointly controlled Bioeq AG, the loss resulting from write-down of the investment participation (see Note 20 "Financial assets").

The Group's business activities take place exclusively within Germany. During the fiscal year as well as the preceding fiscal year, revenues were generated from Athos Group companies (2023: FYB203 operating segment revenue and in 2022 in addition FYB202 operating segment revenue), from Bioeq AG, which is under joint control FYB201FYB201 operating segment revenue, see Note 27 "Transactions with related persons and companies"), and from Fresenius Kabi (2023: FYB202 operating segment revenue) as marketing partner for the FYB202 project. Thus, all revenue for the fiscal year was generated from these three major customers.

9. Revenue

Revenue streams

During the period, Formycon generated revenue by providing development services to the respective development partners for its partnered development projects FYB201 and FYB203, as well as from FYB202 during the fiscal year 2022 up until and including April 30, 2022, and again during fiscal year 2023 starting from February 1, 2023. These costs include not only product development costs but also costs incurred for the management of clinical studies. In addition, a non-exclusive right of use to the unfinished license for the FYB202 project was transferred to future license partner Fresenius Kabi during fiscal year 2023 with effect from February 1, 2023. As a result of this transfer, revenue of EUR 10,000 thousand was realized. Finally, with the market launch during fiscal year 2022 of FYB201 in the UK and shortly thereafter in the EU and the USA, Formycon began generating revenue through license income from the granting of exclusive marketing rights to Bioeq AG. Such license revenues are recognized only from the point at which they can be reliably determined. During the fiscal year, a total of EUR 4,159 thousand (2022: EUR 329 thousand) was recognized as license revenue from FYB201.

Geographical breakdown of revenue

During the period, and based upon customer domicile, the Group's revenues were generated entirely in Germany and Switzerland as follows:

Revenue (in EUR thousand)	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Germany	25,456	30,372
Switzerland	52,240	12,125
Total	**77,696**	**42,497**

The revenue generated in Germany during fiscal year 2023 corresponds to FYB203 segment revenue.

Contract receivables and contract assets

Assets arising from contracts with customers are included as both trade receivables and contract assets. As of the reporting date, such receivables from customers were EUR 6,757 thousand (Dec. 31, 2022: EUR 7,766 thousand), while receivables from services not yet invoiced and separately reported as contract assets were EUR 16,561 thousand (Dec. 31, 2022: EUR 1,161 thousand). The increase in contract assets in the amount of EUR 15,400 thousand was mainly (2023: EUR 12,672 thousand; 2022: EUR 0 thousand) attributable to services already provided under the agreement for the further development and marketing of FYB202 that have not yet been invoiced to the customer. The remainder of the increase was attributable to additional

development services for FYB201 and FYB203 which had not yet been invoiced at year end. There were no contract liabilities.

10. Cost of sales

Cost of sales includes all costs directly related to generated revenue and thus all costs that can be allocated to the Group's partnered projects. Starting from February 1, 2023, with the conclusion of the marketing agreement with Fresenius Kabi and the associated realization of revenue from performance-related payments using the cost-to-cost method, all further development costs were recorded as the cost of sales. Cost of sales during the fiscal year consisted primarily of the following:

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Cost of materials	-1,554	-2,778
Contract research expenses	-35,676	-24,224
Staff expenses	-11,915	-3,469
Depreciation, amortization and write-downs	-397	-343
Regulatory approval fees	-3,744	0
Other expenses	-1,105	388
Total	**-54,391**	**-30,425**

The regulatory approval fees are fees for the applications to the U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) for the approval of FYB202 and FYB203.

11. Research and development expenses

Research and development expenses include all such costs attributable to the Group's non-partnered projects. Research and development expenses during the fiscal year consisted primarily of the following:

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Cost of materials	-391	-483
Contract research expenses	-8,038	-16,081
Staff expenses	-2,977	-5,103
Depreciation, amortization and write-downs	-153	-304
Grants received	2,914	5,792
Other expenses	-517	-733
Total	**-9,162**	**-16,912**

The Group has, in support of its FYB207 project for development of an innovative COVID-19 drug, been awarded government grants from the Bavarian Research Foundation (*Bayerische Forschungsstiftung*), an agency of the Bavarian state government, as well as under the Bavarian state government's special "Bay-Therapie 2020" grant program. Grant awards in the amount of EUR 2,914 thousand (2022: EUR 5,407 thousand) were offset against the corresponding research and development expenses and thus recognized in profit or loss for the reporting period. During the same period, disbursements from the project sponsors were EUR 2,097 thousand (2022: EUR 6,453 thousand).

12. Other operating income and other operating expenses

Other operating income consists mainly of income from insurance reimbursements, income from damage claims, and income from other periods.

Selling expenses, administrative expenses and other expenses are mainly comprised of the following:

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Staff expenses	-7,485	-5,950
Marketing expenses	-608	-329
Legal and advisory expenses	-3,304	-4,401
IT expenses	-813	-526
Depreciation, amortization and write-downs	-1,130	-1,392
Other expenses	-1,173	-638
Total	**-14,513**	**-13,235**

13. Net finance income

The Group's net finance income during the reporting period were as follows:

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Realized and unrealized gains from foreign currency translation	73	131
Interest income per effective interest method	2,816	302
Investment gain from FYB 202 GmbH & Co. KG	0	89,776
Investment gain from Bioeq AG	11,811	0
Change in fair value of FYB201 conditional purchase price	99,321	0
Finance income	**114,021**	**90,209**
Bank fees	-15	18
Realized and unrealized losses from foreign currency translation -	-165	38
Interest expense from lease liabilities -	-80	68
Interest expense per effective interest method	1	57
Share of loss from Bioeq AG	0	12,932
Impairment of investment in Bioeq AG -	-31,173	0
Change in fair value of FYB202 conditional purchase price -	-2,703	22,772
Change in Impairments based on the expected credit loss model -	-447	0
Finance expense	**-34,582**	**-35,885**
Net finance income	**79,439**	**54,324**

The acquisition of the shares in FYB202 Project GmbH was reported in the prior fiscal year as a step acquisition within the meaning of IFRS 3.41 *et seq*. The share in FYB 202 GmbH & Co. KG was thus shown at fair value at the time of acquisition and the resulting gain in the amount of EUR 89,776 thousand included in net finance income.

The loan impairment are based on the expected credit loss model and primarily the result of value adjustments to loans to companies under joint control (see Note 20 "Financial assets"). The remainder is attributable to the other current financial assets. In the previous fiscal year, such impairments were not recorded by reason of immateriality.

14. Earnings per share

Basic earnings per share are calculated by dividing after-tax earnings attributable to the shares by the number of Formycon common shares outstanding and therefore participating in earnings. Diluted earnings per share are calculated by adding shares which could in the future be issued through the exercise of stock options. The addition of these exercisable but not yet unexercised options results in a dilution in the number of common shares outstanding as shown below:

		Outstanding common shares	Exercisable stock options	Diluted number of common shares
Jan. 1, 2022		11,064,750	192,750	11,257,500
May 16, 2022		15,064,750	192,750	15,257,500
Aug. 16, 2022		15,128,775	128,725	15,257,500
Dec. 31, 2022	**Year average**	**13,715,221**		**13,883,874**
Jan. 1, 2023		15,128,775	128,725	15,257,500
Feb. 3, 2023		16,038,775	128,725	16,167,500
Sep. 20, 2023		16,048,525	146,775	16,195,000
Nov. 20, 2023		16,053,025	141,975	16,195,000
Dec. 31, 2023	**Year average**	**15,915,739**		**16,048,616**

15. Share-based compensation arrangements

Description of share-based compensation arrangements

On July 1, 2015, the Group introduced, and subsequently amended on April 27, 2017, and introduced again on December 10, 2020, stock option plans which enable eligible staff (including members of the Management Board) to purchase shares in the Company. Under these two stock option plans, the holders of options granted thereunder have the right, once the options are exercisable, to purchase shares at a subscription price set on

the option grant date. Currently, these programs are limited to Management Board members and other eligible employees. The key contractual terms of the stock option plans are as follows: All options are to be settled through subscription and physical delivery of newly issued shares. Under both of the plans, the conditions for exercise of the options are that the relevant beneficiary must have remained in the Group for a period of four years following the grant date and that the stock market price must be at least 10% above the subscription price set at the time of the grant. The subscription price is determined as the average of closing prices of Formycon AG shares in Xetra trading during the 60 days before the option grant. In both plans, the options have a term of ten years.

Conditional capital for the issuance of up to 715,260 options (Stock Option Plan 2015) and up to 724,000 options (Stock Option Plan 2020) was established by resolutions of the Annual General Meeting. The number of options issued and outstanding during the reporting period and during the comparable prior-year period was as follows.

share options issued and outstanding	Stock Option Plan 2015	Stock Option Plan 2020
as of Jan. 1, 2022	**311,250**	**101,500**
Share options expired - July 2022	-30,000	-30,000
Shares subscribed -July 2022	-64,025	
Share options granted - July 2022		132,500
as of Dec. 31, 2022/Jan. 1, 2023	**217,225**	**204,000**
Share options granted - May 2023		25,000
Shares subscribed - August 2023	-9,750	
Shares subscribed - September 2023	-4,500	
Share options granted - October 2023		2,000
Share options granted - December 2023		1,000
as of Dec. 31, 2023	**202,975**	**232,000**

In measuring the fair values as of the grant date for reporting these share-based compensation arrangements (stock options with subscription and physical delivery of new shares upon exercise), the following valuation parameters were used: For both plans, a share price volatility of between 0.35% and 0.43% was assumed based on historical data, along with beneficiary reduction (staff turnover) of approx. 3% and zero dividends. The outstanding stock options have a weighted average remaining term of 1.33 years.

Stock Option Plan/Tranche		Grant date	Vesting date	Expiry date	Expected exercise date	Expected term	Interest rate	Market price at grant date	Subscription price	Minimum price	Market value of options
2015	**I**	July 16, 2015	July 16, 2019	July 15, 2025	Nov. 15, 2020	5.63	0.07%	27.10	30.98	29.36	8.4058
2015	**2**	June 28, 2016	June 28, 2020	June 27, 2026	Oct. 29, 2021	5.63	-0.17%	17.51	22.77	22.70	4.7053
2015	**3**	Oct. 4, 2016	Oct. 4, 2020	Oct. 3, 2026	Feb. 4, 2022	5.63	-0.56%	19.90	19.46	21.42	7.0826
2015 (amended)	**4**	July 3, 2017	July 3, 2021	July 2, 2027	Nov. 3, 2022	5.63	-0.42%	34.32	36.62	36.16	11.1178
2015 (amended)	**5**	Feb. 28, 2018	Feb. 28, 2022	Feb. 27, 2028	July 1, 2023	5.63	-0.11%	33.10	31.73	34.95	11.1551
2015 (amended)	**6**	Apr. 1, 2018	Apr. 1, 2022	Mar. 31, 2028	Aug. 2, 2023	5.63	-0.04%	32.20	31.74	35.04	10.6511
2015 (amended)	**7**	July 1, 2018	July 1, 2022	June 30, 2028	Nov. 1, 2023	5.63	-0.11%	35.00	36.07	39.33	10.3722
2015 (amended)	**8**	July 10, 2019	July 10, 2023	July 9, 2029	Nov. 9, 2024	5.63	-0.33%	30.40	32.83	36.04	8.0761
2020	**I**	Dec. 16, 2020	Dec. 16, 2024	Dec. 15, 2030	Apr. 18, 2026	5.38	-0.78%	58.40	47.57	38.32	22.2827
2020	**2**	Oct. 19, 2021	Oct 19, 2025	Oct 18, 2031	Feb. 19, 2027	5.34	-0.68%	53.30	51.72	57.71	18.1448
2020	**3**	Dec. 9, 2021	Dec. 9, 2025	Dec. 8, 2031	Apr. 11, 2027	5.34	-0.58%	53.60	49.78	55.00	18.9723
2020	**4**	Aug. 1, 2022	Aug. 1, 2026	July 31, 2032	Feb. 11, 2028	5.53	0.93%	83.00	75.12	82.06	32.6618
2020	**5**	May 12, 2023	May 12, 2027	May 11, 2033	Oct. 13, 2028	5.53	2.38%	78.60	71.04	78.90	39.3118
2020	**6**	Oct. 1, 2023	Oct. 1, 2027	Sep. 30, 2033	Oct. 12, 2029	6.03	2.53%	58.30	61.34	67.74	27.7102
2020	**7**	Dec. 1, 2023	Dec. 1, 2027	Nov. 30, 2033	Oct. 15, 2029	6.03	2.54%	67.20	56.51	63.94	35.8599

During fiscal year 2023, the total current expense for share-based compensation payments under these stock option plans was EUR 1,624 thousand (2022: EUR 536 thousand). As of December 31, 2023, the impact of these share-based payments on the capital reserve account was EUR 6,509 thousand (Dec. 31, 2022: EUR 4,885 thousand).

In addition to the above two share-settled stock option plans, a cash-settled "phantom stock" plan was approved by the Supervisory Board during the fiscal year, under which members of the Management Board and certain other employees were granted stock appreciation rights (SARs) to shares in Formycon AG, i.e. subscription rights to phantom shares which are never actually issued. Each SAR entitles the holder to receive a cash payment equal to the difference between the share market price upon the actual exercise date and the subscription price determined at granting. The term of the SARs is ten years from the grant date, subject to a four-year vesting period. The current share market price for purposes determining the share price appreciation is determined as the average unweighted closing price of Formycon shares in Xetra trading (or a comparable

successor trading system) during the 60 trading days preceding the actual exercise date, with the right to payout upon exercise subject to a minimum 10% share price appreciation.

Key terms and parameters for SARs (phantom stock plan)	
Waiting period	4.00 years
Contractual term	10.00 years
Expected term	5.85 years
Grant date	Dec. 11, 2023
Vesting date	Dec. 11, 2027
Expiry date	Dec. 10, 2033
Expected exercise date	Oct. 15, 2029
Market price at grant date	EUR 62.30
Subscription price	EUR 58.08
Minimum price	EUR 64.19
Historical volatility	49.68%
Expected dividend yield	0.00%
Market value per option	EUR 31.46

During the fiscal year, a total of 109,250 phantom shares were issued and, based upon the above parameters (specifically including the waiting period), were valued at EUR 44 thousand and recorded as an expense. Because this is a cash-settled share-based compensation arrangement (see Note 6 "Accounting and valuation methods"), a corresponding liability has been recognized and included under other long-term liabilities.

16. Income tax expense

Components of income tax expense

Current, deferred and total income tax expenses (income) during the reporting period were as follows:

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Current tax expense	-8	202
Deferred tax expense		
from valuation at equity	-258	-3,601
from differing asset valuations	-4	40
from capitalization of certain leases as right-of-use (ROU) assets and corresponding liabilities from lease obligations	-36	-33
from accounting for cash-settled share-based compensation arrangements	-12	0
from capitalization of certain internally generated intangible assets	8,664	7,137
Other	-110	0
from deferred taxes on tax loss carryforwards	-4,962	-3,142
Total tax expense	**3,275**	**604**

As of the reporting date, deferred tax assets and deferred tax liabilities consisted of the following items:

in EUR thousand	Dec. 31, 2023		Dec. 31, 2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Valuation of participation in affiliate	431		172	
Valuation of non-current assets		91		95
Right-of-use (ROU) assets and corresponding leasing obligations	74		38	
Arising from purchase price allocation to capitalized assets		119,116		119,116
Capitalization of internally generated intangible assets		15,801		7,137
Non-current liabilities relating to share-based compensation arrangements	198	76		
Tax loss carryforwards - Formycon AG corporate tax (Körperschaftssteuer)	15,499		11,659	
Tax loss carryforwards - Formycon AG trade tax (Gewerbesteuer)	9,573		5,580	
Tax loss carryforwards - FYB202 Project GmbH	5,980		5,203	
Offset (netting) of deferred tax assets and liabilities	-12,284	-12,284	-6,830	-6,830
Valuation adjustment to deferred tax assets	-19,470		-15,822	
Total	**0**	**122,800**	**0**	**119,518**

Deferred tax assets on tax loss carryforwards are written down to the extent that the Group cannot demonstrate that future taxable profits will be sufficient to utilize the loss carryforwards.

Reconciliation of expected income tax expense to reported total tax expense

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Profit before tax	79,070	36,596
Tax rate	26.68%	26.68%
Expected income tax expense	21,096	9,764
Tax-free income and non-taxable expenses from the valuation of financial instruments	-20,454	-13,401
Taxes for prior years	-121	0
Other	-221	-154
Non-recognition of deferred tax assets on tax loses	3,022	4,396
Total tax expense	**3,275**	**604**

17. EBITDA and Adjusted EBITDA

The Management Board additionally presents earnings before finance income/expenses, taxes, depreciation and amortization (EBITDA) in this section of the Financial Statements because it relies upon consolidated EBITDA as well as "Adjusted EBITDA" as key performance measures in managing the Group and believes that this measure is relevant to an understanding of the Group's financial performance. EBITDA is derived and calculated from reported operating income (EBIT). Adjusted EBITDA additionally includes the contribution from Formycon's jointly controlled investment accounted for using the equity method Bioeq AG.. While EBITDA is not a defined performance measure under the IFRS cost of sales method, the Group's definition of EBITDA is consistent with usual definitions.

EBITDA and Adjusted EBITDA for the reporting period are derived and calculated as follows

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
EBIT	-369	-17,728
Depreciation of property, plant and equipment	564	664
Depreciation of right-of-use (ROU) assets	1,122	1,033
Amortization of intangible assets	201	165
EBITDA	**1,518**	**-15,866**
At-Equity Result Bioeq AG	11,811	-12,932
adjusted EBITDA	**13,329**	**-28,798**

18. Property, plant and equipment (PP&E) and right-of-use (ROU) assets

Reconciliation of book value

in EUR thousand	Right-of-use (ROU) assets	Leaseholds	Leased technical equipment and machinery	Leased other equipment and furnishings	Property, plant and equipment	Leasehold improve-ments	Technical equipment and machinery	Other equipment and furnishings
Cost of acquisition as of Jan. 1, 2022	**7,652**	5,771	1,678	203	**6,657**	613	4,081	1,963
Additions due to business combinations	**0**				**50**		50	
Additions	**4,212**	3,948	178	86	**551**	31	117	403
Disposals	**-43**	0	0	-43	**-735**		-526	-209
Cost of acquisition as of Dec. 31, 2022	**11,821**	9,719	1,856	246	**6,523**	644	3,723	2,157
Accumulated depreciation as of Jan. 1, 2022	**-1,915**	-1,203	-611	-101	**-3,963**	-367	-2,492	-1,104
Additions	**-1,033**	-763	-185	-85	**-664**	-57	-364	-243
Disposals	**43**	0	0	43	**704**	0	510	194
Accumulated depreciation as of Dec. 31, 2022	**-2,905**	-1,966	-796	-143	**-3,923**	-424	-2,345	-1,154
Net book value as of Jan. 1, 2022	**5,737**	4,568	1,067	102	**2,694**	246	1,589	859
Net book value as of Dec. 31, 2022	**8,916**	7,753	1,060	103	**2,600**	220	1,378	1,003

in EUR thousand	Right-of-use (ROU) assets	Leaseholds	Leased technical equipment and machinery	Leased other equipment and furnishings	Property, plant and equipment	Leasehold improve-ments	Technical equipment and machinery	Other equipment and furnishings
Cost of acquisition as of Jan. 1, 2023	**11,821**	9,719	1,856	246	**6,523**	644	3,723	2,157
Additions	**1,506**	683	705	118	**1,029**	7	423	599
Disposals	**-125**	0	0	-125	**-189**	0	0	-189
Cost of acquisition as of Dec. 31, 2023	**13,202**	10,402	2,561	239	**7,363**	651	4,146	2,567
Accumulated depreciation as of Jan. 1, 2023	**-2,905**	-1,966	-796	-143	**-3,923**	-424	-2,345	-1,154
Additions	**-1,122**	-838	-203	-81	**-564**	-57	-282	-225
Disposals	**125**			125	**151**			151
Accumulated depreciation as of Dec. 31, 2023	**-3,902**	-2,804	-999	-99	**-4,336**	-481	-2,627	-1,228
Net book value as of Jan. 1, 2023	**8,916**	7,753	1,060	103	**2,600**	220	1,378	1,003
Net book value as of Dec. 31, 2023	**9,300**	7,598	1,562	140	**3,027**	170	1,519	1,339

Right-of-use (ROU) assets

Capitalized right-of-use (ROU) assets include rights to use leased space for the Company's headquarters, technical equipment and machinery, and vehicles leased for employee use. During the prior fiscal year, the Company's leased headquarters space was expanded and the lease term (for all leased space) extended until 2032 (five years fixed plus five years optional). An exercise of the lease extension option is assumed in the lease term because the Company believes it likely that the option will be exercised.

19. Goodwill and other intangible assets

Reconciliation of book value

in EUR thousand	Goodwill	Total intangible assets	Licenses and similar rights	Software	Prepayments for intangible assets
Cost of acquisition as of Jan. 1, 2022	**0**	**1,217**	323	813	81
Additions due to business combination	**0**	**460,883**	460,882	1	0
Additions	**44,534**	**26,998**	26,820	148	30
Disposals	**0**	**-19**	-8	-11	0
Cost of acquisition as of Dec. 31, 2022	**44,534**	**489,079**	488,017	951	111
Accumulated amortization as of Jan. 1, 2022	**0**	**490**	47	443	0
Additions	**0**	**165**	42	123	0
Disposals	**0**	**14**	5	9	0
Accumulated amortization as of Dec. 31,2022	**0**	**641**	84	557	0
Net book value as of Jan. 1, 2022	**0**	**727**	276	370	81
Net book value as of Dec. 31, 2022	**44,534**	**488,438**	487,933	394	111

in EUR thousand	Goodwill	Total intangible assets	Licenses and similar rights	Software	Prepayments for intangible assets
Cost of acquisition as of Jan. 1, 2023	**44,534**	**489,079**	488,017	951	111
Additions	**0**	**20,167**	19,807	360	0
Disposals	**0**	**11**	0	11	0
Rebookings	**0**	**0**	0	111	(111)
Cost of acquisition as of Dec. 31, 2023	**44,534**	**509,235**	507,824	1,411	0
Accumulated amortization as of Jan. 1, 2023	**0**	**-641**	-84	-557	0
Additions	**0**	**-201**	-38	-163	0
Disposals	**0**	**9**	0	9	0
Accumulated amortization as of Dec. 31, 2023	**0**	**-833**	-122	-711	0
Net book value as of Jan. 1, 2023	**44,534**	**488,438**	487,933	394	111
Net book value as of Dec. 31, 2023	**44,534**	**508,402**	507,702	700	0

Capitalized development expenditures

As part of the business combination, all rights to the FYB202 project, which is still under development, were reacquired by Formycon and recognized accordingly. From May 1, 2022 until January 31, 2023, all costs for the further development of the project, both external and internal, were also capitalized as eligible development expenditures. As of December 31, 2023, the capitalized book value of this pending development project was thus EUR 485,128 thousand. Starting from February 1, 2023, all subsequent development costs were expensed as incurred and included in cost of sales.

In the case of the FYB206 development project, the technical proof of similarity (TpoSo) milestone was reached in the middle of the year 2022. Upon attainment of TPoSo, the Group's policy (see Note 6 "Accounting and valuation methods") is to capitalize all subsequent internal and external development costs. As of December 31, 2023, the amount of capitalized development expenditures for this project was EUR 21,815 thousand (Dec. 31, 2022: EUR 5,742 thousand).

During the fiscal year, borrowing costs of EUR 1,460 thousand (2022: EUR 790 thousand) under the shareholder loans were allocated to these two qualifying assets, FYB202 and FYB206, and capitalized as part of their acquisition costs.

Impairment testing

As the part of the business combination involving FYB202 Project GmbH, goodwill of EUR 44,534 thousand was recognized for the first time. The entire amount of this goodwill was assigned to the FYB202 cash-generating unit (CGU), which corresponds to the FYB202 operating segment. The annual impairment test was conducted upon completion of the Group's budget planning for 2024 and subsequent years and based upon financial figures as of September 30, 2023. The book value of the CGU was accordingly established at EUR 333,930 thousand, with assets including EUR 44,534 thousand in goodwill, EUR 485,128 thousand in internally generated intangible assets (capitalized development costs), and EUR 52,652 thousand for the conditional purchase price obligation price obligation at fair value. The recoverable amount of the CGU for impairment testing was determined using the fair value less cost of disposal (FVLCOD) method, and thus at Level 3 in the fair value hierarchy, with fair value determined on the basis of current planning for the FYB202 project using discounted cash flows. The Group's planning is based upon analyses of the market for the original product, internal information regarding potential competitors, market analyses of biosimilar products in general, and internal empirical values developed together with the contractual partner for marketing the product as well as external advisors. Assumptions were made with regard to the overall future market size, the market share for all biosimilars, the market share specifically for FYB202, and price reductions, which are then used as a basis for calculating expected future product sales. For the years 2025 to 2035, annual market sales of the product were thereby estimated at between EUR 127 and 377 million (2022: between EUR 56 and 678 million) and assumed to remained unchanged in subsequent years, with these estimates then used as a basis for the further calculations. The planning period ends in 2040, with no further extrapolations beyond this point. In discounting the future estimated cashflows from the CGU, the Group applied after-tax discount rates of between 11.98% and 13.53% (20222022: between 11.35% and 11.53%), depending upon the term and based upon the weighted average cost of capital (WACC) using historical industry weightings, with a possible leverage of 9.9% (2022: 9.9%) and a market risk premium of 8% (2022: 7%). The recoverable amount determined in this way was EUR 38,428 thousand (2022: EUR 69,448 thousand) above the book value of the CGU, and thus it was not necessary to recognize any impairment.

Management has determined that two changes in key assumptions could result in a net book value in excess of the recoverable amount: Should the expected free cash flows from the project (which are, in turn, substantially derived from expected future product sales) decrease by 10.32% (2022: 17.25%), or should the applicable WACC increase by 2.18 percentage points (2022: 3.1 percentage points) compared to the rate assumed as of Sept. 30, 2023, the recoverable amount would be just equal to the CGU's book value.

The FYB206 project under development was assigned to the FYB206 CGU with a book value for the CGU of EUR 21,815 thousand (2022: EUR 5,742 thousand). Likewise for this CGU, the recoverable amount was determined using fair value on the basis of current planning for the FYB206 project using discounted cash flows. In the case of FYB206, Formycon's planning is based in large part upon its experience with previous biosimilar development projects. Assumptions were likewise made with regard to the overall future market size, the market share for all biosimilars, the market share specifically for FYB206, and price reductions. Initial CGU revenues in the form of milestone payments from a potential marketing partner are expected from 2028, with commercial market launch anticipated following originator patent expiry in 2029. The planning period ends in 2040, with no further extrapolations beyond this point. For this CGU, Group has applied an after-tax discount rate of 11.9% (2022: 11.53%), likewise based upon the WACC using historical industry weightings, with a possible leverage of 7.5% (2022: 9.9%) and a market risk premium of 8% (2022: 7%).

20. Financial assets

Reconciliation of book value

in EUR thousand	Investment participation FYB202 GmbH & Co. KG	Investments accounted for using the equity method	Loan to associate Bioeq AG	Total
Book value as of Jan. 1, 2022	**23,615**	**0**	**0**	**23,615**
Additions from acquisitions	0	199,339	82,000	**281,339**
Additions	91,149	0	10,300	**101,449**
Disposals	-114,765	-12,932	0	**-127,697**
Book value as of Dec. 31, 2022	**0**	**186,406**	**92,300**	**278,706**

in EUR thousand	Investment participation FYB202 GmbH & Co. KG	Investments accounted for using the equity method	Loan to associate Bioeq AG	Total
Book value as of Jan. 1, 2023	**0**	**186,406**	**92,300**	**278,706**
Additions	0	11,811	2,300	**14,111**
Disposals	0	0	-3,300	**-3,300**
Write-downs	0	-31,173	-393	**-31,566**
Book value as of Dec. 31, 2023	**0**	**167,044**	**90,907**	**257,951**

Shareholdings in associated companies

During fiscal year 2022, the Group ceased to be a limited partner and shareholder in FYB 202 GmbH & Co. KG, which was a Formycon associate until April 30, 2022. The gain from the ensuing distribution of assets was recognized in period finance income.

Shareholdings in jointly controlled companies

During fiscal year 2022, as a component of the transaction described in Note 7 ("Acquisition of subsidiaries"), the Group became a 50% shareholder and co-owner of Bioeq AG (Zug, Switzerland), which is thus jointly controlled by Formycon. For details of the valuation at the time of acquisition, reference is made to the explanation in Note 7.

Impairment testing

As part of the Group's updated annual planning as of September 30, 2023, expectations regarding future cash inflows were significantly adjusted due to changed market expectations for the FYB201 project, and on this basis it was determined that the recoverable amount of the net investment was likely to be lower than the net book value. Accordingly, an impairment test was carried out in accordance with the provisions of IAS 36 ("Impairment of Assets"). The net book value of the investment was determined, including the net loss for the period of EUR 1,716 thousand, at EUR at 184,690 thousand. The recoverable amount of the net investment for impairment testing was determined using the fair value less cost of disposal (FVLCOD) method, and thus at Level 3 of the fair value hierarchy, with fair value determined on the basis of current planning for the FYB201 project using discounted cash flows. The Group's planning is based upon analyses of the market for the original product, internal information regarding potential competitors, market analyses of biosimilar products in general, and internal empirical values developed together with the contractual partners for marketing the product. Assumptions were made with regard to the overall future market size, the market share for all biosimilars, the market share specifically for FYB201, and price reductions, which are then used as a basis for calculating expected future product sales. For the years 2024 to 2027, annual market sales of the product were thereby estimated at between EUR 177 and 197 million and reduced in subsequent years by 5% per year, with these estimates then used as a basis for the further calculations. The planning period ends in 2040, with no further extrapolations beyond this point. In discounting the future estimated cashflows from the CGU, the Group applied after-tax discount rates of between 11.98% and 13.53%, depending upon term and based upon the weighted average cost of capital (WACC) using historical industry weightings, with a possible leverage of 9.9% and a market risk premium of 8%. The recoverable amount determined in this way was EUR 153,517 thousand and thus below the net book value, meaning that it was necessary to record an impairment in the amount of EUR 31,173 thousand

Key financial details for the accounting of Bioeq AG at equity may be found in the following table. In this presentation, adjustments to fair value at the time of acquisition and at the time of the impairment testing as of Sept. 30, 2023, as described in Note 7, have already been taken into account.

in EUR thousand	2023	2022
Formycon share at year end	**50%**	**50%**
Non-current assets	144,167	151,794
Current assets	74,147	31,450
Cash and cash equivalents	5,739	7,926
Non-current financial liabilities	-178,000	-184,000
Other non-current liabilities	-1,305	-1,475
Current financial liabilities	-8,991	-3,099
Other current liabilities	-20,142	-20,036
Equity (100%)	**15,615**	**-17,440**
Formycon share of equity (50%)	**7,808**	**-8,720**
Hidden reserves revealed during initial recognition including Goodwill less accumulated depreciation and impairments	187,337	224,431
Tax effect thereof	-28,101	-29,304
Book value at year end	**167,044**	**186,407**
Revenue	101,743	15,412
Depreciation & Amortization	-30,924	-15,326
Operating income (EBIT)	36,091	-24,671
Interest income	35	
Interest expense	-4,632	-618
Tax Expense	3,472	-1,377
Profit (loss) for the period	23,623	-25,864
Formycon share of profit (loss)	**11,811**	**-12,932**

Loans to jointly controlled companies

As part of the acquisition transaction for the shareholding in Bioeq AG, the Group acquired a loan receivable from Bioeq AG in the amount of EUR 82,000 thousand. By the end of the prior fiscal year at December 31, 2022, the loan had been increased by a further EUR 10,000 thousand to EUR 92,000 thousand within the contractual loan framework amount of EUR 99,000 thousand through a further loan drawdown. During the 2022 fiscal year, EUR 300 thousand attributable to the loan was also recorded as interest income. During the 2023 fiscal year, EUR 3,000 thousand was repaid by Bioeq AG along with the interest due from the preceding year, and a further EUR 2,300 thousand attributable to the loan was recorded as interest income. The interest rate of the loan is based upon the official circulars published by the Swiss tax authorities for permissible interest rates on cross-border loans with affiliated companies and was approx. 2.5% during the fiscal year. The loan bears interest at the interest rate published by the Swiss Federal Tax Administration (SFTA) in its annually renewed circular on tax-recognized interest rates for advances or loans in foreign currency. During the fiscal year, a loan write-down in the amount of EUR 393 thousand was taken based on the expected credit loss (ECL) model.

21. Equity

In February of 2023, the Management Board and Supervisory Board of Formycon AG resolved to increase the Company's registered capital by EUR 910,000.00, from EUR 15,128,775.00 to EUR 16,038,775.00, through the issuance of 910,000 new bearer shares without par value. These new shares corresponded to approx. 6.02% of the Company's shares already outstanding at the time of issuance and were placed with institutional investors using an accelerated bookbuilding process under exclusion of subscription rights. Based on this bookbuilding process to facilitate the private placement, the Management Board, with the approval of the Supervisory Board, set a placement price of EUR 77.00 per new share, thereby generating gross issuance proceeds of EUR 70,070 thousand before commissions and other costs. Costs associated with the capital increase transaction in the amount of EUR 1,736 thousand were directly posted to the EquityEquity account. Changes to Equity during the reporting period are presented in the Consolidated Statement of Changes in Equity.

Number of shares outstanding

As of the end of the reporting period, the Company had registered capital (*Grundkapital*) of EUR 16,053,025 (Dec. 31, 2022: EUR 15,128,775), divided into 16,053,025 bearer shares without par value (Dec. 31, 2022: 15,128,775 shares). All shares have full voting and dividend rights.

Authorized Capital 2023

By resolution of the Annual General Meeting of July 25, 2023, the Management Board is authorized, subject to the approval of the Supervisory Board, to increase the Company's registered capital one or more times at any time until July 24, 2028, and by no more than a total of EUR 8,019,387.00, through the issuance of up to 8,019,387 (as for information: the partial sentence is not part of the German Notes)new no-par-value common bearer shares, against contributions in cash and/or in kind (the "Authorized Capital 2023"). The Company's shareholders shall, in general, be granted subscription rights (which may also be by way of indirect subscription rights pursuant to sec. 186 para. 5 sentence 1 of the Stock Corporation Act). Notwithstanding the foregoing, the Management Board shall be authorized, subject to the approval of the Supervisory Board, to fully or partly exclude the general statutory subscription rights of shareholders in the following specific cases:

- For the exclusion of fractional shares from subscription rights.
- In the case of capital increases against non-cash contributions for the issuance and granting of shares as consideration for the purchase of companies, parts of companies, equity interests in companies, or other assets or rights.
- In the case of capital increases made against cash contributions, provided that the issuance price of the new shares is not significantly lower than the stock exchange price at the time that the issuance price is determined and that the new shares issued under exclusion of subscription rights pursuant to sec. 186 para. 3 sentence 4 of the Stock Corporation Act do not exceed 10% of the Company's share capital, either at the time of entry into effect or at the time of exercise. The calculation of this 10% limit shall include (a) any shares which are issued or sold during the term of this authorization under an exclusion of subscription rights through the direct application of, and in accordance with, sec. 186 para. 3 sentence 4 of the Stock Corporation Act, and/or (b) any shares issued, or which may be issued, to fulfill the Company's obligations arising from the exercise of warrants and/or conversion rights, or other stock option rights or obligations, arising from bonds or profit participation rights, provided that these financial instruments have been issued subsequent to the entry into force of this authorization and under exclusion of subscription rights pursuant to sec. 186 para. 3 sentence 4 of the Stock Corporation Act.
- In the case of capital increases made against cash contributions, insofar as necessary to grant sufficient shares to holders of bonds or profit participation rights with warrants and/or conversion rights, or involving other stock option rights or obligations, and issued by the Company or by a direct or indirect subsidiary thereof, to the extent that they would be entitled as shareholders upon exercise of the relevant option or conversion right or fulfillment of option or conversion obligation, or following any right to substitute which the Company may have.
- For the granting of shares issued in lieu of cash dividends (scrip dividends), whereby shareholders are offered the option of contributing their dividend entitlement (in whole or in part) to the Company as a contribution in kind against the granting of new shares from Authorized Capital.

The Management Board is authorized, subject to the approval of the Supervisory Board, to determine further details regarding the specific implementation of any such capital increase and issuance of new shares, including the issuance price, as well as regarding the rights of shareholders thereunder. The Supervisory Board is further authorized to amend the Company's Articles of Incorporation to reflect any such increase in registered capital and corresponding decrease in Authorized Capital 2023 in the event of any such full or partial utilization of the Authorized Capital 2023 or in the event of its expiry.

Number of subscription rights per sec. 192 para. 2 no. 1 of the Stock Corporation Act

Conditional Capital 2022

By resolution of the Annual General Meeting of June 30, 2022, the Company's registered capital has been conditionally increased by a maximum of EUR 6,497,125.00 (the "Conditional Capital 2022").

This conditional capital increase shall serve for the granting of shares to holders of convertible bonds and/or bonds with attached warrants issued by the Company, or by a group company within the meaning of sec. 18 of the Stock Corporation Act, on the basis of the corresponding authorization resolved by the Annual General Meeting on June 30, 2022 and at any time until June 29, 2027, which become due upon the exercise of bondholder conversion and/or option rights, or upon fulfillment of conversion or subscription obligations, or upon the exercise by the Company of its optional rights to redeem bonds, in whole or in part, through the granting of Company shares in lieu of cash. The conversion or option exercise price at which the new shares are issued shall be determined in accordance with the authorizing shareholder resolution. Capital increases under the Conditional Capital 2022 shall be carried out only to the extent necessary for the exercise of conversion or option rights, or for the fulfillment by creditors or bondholders of conversion or subscription obligations, or for the exercise by the Company of its optional rights to redeem bonds, in whole or in part, through the granting

of new Company shares to holders of convertible bonds and/or bonds with attached warrants as consideration due and only insofar as such consideration due is not granted in the form of cash or existing treasury shares, or as shares of another listed company as substitute consideration. Although newly issued shares should, in principle, participate in profits from the beginning of the fiscal year during which they are issued, any shares newly issued on the basis of a bond conversion or warrant exercise declared prior to the annual general meeting of the Company in which a resolution is passed regarding the application of retained profits from the prior fiscal year shall also be entitled to participate in any dividends declared for the prior fiscal year. To the extent legally permissible, the Board of Management may, with the approval of the Supervisory Board, determine the profit participation of such newly issued shares in deviation from sec. 60 para. 2 of the Stock Corporation Act. The Management Board is authorized, subject to the approval of the Supervisory Board, to determine further details regarding the specific implementation of any capital increases hereunder.

Number of subscription rights per sec. 192 para. 2 no. 3 of the Stock Corporation Act

Conditional Capital 2015

The Company's registered capital has been conditionally increased by a maximum of EUR 376,000 for the issuance of a maximum of 376,000 new no-par-value bearer shares (the "Conditional Capital 2015"). The Conditional Capital 2015 serves exclusively to secure subscription rights (stock options) granted to members of the Management Board and Company employees, as well as executives and employees of Company subsidiaries and associated companies, under the authority granted by resolution of the Annual General Meeting of June 30, 2015 to issue such stock options at any time up to and including June 29, 2020 (the "Stock Option Plan 2015"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Management Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Management Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

A total of 14,250 stock options were granted during the fiscal year under the Conditional Capital 2015.

As of the period closing date, a total of 202,975 stock options remained issued under the Conditional Capital 2015 and not either expired or exercised.

Conditional Capital 2020

The Company's registered capital has been conditionally increased by a maximum of EUR 724,000 for the issuance of a maximum of 724,000 new no-par-value bearer shares (the "Conditional Capital 2020"). The Conditional Capital 2020 serves exclusively to secure subscription rights (stock options) granted to members of the Management Board and Company employees, as well as executives and employees of Company subsidiaries and associated companies, under the authority granted by resolution of the Annual General Meeting of December 10, 2020 to issue such stock options at any time up to and including December 9, 2025 (the "Stock Option Plan 2020"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Management Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Management Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

28,000 stock options were granted during the fiscal year, and thus as of the period closing date, a total of 232,000 stock options were issued thereunder and not either expired or exercised.

22. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management regularly monitors liquidity and the EquityEquity ratio in order to ensure their adequacy. During the prior fiscal year, a significant long-term debt position was created for the first time arising from the business combination transaction described in Note 7 ("Acquisition of subsidiaries") and the associated financing by key shareholders. This financing arrangement serves to facilitate the Group's medium-term to long-term strategy and to enable Formycon to continue its

development projects independently without necessarily having to rely on the support of external partners. At the same time, the equity ratio has fallen significantly as a result of the new long-term debt, although it should be recognized here that this long-term debt is provided exclusively by Formycon shareholders. During the fiscal year, the equity base was further strengthened through the capital increase against cash contributions, thus significantly increasing the Group's equity ratio.

in EUR thousand	2023	2022
Equity	502,751	356,580
Non-current liabilities	318,305	446,451
Current liabilities	69,306	50,666
Liabilities and equity	**890,362**	**853,697**
Equity ratio	**56.5%**	**41.8%**

23. Other current liabilities

As of the reporting date, other current liabilities consisted of the following items:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Shareholder loans	20,485	20,790
Current portion of conditional purchase price	27,179	14,935
Staff-related liabilities	2,684	1,293
Taxes	194	465
Other current liabilities	806	833
Total	**51,349**	**38,315**

The amount of the shareholder loan includes accrued interest. The loan was granted to the Group by key shareholders (or affiliates thereof) to facilitate the strategic transaction. The loan is a revolving credit line originally in the amount of EUR 68,000 thousand with a term of 24 months from the first drawdown. Interest is charged on drawdowns at a rate of 6%, which can be repaid at any time. During the fiscal year, EUR 20,000 thousand was repaid along with the interest amount due and by that credit line was reduced to EUR 48,000 thousand. Interest due is payable at the end of each calendar quarter. As of the reporting date, EUR 20,000 thousand of this credit line remained drawn by the Group and outstanding.

24. Other non-current liabilities

Other non-current liabilities include the conditional purchase price payments relating to the acquisition of subsidiaries during the preceding fiscal year in the amount of EUR 187,644 thousand (Dec. 31, 2022: EUR 299,339 thousand) along with obligations under cash-settled equity-based compensation arrangements in the amount of EUR 44 thousand.

25. Financial instruments

Valuation

The Group generally classifies all financial assets and liabilities as financial instruments measured at amortized cost. The sole exception to this is the conditional portion of the purchase price during the preceding fiscal year as partial consideration for the acquisition of the shareholdings in FYB202 Project GmbH and Bioeq AG (see preceding Notes 7, 23 and 24), which is measured at fair value. For all financial assets and liabilities except for the shareholder loan to Bioeq AG, which is at a non-market interest rate, book value is an adequate approximation of fair value. The book values and fair values of the Group's financial assets and liabilities are summarized below.. In the prior fiscal year, the book value for all financial assets and liabilities represented a reasonable approximation of their respective fair value, and thus the fair values were not specifically disclosed.

in EUR thousand	Book value at Dec. 31, 2023	Fair value at Dec. 31, 2023	FV category
Financial assets not carried at fair value			
Financial assets	90,907	82,765	3
Trade and other receivables	11,612		3
Contract assets	16,561		3
Cash and cash equivalents	27,035		3
Financial liabilities carried at fair value			
Current portion of conditional purchase price	27,179	27,179	3
Non-current portion of conditional purchase price	187,645	187,645	3
Financial liabilities not carried at fair value			
Shareholder loans	20,485		3
Trade payables	16,319		3

The contingent purchase price payment obligations for the shares in Bioeq AG are measured at fair value based on level 3 input factors under the fair value hierarchy (see 6 "Accounting and valuation methods"). At the time of the business combination transaction in 2022, the contingent purchase price payments were originally valued at EUR 291,502 thousand but at a fair value of EUR 214,824 thousand as of the reporting date (Dec. 31, 2022: EUR 314,274 thousand). The difference between these figures in the amount of EUR 96,618 thousand (2022: EUR 22,772 thousand) has been included in finance income (finance costs). During the fiscal year, EUR 2,832 thousand under the conditional purchase price obligations were paid.

The valuation model is based upon the expected cash flows discounted at risk-adjusted rates depending upon the respective future payment dates. As of the reporting date, the rates used to discount the conditional purchase price payments ranged from 11.1% to 11.8%. The estimated fair value would increase if the expected cash flows occurred earlier or if the risk-adjusted discount rates were lower. A 1% decrease (increase) in the discount rate would result in an increase (decrease) in fair value of EUR 10,142 thousand (EUR 9,326 thousand), which would have to be recognized as profit or loss.

Advance payments in the amount of EUR 11,335 thousand (Dec. 31, 2022: EUR 4,636 thousand) are mainly advance payments for development services.

Risk management

For a description of the methods, processes, responsibilities and objectives of Formycon's risk management system, please refer to the respective section of the combined Management Report. The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Foreign currency risk

Risk management framework

The Management Board of Formycon AG has overall responsibility for the establishment and oversight of the Group's risk management framework. Toward this end, the Management Board has appointed staff members responsible for managing and further developing the Group's risk management policies. These staff members report regularly to the Management Board on their activities. The risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In the case of Formycon, credit risk arises principally from the loan receivable, from trade receivables, from contract assets, and from the Group's holdings in cash and cash equivalents. The carrying amounts of financial assets and contract assets represent the maximum potential credit exposure.

In determining whether the credit risk of a financial asset has increased significantly since its initial recognition and in estimating expected credit losses, the Group considers information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and an appropriate credit assessment, which also incorporate forward-looking information. In addition to external credit ratings where available, this information may also include credit agency information and industry information.

During the fiscal year, write-downs in the amount of EUR 447447 thousand were recorded based on the expected credit losses (ECL) for loans of the same credit rating. In the prior fiscal year, no such impairment losses on financial assets were recognized because the total calculated ECL amount was immaterial (see also Note 6 "Accounting and valuation methods").

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The remaining contractual maturities of financial liabilities as of the reporting date are shown below. The amounts are gross and undiscounted and include contractual interest payments but not the impact of netting agreements.

in EUR thousand	due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total	Book value
as of Dec. 31, 2023								
Lease obligations	1,294	1,223	1,136	1,069	1,013	3,602	**9,337**	**9,001**
Shareholder loan	20,485						**20,485**	**20,485**
Conditional purchase price payment	28,743	28,671	33,654	44,964	32,378	240,080	**408,489**	**214,824**
as of Dec. 31, 2022								
Lease obligations	989	1,010	943	895	829	4,136	**8,802**	**8,519**
Shareholder loan	20,790	20,000					**40,790**	**40,790**
Conditional purchase price payment	15,749	53,692	60,125	61,891	46,972	404,930	**643,359**	**314,274**

Foreign currency risk

To the extent that there is a mismatch between the currencies in which purchase and credit transactions are denominated and the functional currency of the relevant consolidated company, the Group is exposed to transactional foreign currency risk. The functional currency of consolidated companies is, in all cases, the euro (EUR). The transactions from which such foreign currency risk may arise are primarily denominated in U.S. dollars (USD), British pounds (GBP) and Swiss francs (CHF), as well as to a small extent Japanese yen (JPY). In addition, the Group holds bank accounts denominated in USD. As of the reporting date, the net foreign currency risk reflected in Group's balance sheet (for each of the currencies, in thousands) was as follows:

in … thousand	USD	GBP	CHF	JPY
as of December 31, 2023				
Bank accounts	368			
Trade payables	52	1	294	84
Net risk exposure	-316	1	294	84
as of December 31, 2022				
Bank accounts	365			
Trade payables	761	51	194	254
Net risk exposure	396	51	194	254

A hypothetical strengthening or weakening of the euro, U.S. dollar, British pound, Swiss franc or Japanese yen relative to the other currencies would, as of December 31, have influenced the valuation of financial instruments denominated in foreign currencies and would have affected the equity account and profit or loss account according. A 10% change in the USD/EUR exchange rate would result in a gain/loss of EUR 6 thousand (2022: EUR 37 thousand), while a 10% change in the CHF/EUR exchange rate would result in a gain/loss of EUR 28 thousand (2022: EUR 20 thousand). This analysis assumes that all other influencing factors, especially interest rates, remain unchanged.

26. Leases

The Group enters into lease contracts solely as a lessee. These contracts include the Group's leased head offices in Martinsried/Planegg on the outskirts of Munich, leased property, plant and equipment primarily for laboratory purposes, and leased vehicles for certain staff members. For information about the capitalization of right-of-use assets, see Note 18 "Property, plant and equipment (PP&E) and right-of-use (ROU) assets".

Interest expenses of EUR 80 thousand (2022: EUR 69 thousand) were incurred during the fiscal year and recognized in the income statement (Consolidated Statement of Comprehensive Income). In addition,

administrative expenses during the fiscal year included lease payments for low-value assets not recognized as right-of-use assets with corresponding lease liabilities in the amount of EUR 19 thousand (2022: EUR 66 thousand).

The following table provides an overview of the maturities of the Group's lease liabilities:

in EUR thousand	due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
as of December 31, 2023							
Current lease obligations	1,186						1,186
Non-current lease obligations		1,166	1,089	1,028	978	3,555	7,815
as of December 31, 2022							
Current lease obligations	925						925
Non-current lease obligations		1,050	986	935	864	3,759	7,594

27. Transactions with related parties

Key management personnel and members of Supervisory Board

The Group's key management personnel are the members of the Management Board of Formycon AG. During the reporting period, remuneration to Management Board members was as follows:

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Short-term employee benefits	1,678	1,363
Post-employment benefits		625
Stock options granted	136	604
Total	**1,814**	**2,592**

In relation to this remuneration, the following amounts were included in administrative expenses:

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Short-term employee benefits	1,678	1,363
Post-employment benefits		625
Stock option expenses	998	89
Total	**2,676**	**2,077**

During the fiscal year, remuneration to members of the Supervisory Board was EUR 109 thousand (2022: EUR 96 thousand).

Beyond regular remuneration, there were no transactions with any member of the Management Board or Supervisory Board during the reporting period or prior-year period.

Related companies

Since the acquisition by Athos in 2022 of a shareholding in Formycon AG along with representation on the Supervisory Board, Athos Group companies have been recognized as related companies.

Bioeq AG, an entity jointly controlled by Formycon, is likewise recognized as a related company.

During the reporting period, sales revenue in the amount of EUR 40,341 thousand (2022: EUR 30,497 thousand) was recognized with related companies, of which EUR 14,885 thousand (2022: EUR 7,211 thousand) was with jointly controlled Bioeq AG. Out of the Group's total trade receivables on the closing balance sheet, receivables in the amount of EUR 6,471 thousand (Dec. 31, 2022: EUR 7,808 thousand) were due from related companies. The balance sheet also includes a loan receivable from Bioeq AG in the nominal amount of EUR 91,300 thousand (Dec. 31, 2022: EUR 92,300 thousand) including accrued interest.

In addition to the sales revenue and trade receivables resulting from these development partnerships, the Group has also received loans from key shareholders (see Note 23 "Other current liabilities"). In addition, Formycon has liabilities relating to conditional purchase price payments to Athos Group companies resulting from the business combination transaction. As of the reporting date, the amount of this recorded liability was EUR 214,824 thousand (Dec. 31, 2022: EUR 311,181 thousand), while finance income during the fiscal year included EUR 96,618 thousand (2022: finance expenses of EUR 22,772 thousand) arising from the fair value measurement of these obligations.

There were no other transactions with related persons or companies during the reporting period.

28. Other information

Average number of employees (FTE) during the reporting period

in EUR thousand	2023	2022
Research & development	162	137
Business operations	10	8
General & administrative	25	16
Total	**197**	**161**

Remuneration

During the fiscal year, the members of the Supervisory Board received total remuneration of EUR 109 thousand (2022: EUR 96 thousand), while total remuneration to members of the Management Board, within the meaning of sec. 285 no. 9 of the Commercial Code, was EUR 1,814 thousand (2022: EUR 2,592 thousand), of which EUR 604 thousand (2022: EUR 846 thousand) was success-based, and including 25,000 stock options and 60,000 phantom stock options with a fair value of EUR 136 thousand.

Staff expenses calculated in accordance with total cost method

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Wages and salaries	18,853	9,599
Expenses for social security contributions	3,247	1,653
Expenses for retirement contributions	275	140
Total	**22,377**	**11,393**

Consolidated financial statement auditor fees per sec. 314 para. 1 no. 9 of the Commercial Code

in EUR thousand	Jan. 1–Dec. 31, 2023	Jan. 1–Dec. 31, 2022
Audit services	582	389
Tax advisory and other services	0	0
Total	**582**	**389**

29. Subsequent events

Upon entry into the commercial register on February 8, 2024, the Company's registered capital was increased by EUR 1,603,877.00 through a partial utilization of the Authorized Capital 2023. The new shares were issued as part of a capital increase by a strategic investor at an issuance price of EUR 51.65 per share and thus a total cash contribution to the Company in the amount of EUR 82,843,475.00. Subsequent to the capital increase, the Company's registered capital was EUR 17,656,902.00. The excess of the issuance price over the imputed nominal value of EUR 1.00 per share is included in the capital reserve account.

The shareholder loans, including accrued and current interest, were repaid in full with payment of March 28, 2024. At the same time, the loan facility in the amount of EUR 48,000 thousand was extended by 12 months until May 31, 2025.

Martinsried/Planegg, Germany, April 16, 2024

Dr. Stefan Glombitza Nicola Mikulcik Dr. Andreas Seidl Enno Spillner

The following auditor's report, prepared in accordance with Section 322 HGB ["Handelsgesetzbuch": "German Commercial Code"], refers to the complete consolidated financial statements, comprising of the consolidated statement of financial position as of December 31, 2023, and the consolidated statement comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow, and notes to the consolidated financial statements, together with the combined management report of the Formycon AG for the financial year from January 1, 2023 to December 31, 2023. The combined management report is not included in this prospectus. The below-mentioned auditor's report and consolidated financial statements are both translations of the respective German-language documents.

Independent Auditor's Report

To Formycon AG, Planegg-Martinsried, Germany

Opinions

We have audited the consolidated financial statements of Formycon AG, Planegg-Martinsried, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of profit or loss and OCI, the consolidated statement of changes in equity and the consolidated statement of cash flows or the financial year from January 1, 2023 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the combined management report of the Company and the Group (the "combined management report") of Formycon AG for the business year from January 1 to December 31, 2023.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects with IFRSs as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB [*Handelsgesetzbuch*] and, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2023 and of its financial performance for the fiscal year from January 1 to December 31, 2023 in accordance with these requirements and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [*Institute of Public Auditors in Germany*] (IDW).. Our responsibilities under those requirements and principles are further described in the section "Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Management Report" of our auditor's report. We are independent of the group entities in accordance with German commercial and professional law, and have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and on the combined management report.

Other Information

The Board of Management and the Supervisory Board are responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- information extraneous to management reports and marked as unaudited.

The other Information includes also the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Board of Management is responsible for the preparation of consolidated financial statements that comply, in all material respect, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements , give a true and fair view of assets, liabilities, financial position, an financial performance of the Group in compliance with these requirements.

In addition, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Management is further responsible for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error (i.e. manipulation of the accounting system or misstatement of assets).

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsible for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on a going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Furthermore, the Board of Management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriate presents the opportunities and risks of future development. In addition, the Board of Management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of the combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions made in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with German legal requirements and appropriately present the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and German Generally Accepted Standards for the Financial Statements Audit promulgated by the *Institut der Wirtschaftsprüfer* (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's opinion. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Management as a basis for the prospective information and evaluate the proper derivation of the prospective information and on the assumptions used as a basis. We do not express a separate opinion on the prospective information an on the assumptions used as a basis. There is a substantial unavoidable risk that future events could differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, April 18, 2024

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Hutzler
Wirtschaftsprüfer
[German Public Auditor]

Ratkovic
Wirtschaftsprüfer
[German Public Auditor]

2022 AUDITED CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED IN ACCORDANCE WITH IFRS)

Consolidated Statement of Financial Position

in EUR thousand	explanatory note	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Jan 1, 2020
ASSETS					
Non-current assets					
Goodwill	20	44,534	0	0	0
Other intangible assets	20	488,439	727	271	240
Right-of-use (ROU) assets	19	8,916	5,737	6,297	5,526
Property, plant and equipment	19	2,600	2,694	2,953	3,154
Investment accounted for using the equity method	21	186,406	23,615	20,626	20,625
Financial assets	21	92,300	0	0	0
Total non-current assets		**823,195**	**32,773**	**30,147**	**29,545**
Current assets					
Inventories		571	209	90	49
Trade and other receivables	26	14,314	10,914	6,959	5,133
Contract assets	10	1,161	1,024	755	171
Other financial assets		0	150	238	238
Prepayments and other assets	20	4,636	616	379	156
Cash and cash equivalents		9,820	25,029	42,009	22,116
Total current assets		**30,502**	**37,942**	**50,430**	**27,863**
Total assets		**853,697**	**70,715**	**80,577**	**57,408**

in EUR thousand	explanatory note	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Jan 1, 2020
EQUITY AND LIABILITIES					
Equity					
Subscribed capital	22	15,129	11,065	11,000	10,000
Capital reserve	22	343,419	82,785	80,564	55,029
Accumulated loss carryforward	22	-37,960	-24,669	-17,940	-17,940
Period income (loss)	22	35,992	-13,290	-6,729	0
Total equity		**356,580**	**55,891**	**66,895**	**47,089**
Non-current liabilities					
Non-current lease obligations	27	7,594	4,406	4,981	4,507
Other non-current liabilities	25	319,339	0	0	0
Deferred tax liabilities	17	119,518	0	920	835
Total non-current liabilities		**446,451**	**4,406**	**5,901**	**5,342**
Current liabilities					
Provisions		0	0	0	25
Current lease obligations	27	925	877	984	830
Other current liabilities	24	38,315	1,935	1,536	1,200
Trade payables	26	11,318	7,606	5,261	2,402
Current income tax liabilities	17	108	0	0	520
Total current liabilities		**50,666**	**10,418**	**7,781**	**4,977**
Total liabilities		**497,117**	**14,824**	**13,682**	**10,319**
Total equity and liabilities		**853,697**	**70,715**	**80,577**	**57,408**

Consolidated Statement of Comprehensive Income

in EUR thousand	explanatory note	Jan 1 – Dec 31, 2022	Jan 1 – Dec 31, 2021	Jan 1 – Dec 31, 2020
Revenue	10	42,497	36,613	34,296
Cost of sales	11	-30,425	-26,503	-26,365
Research and development expenses	12	-16,912	-16,805	-8,511
Selling expenses	13	-1,442	-600	-702
Administrative expenses	13	-11,446	-6,533	-5,247
Other operating expenses	13	-347	-247	-286
Other operating income	13	347	75	274
Operating profit/loss (EBIT)		**-17,728**	**-14,000**	**-6,541**
Income from investment accounted for using the equity method	14	76,844	1	1
Finance income	14	432	39	69
Finance expense	14	-22,952	-247	-173
Net finance income		**54,324**	**-207**	**-103**
Profit before tax		**36,596**	**-14,207**	**-6,644**
Income tax expense	17	-604	917	-85
Profit (loss) for the period		**35,992**	**-13,290**	**-6,729**
Other comprehensive income (OCI)		0	0	0
Comprehensive income (loss) for the period		**35,992**	**-13,290**	**-6,729**
Basic (undiluted) earnings per share (in EUR)	15	2.62	-1.20	-0.66
Average number of shares outstanding (without dilution)"		13,715,221	11,042,639	10,191,781
Diluted earnings per share (in EUR)		2.59	-1.20	- 0.66
"Average number of shares outstanding (with dilution)"		13,883,874	11,170,000	10,233,274

Consolidated Statement of Changes in Equity

in EUR thousand	explanatory note	Subscribed capital	Capital reserve	Accumulated loss carryforward	Period income (loss)	Total equity
as of January 1, 2020		**10,000**	**55,029**	**-17,940**	**-**	**47,089**
Proceeds from issuance of new shares		1,000	24,750	-	-	25,750
Effect of stock options granted	16	-	785	-	-	785
Period income (loss)		-	-	-	-6,729	-6,729
as of December 31, 2020/January 1, 2021		**11,000**	**80,564**	**-17,940**	**-6,729**	**66,895**
Appropriation of prior-year income (loss)		-	-	-6,729	6,729	0
Common shares issued upon subscription (exercise of stock options)	16	65	1,447	-	-	1,512
Effect of stock options granted	16	-	774	-	-	774
Period income (loss)		-	-	-	-13,290	-13,290
as of December 31, 2021/January 1, 2022		**11,065**	**82,785**	**-24,669**	**-13,290**	**55,891**
Appropriation of prior-year income (loss)		-	-	-13,290	13,290	0
New shares issued as consideration for business combination	8	4,000	258,400	-	-	262,400
Effect of stock options granted	16	-	535	-	-	535
Shares issued through exercise of stock options	16	64	1,699	-	-	1,763
Period income (loss)		-	-	-	35,992	35,992
as of December 31, 2022		**15,129**	**343,419**	**-37,960**	**35,992**	**356,580**

Consolidated Statement of Cash Flows

in EUR thousand	explanatory note	Jan 1 – Dec 31, 2022	Jan 1 – Dec 31, 2021	Jan 1 – Dec 31, 2020
Profit (loss) for the period		35,992	-13,290	-6,729
Adjustments for non-cash items:				
Depreciation and amortization	19, 20	1,862	1,612	1,506
Net finance income	14	-54,324	207	103
Effect of stock options	16	535	774	785
Net loss (gain) arising from disposals of non-current assets	19, 20	36	8	79
Other non-cash transactions		-	-	-25
Income tax expense	17	604	-920	85
Changes in operating assets and liabilities:				
Decrease (increase) in inventories		-363	-119	-40
Decrease (increase) in trade and other receivables	26	3,217	-4,191	-1,827
Decrease (increase) in contract assets	10	-137	-269	-584
Decrease (increase) in other financial assets		150	88	-
Decrease (increase) in prepayments and other assets	26	-4,008	-	-223
Increase (decrease) in other liabilities	26	655	399	336
Increase (decrease) in trade payables	26	-2,766	2,347	2,858
Income taxes paid	17	-331	-	-520
Net cash from operating activities		**-18,878**	**-13,354**	**-4,196**
Investments in intangible assets	20	-26,208	-547	-92
Investments in property, plant and equipment	19	-551	-394	-511
Investments in financial assets	21	-11,419	-2,988	-
Acquisition of subsidiaries net of cash acquired	8	1,108	-	69
Interest received	14	2	39	-
Net cash from investing activities		**-37,068**	**-3,890**	**-534**
Proceeds from issuance of shares	22	1,763	1,512	25,750
Inflows (outflows) relating to financial liabilities	24, 25	40,000	-	-
Payment of lease liabilities	27	-908	-1,021	-954
Interest paid	14	-118	-226	-173
Net cash from financing activities		**40,737**	**265**	**24,623**
Net increase (decrease) in cash and cash equivalents		**-15,209**	**-16,979**	**19,893**
Cash and cash equivalents as of January 1		**25,029**	**42,009**	**22,116**
Cash and cash equivalents as of December 31		**9,820**	**25,029**	**42,009**

Notes

1. Reporting entity

Formycon AG (hereinafter also the "Company"), together with the subsidiary companies within its scope of consolidation (hereinafter "Formycon Group", "Formycon" or the "Group"), is a leading independent developer of high-quality biosimilar drugs, meaning follow-on products to biopharmaceuticals already on the market. Formycon has long specialized in the development of biosimilars and is able to cover all technical stages of the biopharmaceutical development chain from analysis and cell line development to preclinical studies and clinical trials, all the way through to the creation and submission of regulatory approval application documents. In addition to its decades of experience in protein chemistry, analysis and immunology, Formycon also has extensive expertise in the successful transfer of antibodies and antibody-based therapies into the clinical development stage.

Formycon AG has its registered offices in Martinsried/Planegg, Germany, and is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HRB 200801. The Company's shares are listed in the Frankfurt Stock Exchange's Open Market "Scale" segment for small-to medium-sized companies (*Deutsche Börse*: Open Market, Scale, German securities identifier (WKN): A1EWVY, ticker symbol: FYB, ISIN: DE000A1EWVY8).

2. Basis of accounting

These Consolidated Financial Statements (hereinafter also the "Financial Statements"), presented here in translation from the German original, have been prepared in accordance with International Financial Reporting Standards (IFRS).

They are the consolidated financial statements for Formycon Group prepared in accordance with IFRS, and the provisions of IFRS 1 ("First-time Adoption of International Financial Reporting Standards") have been applied accordingly. The provisions of section 315e of the German Commercial Code (*Handelsgesetzbuch*, HGB) were taken into account as applicable. These Financial Statements were released for publication by the Company's Management Board (*Vorstand*) on April 25, 2023.

An explanation of how the transition to IFRS has affected the presentation herein of the Consolidated Statement of Financial Position (balance sheet) and Consolidated Statement of Comprehensive Income (income statement) may be found under Note 6, including reconciliation calculations for the equity and comprehensive income for the comparable prior-year periods and for the equity at the date of transition to IFRS (January 1, 2020) based upon the previously published accounts in accordance with the German Commercial Code (HGB).

The following IFRS standards have been issued but were not yet mandatory for fiscal year 2022:

- "Classification of Liabilities as Current or Non-Current", mandatory application from January 1, 2023: The Group does not expect any significant effects on the consolidated financial statements.
- IFRS 17 ("Insurance Contracts"), mandatory application from January 1, 2023: The Group does not expect any significant effects on the consolidated financial statements.
- "Disclosure of Accounting Policies", mandatory application from January 1, 2023: The Group does not expect any significant effects on the consolidated financial statements.
- "Definition of Accounting Estimates" (amendments to IAS 8), mandatory application from January 1, 2023: The Group does not expect any significant effects on the consolidated financial statements.
- "Deferred Taxes related to Assets and Liabilities from a Single Transaction" (amendments to IAS 12I), mandatory application from January 1, 2023: The Group does not expect any significant effects on the consolidated financial statements.
- "Lease Liability in a Sale and Leaseback" (amendments to IFRS 16 published on September 22, 2022), first-time application required from January 1, 2024: The Group does not expect any significant effects on the consolidated financial statements.
- "Non-Current Liabilities with Covenants" (amendments to IAS 1 published on October 31, 2022), first-time application required from January 1, 2024: The Group does not expect any significant effects on the consolidated financial statements.

3. Functional currency and presentation currency

These Financial Statements are presented in euros, the Company's functional currency. Unless otherwise stated, all amounts in euros presented herein have been rounded to the nearest thousand euros (EUR thousand).

4. Use of judgements and estimates

In preparing these Financial Statements, the Management Board has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgements

Judgements exercised by the Management Board have an impact on the following specific issues presented herein:

- Business combinations: Fulfillment of definition as a "business"; identification of assets and liabilities; valuation of acquired assets and liabilities, in particular acquired intangible assets (see Note 8 "Acquisition of subsidiaries")
- Lease term: Determination of whether the exercise of lease extension options is reasonably certain (see Note 27 "Leases")
- Internally generated intangible assets: Point in time at which the criteria of IAS 38 ("Intangible Assets") are met, thereby resulting in an obligation to capitalize the asset (see Note 20 "Goodwill and other intangible assets")
- Valuations under IFRS 2 ("Shared-based payment"): The determination of the fair value of share-based payment arrangements is based, among other factors, upon future share price volatility and future staff turnover, both of which may have a significant influence on the valuation of the options at the time of issuance. The correctness of these estimates depends upon actual future stock market performance and actual future staff turnover, both of which may deviate from the original estimates used in preparing these Financial Statements and may thus lead to significant corrections in future periods (see Note 16 "Share-based compensation arrangements")
- Identification of multiple performance obligations under the development partnership for purposes of revenue recognition (see Note 10 "Revenue") and separation thereof between provision of development services and granting of license

Assumptions and estimate uncertainties

Significant assumptions and estimates which could result in the risk of necessary adjustments in subsequent periods to the amounts recognized herein have been made in the following specific cases:

- Recognition of deferred tax assets: Availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be used (see Note 17 "Income tax expense")
- Acquisition of subsidiaries: Fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis (see Note 8 "Acquisition of subsidiaries") and determination of the fair value of the contingent consideration at the end of the year
- Impairment test of intangible assets and goodwill: Key assumptions underlying the calculation of the recoverable amounts (see Note 20 "Goodwill and other intangible assets")

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assumptions have been made in measuring fair values in the following cases:

- Valuation of acquired intangible assets in determining and allocating the purchase price (see Note 8 "Acquisition of subsidiaries"), and
- Valuation of conditional purchase price payments in determining and allocating the purchase price (see Note 8).

5. Group structure

In addition to the Formycon AG parent entity, Formycon Group also includes, as of December 31, 2022, the following 100% owned and fully consolidated subsidiaries:

- Formycon Project 201 GmbH (Martinsried /Planegg, Germany)
- Formycon Project 203 GmbH (Martinsried /Planegg, Germany)
- FYB202 Project GmbH (Martinsried/Planegg, Germany) with effect from May 1, 2022
- Bioeq GmbH (Holzkirchen, Germany) with effect from May 1, 2022

Furthermore, the following associates, over which Formycon wields significant influence or which are under joint control by Formycon, are included in these Financial Statements using the equity method:

- FYB 202 GmbH & Co. KG (Berlin, Germany) until and ending April 30, 2022, based upon a 24.9% ownership share (significant influence)
- Bioeq AG (Zug, Switzerland) with effect from May 1, 2022, based upon a 50% ownership share (joint control)

6. Accounting and valuation methods

Basis of valuations

These Financial Statements have been prepared based on the principle of historical cost. An exception to this is the measurement of the contingent consideration component of the ATHOS transaction (see Note 8 "Acquisition of subsidiaries"), which is carried out at fair value. Equity-settled share-based payment arrangements granted to employees are likewise measured at fair value as of the grant date.

In their preparation, and for all periods therein, the Group has, unless otherwise stated, consistently applied the following accounting policies.

Principles of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method provided that the set of activities and assets acquired meets the definition of a "business" and that the Group has acquired control thereof. In determining whether a particular set of activities and assets is a "business", the Group assesses whether the set of activities and assets acquired includes at least one "input", meaning "an economic resource (e.g. non-current assets, intellectual property) that creates outputs when one or more processes are applied to it" (per IFRS 3 "Business Combinations"), and one substantive process and whether the presumed "business" is able to provide goods or services to customers.

The consideration transferred for the acquisition and the identifiable assets and liabilities acquired thereby are generally measured at fair value. Any goodwill arising from the transaction is tested annually for impairment. Any gains on acquisitions below market value are recognized immediately as profit. Unless relating to the issuance of debt or equity securities, transaction costs are expensed as incurred.

In determining the amount of consideration transferred for the acquisition, any amounts paid for the fulfillment of pre-existing obligations are excluded. Any profit or loss arising therefrom is recognized as such.

Any consideration transferred for the acquisition in the form of a contingent future obligation is measured at fair value at the time of the business combination. Finally, all other contingent consideration is measured at fair value at each reporting date, with any subsequent changes in the fair value of the contingent consideration recognized as profit or loss.

Subsidiaries

Subsidiaries are companies under the Group's control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated into these Financial Statements from the date control begins until the date such control ends.

Loss of control

If the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary from its consolidated statement of financial position (balance sheet), along with any related non-controlling interests or other equity components. Any resulting gain or loss is recognized in profit or loss. If an interest in the former subsidiary is retained, it is measured at fair value as of the date control over the subsidiary is lost.

Financial assets accounted for using the equity method

The Group's financial assets (investments) accounted for using the equity method include a shareholding in an associate until April 2022 and a shareholding in a joint venture starting from May 2022.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Shares in associates and joint ventures, which are accounted for using the equity method, are initially recognized at acquisition cost, including transaction costs. Subsequent to this initial recognition, these Financial Statements Include the Group's share of the comprehensive income of the financial assets accounted for using the equity method until the date upon which such significant influence or joint control ends.

Consolidation of intragroup transactions

In preparing these Financial Statements, balances and transactions between the Company and consolidated subsidiaries thereof, as well as any realized and unrealized intercompany income and expenses (other than income and expenses arising from foreign currency transactions), have been eliminated. In the case of companies accounted for using the equity method (associates and joint ventures), any unrealized gains on transactions have been eliminated against the investment asset, but not by more than the Group's investment in the respective company. Unrealized losses have been analogously offset (i.e. added to the investment asset), but only where there is no indication of impairment.

Foreign currency

Transactions in foreign currencies

Business transactions in foreign currencies are converted into the functional currency of the respective Group company at the spot rate on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency as of the reporting date are translated into the functional currency at the closing rate for the period. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the exchange rate in effect at the time the fair value was measured. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate prevailing on the transaction date. Currency translation differences are recognized in period profit and loss and included within finance expenses.

Revenue from contracts with customers

The amount of revenue from customer contracts is determined based on the amount and terms of payment specified in each respective contract. The Group recognizes revenue when it transfers control of the contracted good or service to the customer.

The Group generates revenue by providing development services during the agreed development phase to the sponsor of the respective project. Revenue is recognized at the time the development services are provided by Formycon AG. Services rendered but yet been invoiced are reported as contract assets. Revenue is recorded over the course of completion using the cost-to-cost method. Associated costs are recognized in profit or loss as they are incurred.

The Group also generates revenue by granting licenses. In the case of drug from the FYB201 development project which received regulatory approval during fiscal year 2022 for sale in the United Kingdom, the European Union and the United States, exclusive worldwide marketing rights are licensed to and held by Bioeq AG. In return, the Group receives license revenues based upon the Bioeq AG's product income, which is in turn based upon product sales. If the amount can be reliably determined, the Group recognizes the revenue at the time the license is granted. Asa rule, however, such license revenues depend upon actual product sales and

thus the amount generated thereby can only be reliably determined with the passage of time. Once product sales are generated, license revenues become due and payable to the Group with relatively short payment terms.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are expensed as the employee performs the related work services. In cases where the Group has an obligation to pay a future amount as a result of service rendered by the employee, whether legally binding or constructive, and where the obligation can be reliably estimated, a liability is recognized for the amount expected to be paid.

Equity-settled share-based compensation

Share-based compensation payments to employees settled by the physical delivery of shares are recognized as an expense in the amount of their fair value upon the grant date, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of granted shares for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of granted shares that meet the related service and non-market performance conditions at the vesting date. In the case of share-based payments with non-vesting conditions, the fair value of the share-based payment as of the grant date is measured to reflect such conditions, but with no subsequent true-up for differences between expected and actual outcomes. Further explanation may be found under Note 16 ("Share-based compensation arrangements").

Defined contribution plans

Obligations to make contributions to defined contribution plans are expensed as the employee performs the related work services. Prepaid contributions are recognized as an asset to the extent that there is a right to a refund of, or reduction in, future payments.

Termination benefits

Benefits arising from the termination of employment are expensed as of the date on which the Group can no longer withdraw the offer of such benefits, or the date on which the Group recognizes costs fora restructuring, whichever is earlier. If these benefits are not expected to be settled in full within 12 months of the reporting date, they are discounted appropriately.

Government grants

Government grants to fund the future purchase of assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be granted and that the Group will meet the conditions attached to the grant. Once such government grant is actually used to fund the purchase of the asset, the deferred income is then amortized over the period of the asset's useful life and recognized in the profit and loss account as other income.

Grants which compensate the Group for expenses incurred are recognized as a reduction in expense in the period(s) in which the relevant expenses are recognized, unless the grant conditions are not met until after the related expenses have been recognized. In this case, the grant is recognized in the period during which the entitlement arises.

The Group is currently receiving grants to cover research and development expenditures incurred in connection with the FYB207 project. Accordingly, the grants are recorded as an offset to research and development expenses, thereby reducing the amount of the expenses (see Note 12 "Research and development expenses") and are reflected in the Consolidated Statement of Cash Flows under cash flows from operating activities.

Finance income and finance expenses

The Group's finance income and finance expenses include:

- interest income,
- interest expense,
- gains and losses of investments accounted for using the equity method,
- foreign currency gains and losses on financial assets and financial liabilities, and
- gains and losses arising from the measurement of fair value of contingent consideration classified as a financial liability.

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the interest rate that exactly discounts the estimated future payments or receipts over the

expected life of the financial instrument to the net book value of the financial asset, or in the case of a financial liability to the remaining amount thereof.

In calculating interest income and expense, the effective interest rate is applied to the gross book value of the asset, provided that the asset is not credit impaired, or in the case of a financial liability to the remaining amount thereof. In the case of financial assets which have become credit-impaired subsequent to initial recognition, interest income is, however, instead calculated by applying the effective interest rate to the amortized cost of the financial asset. Should the asset no longer be credit-impaired, the calculation of interest income reverts to the gross basis.

Income tax expense

Income tax expense consist of current tax expense and deferred tax expense. Both are recognized in profit or loss, except to the extent that they relate to a business combination or to an item recognized directly in equity or other comprehensive income (OCI). The Group has determined that interest and penalties on income taxes, as well as uncertain tax items, do not meet the definition of income tax expense, and therefore accounts for these in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Current taxes

Current tax expense is the expected tax liability or tax receivable on taxable income or tax loss for the year, based on tax rates enacted or substantially enacted as of the reporting date, along with any adjustments to tax liability for prior years. The amount of the expected tax liability or tax receivable is the best estimate of the tax amount expected to be paid or received, but also reflecting any tax uncertainties. Current tax receivables and liabilities are only offset (netted) under certain specific conditions.

Deferred taxes

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

- temporary differences upon initial recognition of assets or liabilities in a transaction which is not a business combination and which affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures where the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising upon initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities resulting from the application of IFRS16 "Leases" are offset (netted). All other deferred tax assets and deferred tax liabilities are only offset under certain specific conditions.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out (FIFO) method of allocation. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost, including any capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Should significant components thereof have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent costs of acquisition or production

Subsequent expenditures are only capitalized if it is probable that the Group will derive additional future economic benefits resulting from the expenditure.

Depreciation

Depreciation is calculated to fully depreciate the cost of an item of property, plant and equipment less its estimated residual value on a straight-line basis over its estimated useful life. Depreciation is generally recognized in profit or loss.

The estimated useful lives of significant items of property, plant and equipment, for both the current period and prior-year period, are:

- Leasehold improvements: based on the term of the underlying lease at the time of the leasehold improvement
- Laboratory furnishings and equipment: 7-15 years
- Office furnishings and equipment: 5-10 years

Depreciation methods, useful lives and residual values are reviews on each reporting date and adjusted as necessary.

Goodwill and other intangible assets

Recognition and measurement

Goodwill

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses.

Research and development

Research expenditures are recognized in profit or loss as incurred.

Development expenditures are only capitalized provided that the expenditure can be measured reliably, that the product or process is technically and commercially feasible, that future economic benefits are probable, and that the Group both intends and has sufficient resources to complete development and to utilize or sell the asset. Any development expenditures not meeting these criteria are recognized in profit or loss as incurred. Capitalized development expenses are valued at acquisition or production cost less accumulated amortization and any accumulated impairment losses.

Formycon develops biopharmaceuticals, in particular biosimilars, with the aim of converting biosimilar candidates into development and marketing partnerships upon attainment of certain defined milestones. Formycon currently has flue projects under active development. For each individual development project, an assessment is made as to whether the criteria for recognition of an internally generated intangible asset have been met.

While innovative drug development projects in phase III clinical trials often suffer failures or significant setbacks, the probability of success of a biosimilar candidate in phase III clinical comparability trials is significantly higher. Because the efficacy of the originator (reference) biopharmaceutical has already been scientifically proven and recognized by the authorities, and because biosimilar development focuses on various tests and studies to demonstrate biological similarity to the reference drug already prior to phase III clinical testing, one may reasonably conclude, predicated on this already demonstrated similarity, that the likelihood of successfully completing the remaining development of a biosimilar that will bring future economic benefits is very high. It should be noted that more than 95% of biosimilar candidates entering phase III clinical trials are, upon completion thereof, proved similar to the reference drug. It is also notable that 78% of biosimilars entering phase I clinical trials are ultimately licensed upon completion of development work.

The many activities which Formycon undertakes to develop a biosimilar candidate may be broadly divided into the following six development steps:

- Market research: assessment of market situation, identification of possible drug targets, project planning
- Initial analysis: development of the analytical method panel, characterization of reference molecule, definition of quality target, commencement of cell line development
- Development phase: cell line development, biosimilar manufacturing process development
- Preclinical testing: in vivo studies generally not necessary, but comprehensive physiochemical and bioanalytical testing leading to TPOS

- Phase I clinical trials: testing on healthy volunteers to demonstrate biological similarity to the reference product
- Phase III clinical trials: study to demonstrate the similarity of the biosimilar to the reference product in patients (similar efficacy, safety and immunogenicity)

TPOS is generally the point following completion of preclinical testing at which Formycon is able to demonstrate, based on the results thereof, that the asset resulting from the development fulfills the criteria of IAS 38.57 and thus that all subsequent development expenditures may be deemed part of the cost of generating the asset and capitalized accordingly. Each project is, however, individually assessed as to whether the criteria have been met.

The capitalization of development expenditures is terminated upon regulatory approval, except for subsequent development expenditures which generate an additional economic benefit with respect to the related asset.

Other intangible assets

Other intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditures

Subsequent expenditures relating to goodwill and intangible assets are capitalized only to the extent that they generate an additional economic benefit with respect to the related asset. All other expenditures, including expenses for internally generated goodwill and brand names, are recognized in profit or loss as incurred.

Amortization

Intangible assets are amortized on a straight-line basis over the respective estimated useful life. The amortization begins from the day the respective assets are first used, or in the case of development projects, from the day of initial regulatory approval of the drug in question. The amortization is generally recognized in profit or loss. Other than through impairment, goodwill is not amortized.

The estimated useful lives are:

- Patents and trademarks: based on the term of the corresponding legal protection
- Capitalized development costs (both acquired and internally developed): up to 18 years
- Amortization methods, useful lives and residual values are reviewed on each reporting date and adjusted as necessary.

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized from the date they arise or are issued. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual terms of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL (i.e. fair value with changes in value through profit or loss), transaction costs directly attributable to its acquisition or issue. Trade receivables without a significant financing component are initially recognized at the transaction price.

Classification and subsequent measurement

Financial assets

Upon initial recognition, a financial asset is classified and measured as:

- an instrument at amortized cost,
- an FVOCI debt instrument (i.e. an investment in a debt instrument measured at fair value with changes through other comprehensive income),
- an FVOCI equity investment (i.e. an equity investment measured at fair value with changes through other comprehensive income), or
- an FVTPL instrument.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as an FVTPL instrument:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is classified as an FVOCI instrument if it meets both of the following conditions and is not designated as an FVTPL instrument:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value of the investment in OCI. This election is made individually for each investment.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. Upon initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as an FVTPL instrument if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes its assessment of the objective of the business model in which a financial asset is held on an individual basis. The information considered includes:

- the stated objectives for the investment, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows, or realizing cash flows through the sale of the assets;
- how performance results are evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods and expectations about future sales activity.

Financial liabilities: Classification, subsequent measurement, and gains and losses

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified at FVTPL If it is classified as held for trading, is a derivative, or is designated as such upon initial recognition.

Financial liabilities at FVTPL are measured at fair value, with net gains and/or losses, including interest expense, recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign currency translation differences are recognized in profit or loss. Any gain or loss upon derecognition is also recognized in profit or loss.

With the exception of the obligation to pay contingent consideration under the ATHOS transaction, all of the Group's financial liabilities are measured at amortized cost.

Derecognition

Financial assets

The Group derecognizes a financial asset when its contractual right to receive cash flows from the financial asset expires, or when it transfers its right to receive contractual cash flows in a transaction in which either the Group transfers substantially all of the risks and rewards associated with ownership of the financial asset are transferred, or when the Group, although neither transferring nor retaining substantially all the risks and rewards of ownership, does not retain control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its contractual terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Interest rate benchmark reform

Should the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost change as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change required by the reform. A change in the basis for determining the contractual cash flows is required due to the interest rate benchmark reform if both of the following conditions are met:

- The change is necessary as a direct consequence of the reform.
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change.

If changes have been made to a financial asset or financial liability that exceed requirement of the interest rate benchmark reform to reassess the contractual cash flows, the Group initially adjusts the effective interest rate of the financial asset or financial liability to reflect the change required by the reform. Only thereafter the Group applies the accounting policies for accounting for changes to the additional changes.

Subscribed capital

Costs directly attributable to the issuance of common shares are recorded as a deduction from equity. Income tax effects relating to the transaction costs of an equity measure are accounted for in accordance with IAS12 "Income Taxes".

Asset impairment

Financial assets (excluding derivatives)

Financial instruments and contract assets

The Group recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost, and
- contract assets.

The Group also recognizes loss allowances for ECLs on other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date, and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

In the case of trade receivables and contract assets, valuation allowances reflect the amount of the expected credit loss over the term.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Group considers reasonable and reliable information which is both relevant and available, including quantitative as well as qualitative information. In addition to well-founded estimates based on analysis, including forward-looking assessments, the Group also considers its own past experience. Should a financial asset be 30 days overdue, the Group assumes that its credit risk has likewise increased significantly.

Due to the small number of contract counterparties, the Group individually assesses each of these with whom there is significant contract exposure. In each existing case, the Group has assessed the risk of default as extremely low. Thus, subject to materiality considerations, no value adjustments are currently recognized.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be an S&P rating of BBB or higher. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Non-financial assets

The book value of the Group's non-financial assets, other than inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of Impairment. Should this be the case, an estimate is made of the asset's recoverable amount. Goodwill and intangible assets with an indefinite useful life are tested annually for impairment. In testing for impairment, assets are grouped into the smallest groupings of assets that generate cash inflows from continued use that are as independent as possible of cash inflows from other assets or cash-generating units (CGUs). Goodwill acquired in a business combination is allocated to the CGU(s), or group(s) of CGUs, expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less disposal costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and of the risks specific to the asset or CGU.

Should the book value of an asset or CGU exceed this recoverable amount, an impairment loss is recognized.

Impairment losses are included in profit or loss. Impairment losses recognized in respect of CGUs are first allocated to any goodwill allocated to the CGU, then allocated to the book values of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Any impairment of goodwill, once recognized, is not reversed. In the case of other (non-goodwill) assets, an impairment loss may only be reversed to the extent that the book of the asset does not exceed the book value, net of depreciation and amortization, which would exist had no impairment loss been recognized.

Leases

The Group enters into lease contracts solely as a lessee. Upon entry into a contract, the Group first assesses whether the contract constitutes a lease or contains a lease component. This is deemed to be the case when the contract entitles the holder to control the use of an identified asset for a period of time in exchange for payment of a fee. Upon commencement of a lease (or contract containing a lease component), or when a lease (or contract containing a lease component) is modified, the Group allocates the contractual consideration pro rata based on the stand-alone selling prices of the leased assets.

Upon commencement of the lease, the Group recognizes a right-of-use (ROU) asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term, or unless the cost of the right-of-use asset suggests that the Group will exercise a purchase option. In either of these cases, the right-of-use asset is instead depreciated over the useful life of the underlying asset, which is determined on the same basis as in the case of comparable owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. If the lease includes extension options and it is likely that these will be used, these are assumed in the lease term.

The lease liability is initially measured at the present value of the lease payments that are not already paid as of the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate (which is, in fact, the relevant discount rate usually used by the Group).

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes adjustments as necessary to reflect the individual lease term and type of asset leased.

Lease payments included in the measurement of the lease liability may include:

- fixed payments, including de facto fixed payments;
- variable lease payments that depend upon a benchmark index or rate, initially set according to the index or rate on the commencement date;
- amounts expected to be payable under a residual value guarantee; and/or
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional lease extension period if the Group is reasonably certain to exercise the lease extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized book value using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; if the Group changes its assessment of whether it will exercise a purchase, extension or termination option; or if there is a change in the amount of a de facto fixed lease payment.

Should the lease liability be remeasured in this way, a corresponding adjustment is made to the book value of the right-of-use asset, or if the book value of the right-of-use asset has been reduced to zero, it is recognized in profit or loss.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and corresponding lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Operating profit/loss (EBIT)

Operating profit/loss is net income generated from the Group's continuing sales-generating primary activities plus other income and expenses from operating activities, but excluding finance income and finance expenses, participations in the profits and losses of companies accounted for using the equity method, and income taxes.

Measurement of fair value

"Fair value" is the price at which an asset would, as of the measurement date, be sold, or a liability transferred, in an orderly transaction on the relevant principal market or, if none exists, in the most advantageous market to which the Group has access at that time. The fair value of a liability reflects the risk of non-performance (credit risk).

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Where a quoted price in an active market is available, the Group determines the fair value of a financial instrument on the basis thereof. A market is considered "active" when transactions for the relevant asset or liability occur and are reported with sufficient frequency and volume to provide market price information on an ongoing basis.

If there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all factors which market participants would normally consider when pricing the asset or liability.

Where fair value is to be measured for an asset or liability for which the relevant market price is quoted as a bid/ask price pair, the Group values assets or long positions at the bid price and liabilities or short positions at the ask price.

7. First-time adoption of IFRS

These Financial Statements represent the Group's first annual financial statements applying IFRS. The accounting and valuation methods described in Note 6 were fully taken into account in preparing these financial statements, comparative prior-period information, and the opening balance sheet at the date of transition to IFRS on January 1, 2020. In the course of preparing the opening balance sheet, the Group adjusted the values reported using the previously applied accounting standards (German statutory accounting, or "HGB") accordingly. These adjustments are explained in the following tables and related explanations.

The income statement in accordance with HGB was prepared using the nature of expense method format (*Gesamtkostenverfahren*), while in applying IFRS the cost of sales method has been chosen. As a basis for the reconciliation statement, an income statement was first prepared in accordance with HGB using the cost of sales format.

Reconciliation of book value of equity

in EUR thousand	Explanatory footnotes	Jan 1, 2020	Dec 31, 2021
Equity per HGB		**48,211**	**56,071**
Goodwill	i)	-433	-118
Depreciation periods adjustments of useful life	a)	568	323
Valuation of investment accounted for using the equity method	c)	-48	-46
Application of IFRS 16 "Leases"	b)	-4	-29
Deferred taxes	d)	-1,205	-310
Equity per IFRS		**47,089**	**55,891**
Total amount of differences		-1,122	-180

Reconciliation of balance sheet

in EUR thousand	Explanatory footnotes	Jan 1, 2020	Change	IFRS Jan 1, 2020	Dec 31, 2021	Change	IFRS Dec 31, 2021
ASSETS							
Non-current assets							
Goodwill		433	-433	0	118	-118	0
Other intangible assets	a)	198	42	240	670	57	727
Right-of-use (ROU) assets	b)	0	5,526	5,526	0	5,737	5,737
Property, plant and equipment	a) e)	3,701	-547	3,154	3,344	-650	2,694
Financial assets	c)	20,673	-48	20,625	23,661	-46	23,615
Deferred tax assets	d)	370	-370	0	310	-310	0
Total non-current assets		**25,375**	**4,170**	**29,545**	**28,103**	**4,670**	**32,773**
Current assets							
Inventories	e)f)	372	-322	50	1,477	-1,268	209
Trade and other receivables		5,133	0	5,133	10,820	94	10,914
Contract assets	f)	0	171	171	0	1,024	1,024
Other financial assets		238	0	238	150	0	150
Prepayments and other assets		156	0	156	616	0	616
Cash and cash equivalents		22,116	0	22,116	25,029	0	25,029
Total current assets		**28,015**	**-151**	**27,864**	**38,092**	**-150**	**37,942**
Total assets		**53,390**	**4,019**	**57,409**	**66,195**	**4,520**	**70,715**
EQUITY AND LIABILITIES							
Equity							
Subscribed capital		10,000	0	10,000	11,065	0	11,065
Capital reserve	g)	52,239	2,790	55,029	78,436	4,349	82,785
Accumulated loss carryforward		-14,028	-3,912	-17,940	-19,954	-4,715	-24,669
Period income (loss)					-13,476	186	-13,290
Total equity		**48,211**	**-1,122**	**47,089**	**56,071**	**-180**	**55,891**
Non-current liabilities		0	0	0	0	0	0
Non-current lease obligations	b)	1,030	3,476	4,506	592	3,814	4,406
Other non-current liabilities		0	0	0	0	0	0
Deferred tax liabilities	d)	0	835	835	0	0	0
Total non-current liabilities		**1,030**	**4,311**	**5,341**	**592**	**3,814**	**4,406**
Current liabilities							
Provisions		25	0	25	0	0	0
Current lease obligations	b)	0	830	830	0	877	877
Obligations under customer contracts		0	0	0	0	0	0
Other current liabilities		1,200	0	1,200	1,935	0	1,935
Trade payables		2,404	0	2,404	7,597	9	7,606
Current income tax liabilities		520	0	520	0	0	0
Total current liabilities		**4,149**	**830**	**4,979**	**9,532**	**886**	**10,418**
Total liabilities		**5,179**	**5,141**	**10,320**	**10,124**	**4,700**	**14,824**
Total equity and liabilities		**53,390**	**4,019**	**57,409**	**66,195**	**4,520**	**70,715**

Reconciliation of income statement

in EUR thousand	Explanatory footnotes	Jan 1 - Dec 31, 2021 HGB	Change	Jan 1 - Dec 31, 2021 IFRS
Revenue	h)	36,868	-255	36,613
Cost of sales	a) h)	-26,426	-77	-26,503
Research and development expenses	a)	-16,450	-356	-16,806
Selling expenses		-600	0	-600
Administrative expenses	g)	-5,512	-1,021	-6,533
Other expenses	a)	-1,247	1,000	-247
Other income		75	0	75
Operating profit/loss (EBIT)		**-13,292**	**-709**	**-14,001**
Finance income	b) c)	39	0	39
Finance expenses		-250	4	-246
Net finance income		**-211**	**4**	**-207**
Profit before tax		**-13,503**	**-705**	**-14,208**
Income tax expense	d)	27	890	917
Profit (loss) for the period		**-13,476**	**185**	**-13,291**
Other comprehensive income (OCI)				
Comprehensive income (loss) for the period		**-13,476**	**185**	**-13,291**

Significant change in cash flow statement (Consolidated Statement of Cash Flows)

With the application of IFRS 16 ("Leases") and the resulting recognition of lease payment obligations as lease liabilities, these payments are under IFRS reported as repayment of liabilities and thus as cash flows from financing activities. Under HGB (as defined above), these lease payments were included in cash flows from operating activities. For the period from January 1, 2021 to December 31, 2021, lease payments in the amount of EUR 1,012 thousand are thus reported differently in the respective cash flow statements. No other significant changes have been made to the cash flow statement.

Explanatory footnotes

a Depreciation periods for property, plant and equipment have been adjusted on the basis of useful economic life. Under HGB, depreciation is based upon statutory tax depreciation tables.

b Leases have been accounted for as right-of-use (ROU) assets and lease obligations in accordance with IFRS 16 (see also Note 6 "Accounting and valuation methods") and are reported separately.

c. The Group's 24.9% interest in associate FYB 202 GmbH & Co. KG was valued at equity using the IFRS equity method based upon the company's equity in accordance with IFRS.

d Deferred tax assets arising from tax loss carryforwards have been limited under IFRS to the amount of deferred tax liabilities assuming the minimum applicable German tax rate because it is not possible for the Group to prove that tax loss carryforwards in excess of this amount can be used.

e. Certain asset items (in particular, laboratory material) recorded under HGB as inventory have been reclassified as property, plant and equipment because these asset items may be used for more than 12 months.

f. Services to customers performed but not yet invoiced are under IFRS reported as contract assets rather than as part of inventory.

g. The Group maintains an employee participation program in the form of stock options. In the case of option exercise by the respective employee, settlement is made through the issuance of common shares.

h. Through the application of IFRS 15 ("Revenue from Contracts with Customers"), there are minor timing differences in the recognition of revenue of development services and of the associated cost of sales.

i. The goodwill recognized in the financial statements in accordance with HGB does not meet the recognition criteria under IFRS and has therefore not been taken into account. Amortization thereof in accordance with HGB has been eliminated accordingly.

Simplifications

IFRS 1 ("First-time Adoption of International Financial Reporting Standards") offers first-time adopters a number of permitted simplifications that may be used in preparing the opening balance sheet. The Group has decided to make use of the following simplifications:

- IFRS 3 ("Business Combinations") has not been applied retrospectively but rather starting only from the date of the opening IFRS balance sheet.
- IFRS 16 ("Leases") has not been retrospectively applied in full. Both right of use assets arising from lease agreements and associated liabilities were remeasured as of the date of the opening IFRS balance sheet based on discounted future cash flows. Only in the case of lease agreements that had already led to the recognition of an asset under HGB (lease purchases) the original (HGB) acquisition costs of the respective assets were assumed into the IFRS balance sheet, with depreciation adjusted according to economic useful life.
- IFRIC 1 ("Changes in Existing Decommissioning, Restoration and Similar Liabilities") has not been applied retrospectively.
- IFRS 15 ("Revenue from Contracts with Customers") has not been applied retrospectively to customer contracts already fulfilled.

8. Acquisition of subsidiaries

On May 1, 2022, Formycon acquired a 100% ownership share of FYB 202 Project GmbH (Berlin, Germany) from FYB 202 GmbH & Co. KG, which upon completion of the transaction was renamed "FYB202 Project GmbH" (without space) and its location of official registration changed to Martinsried/Planegg, Germany; a 100% ownership share of Bioeq GmbH (Holzkirchen, Germany); and 50% of the shares of Bioeq AG (Zug, Switzerland).

Through the transaction, Formycon acquired full rights to FYB202, a candidate biosimilar to Stelara® (ustekinumab), as well as a 50% interest in Dog AG, which owns the rights to FYB201, a candidate biosimilar to Lucentis® (ranibizumab). Stelara® is used to treat various serious inflammatory diseases such as moderate to severe psoriasis (psoriasis) and inflammatory bowel diseases such as Crohn's disease and ulcerative colitis. Lucentis® is used to treat neovascular ("wet") age-related macular degeneration and other serious eye diseases.

In addition, through the acquisition and organizational integration of long-term partner Bioeq GmbH ("Bioeq"), Formycon has been able to expand its expertise and in house resources in a number of areas important for the development, regulatory approval and commercialization of biosimilars.

Formycon contributed its FYB201 project into the partnership with Bioeq AG in 2013, then in 2017 contributed its FYB202 project into the partnership with Aristo Pharma GmbH, an ATHOS Group company, with the respective partnerships assuming onward development, approval and commercialization. By reacquiring these two biosimilar candidates, Formycon gains a significantly higher share of future sales revenue upon their respective market introduction. Formycon intends to invest a large part of the anticipated cash inflows into the accelerated expansion of its product development pipeline, thereby enabling it to develop future biosimilar candidates independently and with its own resources. The aim is thus to make a sustainable, ongoing contribution to value creation and to Formycon's continued future growth.

Through the transaction, important prerequisites have been put into place to enable Formycon's further expansion and to establish Formycon as a global biopharmaceutical player within the rapidly growing biosimilars market. Assuming that regulatory approvals are received as expected and that market launches and out-licensing of its biosimilar candidates take place as planned, Formycon is aiming for a significantly positive EBITDA by the year 2025.

In the case of FYB202 Project GmbH and Bioeq GmbH, the identifiable assets and liabilities acquired at the time of acquisition include "inputs" (within the meaning of IFRS 3 "Business Combinations") in the form of the FYB202 biosimilar originally created by the Group and an organized workforce. All of the companies' necessary marketing and organizational processes are performed by the companies themselves or have been outsourced to external service providers. The Group has concluded that the inputs and processes acquired together contribute significantly to the ability to generate earnings. The Group thus has come to the conclusion that the acquisition of the respective companies meets the IFRS 3 definition of a business combination.

In the case of Bioeq AG, the identifiable assets and liabilities acquired through the transaction include inputs, development processes and an organized workforce. The Group has likewise concluded that the inputs and processes acquired together likewise contribute significantly to the ability to generate earnings and that the acquired company is a "business" within the meaning of IFRS 3. The remaining 50% of the shares of Bioeq AG are held by Polpharma Biologics B.V. (Utrecht, Netherlands). Bioeq AG is a joint venture over which

Formycon Group has joint control and in which it has a 50% shareholding. The shares in the company are thus valued at equity in accordance with IAS 28 "Investments in Associates" and reported under financial assets. In determining the fair value at the time of acquisition, the provisions of IFRS 3 have been applied by analogy, even though outside the mandatory scope thereof.

Consideration transferred

The consideration transferred by Formycon for the transactions, valued in accordance with IFRS 3, consisted of 4,000,000 common shares newly issued from the Company's approved capital, a cash component, and an earn-out component dependent upon future net cash inflows from the FYB201 and FYB202 projects. The earn-out component is measured over the next 15 years as a percentage of the net cash inflows after taxes from the respective projects to Formycon AG. This conditional payment obligation is capped at EUR 677,082 thousand (on an undiscounted basis, of which EUR 194,052 thousand for FYB202 and EUR 483,030 for FYB201). The actual amounts are discounted back to the acquisition date of May 1, 2022 until the agreed target amount or the agreed undiscounted maximum is reached. Depending upon actual future net cash inflows, the present values of these future payment outflows could be in line with the estimates in the table below, or they could be as low as zero, while the nominal amount of the payment could be anywhere between zero and the agreed maximum. The common shares issued have been valued at the market price on the acquisition date of EUR 65.60 per share. In the case of Bioeq AG, a loan receivable in the nominal amount of EUR 82,000 thousand was acquired by Formycon along with the 50% shareholding in the company. Thus, the acquisition costs for the respective transaction components are as follows:

Consideration transferred

in EUR thousand	FYB202 Project GmbH Bioeq GmbH	Bioeq AG	Total
Newly issued common shares (number of shares)	3,330,000	670,000	4,000,000
Newly issued common shares	218,448	43,952	262,400
Fair value of the shares in FYB202 Project GmbH indirectly held by the Group prior to the acquisition	114,811	0	114,811
Debt incurred	8,153	0	8,153
Cash component	18,763	0	18,763
Earn-out component	54,115	237,387	291,502
less: Acquisition of loan receivable	0	-82,000	-82,000
Purchase price allocated to the investment/Consideration Transferred incl. the Fair Value of the previously held investment	**414,290**	**199,339**	**613,629**

The acquisition of the shares in FYB202 Project GmbH is presented as a step acquisition within the meaning of IFRS 3.41 et seq. The share in FYB 202 GmbH & Co. KG is shown at fair value at the time of acquisition and the resulting profit included in finance income. As part of Formycon's exit as a limited partner of FYB 202 GmbH & Co. KG and the resulting division of assets, Formycon acquired the receivable held by FYB 202 GmbH & CO. KG against Formycon in the amount of EUR 114,811 thousand, so that this debt was then extinguished as a claim of Formycon against itself ("confusion of debts").

Acquisition-related costs

The Group incurred costs of EUR 717 thousand for legal advice and due diligence in connection with the business combination. These costs are included in administrative expenses.

Identifiable assets acquired and liabilities assumed

The recognized amounts of assets acquired and liabilities assumed as of the acquisition date are summarized below.

Identifiable assets acquired and liabilities assumed

in EUR thousand	FYB202 Project GmbH & Bioeq GmbH	Bioeq AG (at 50% equity)
Intangible assets	460,883	276,054
Property, plant & equipment	50	157
Deferred tax assets	0	3,209
Inventories	0	2,070
Trade and other receivables	14,781	2,173
Cash and cash equivalents	19,871	942
Total assets	**495,586**	**284,605**
Equity	369,756	170,226
Non-current liabilities	0	82,156
Current liabilities	6,714	398
Deferred tax liabilities	119,116	31,825
Total equity and liabilities	**495,586**	**284,605**

Determination of fair values

The valuation methods used to determine the fair value of significant assets acquired under the transaction were as follows:

- Intangible assets: Relief-from-royalty method and residual value method.
- In the case of patent rights, the relief-from-royalty method measures the present value of estimated future royalty payments that will be spared through the ownership thereof. The residual value method, on the other hand, values these as the present value of the expected future net cash flows generated from the acquired patents and rights.
- Inventories: Market comparison method.
- The fair value of inventories is measured on the basis of their estimated sales price in the ordinary course of business less the estimated costs of completion and sale along with a reasonable profit margin commensurate to the effort required for completion and sale of the inventories.

Goodwill

Goodwill resulting from the acquisition of the subsidiaries and associate has been measured and recognized as follows, whereby the goodwill of jointly controlled Bioeq AG is already implicitly included in the valuation thereof and thus not reported separately. The recorded goodwill represents, in particular, the know-how in clinical study management and supply chain management which has now been integrated into Formycon AG through the assumption of staff. This goodwill is not tax deductible.

in EUR thousand	FYB202 Project GmbH Bioeq GmbH	Bioeq AG
Consideration transferred incl. the Fair Value of the previously held investment	414,290	199,399
Fair value of identifiable net assets	369,756	170,226
Difference (goodwill)	44,534	29,113

Financial performance since acquisition

In the case of the acquired subsidiaries FYB202 Project GmbH and Bioeq GmbH, revenue of EUR 11,092 thousand and a contribution to earnings of negative EUR 1,018 thousand have been recorded since the acquisition date. Continuation of the valuation at equity of Bioeq AG has led to a pro rata loss of EUR 12,932 thousand. This financial performance is in line with expectations at the time of acquisition.

Pro forma information

If the business combination had taken place on January 1, 2022, consolidated revenue for fiscal year 2022 would have been EUR 3,025 thousand higher, while profit for the period would have been EUR 823 thousand higher.

9. Operating segments

Basis for segmentation

The Group's segments are defined on the basis of the so-called "management approach" as required by IFRS 8 ("Operating Segments"). Accordingly, the segments are determined, and the disclosures for each segment made, based on the criteria that the key decision makers use internally for allocating resources and assessing the profitability of the Group's components. At Formycon, the key decision maker is the Management Board, which allocates resources and evaluates segment performance on the basis of the management reports submitted to it. The following segment reporting was prepared in accordance with this definition. In evaluating the performance of the Group's business segments, the Management Board relies upon operating profit/loss as the primary measure of profitability.

The Management Board monitors and directs activities at the level of the Group's individual development projects. Project progress, operational performance and financial performance are reported on a monthly basis along with a deviation analysis from the approved plan for each project. The Group's development projects thus also represent the Group's reportable segments.

The business activity of all segments is biopharmaceutical development. With the exception of FYB207, all of these are biosimilars, and thus the operating activities do not differ significantly between segments. For the purposes of internal reporting, almost all of the Group's costs are allocated to the individual projects.

The Group's business activities take place exclusively within Germany. All Group revenues before May 1, 2022 were generated from ATHOS Group companies. Starting from May 1, 2022, revenues were generated not only from ATHOS Group companies but also from Bioeq AG, which is under joint control (EUR 7,211 thousand, see Note 28 "Transactions with related persons and companies") and which is entirely in the FYB201 operating segment. During the fiscal year, revenue of EUR 35,286 thousand was thus generated from a single major customer.

Operating segments

in EUR thousand	FYB201	FYB202	FYB203	FYB206	FYB207	FYB208	FYB209	Total for reportable operating segments	Rest	Formycon Group
2022										
External revenue	12,125	2,576	27,795	-	-	-	-	42,497	-	42,497
Segment revenue	**12,125**	**2,576**	**27,795**	**-**	**-**	**-**	**-**	**42,497**	**-**	**42,497**
Segment profit (loss)	-12,870	89,157	637	-6,334	-6,921	-1,034	-1,293	61,342	-25,350	35,992
Finance income	-	-	-	-	-	-	-	-	433	433
Finance expenses	-	-	-	-	-	-	-	-	-22,953	-22,953
At Equity result	-12,932	89,776	-	-	-	-	-	76,844	-	76,844
Allocated costs (cost of sales, research and development expenses, administrative expenses)	-11,676	-3,092	-26,287	-6,130	-6,699	-1,001	-1,251	-56,136	-785	-56,921
Other expenses (selling expenses, miscellaneous)	-	-	-	-	-	-	-	-	-1,442	-1,442
Depreciation and amortization	-387	-103	-872	-203	-222	-33	-42	-1,862	-	-1,862
Income taxes	-	-	-	-	-	-	-	-	-604	-604
Assets										
Investments participations at equity	186,406	-	-	-	-	-	-	186,406	-	186,406
Other additions to non-current assets	291,639	615,424	-	5,733	-	-	-	912,796	-19,305	893,491
2021										
External revenue	11,591	10,360	14,162	-	500	-	-	36,613	-	36,613
Segment revenue	**11,591**	**10,360**	**14,162**	**-**	**500**	**-**	**-**	**36,613**	**-**	**36,613**
Segment profit (loss)	12	48	3	-5,361	-8,162	-	-	-13,460	170	-13,290
Finance income	-	-	-	-	-	-	-	-	39	39
Finance expenses	-	-	-	-	-	-	-	-	-247	-247
At Equity result	-	-	-	-	-	-	-	-	1	1
Allocated costs (cost of sales, research and development expenses, administrative expenses)	-11,248	-10,017	-13,754	-5,208	-8,414	-	-	-48,641	232	-48,409
Other expenses (selling expenses, miscellaneous)	-	-	-	-	-	-	-	-	-772	-772
Depreciation and amortization	-331	-295	-405	-153	-248	-	-	-1,432	-	-1,432
Income taxes	-	-	-	-	-	-	-	-	917	917
Assets										
Investments participations at equity	-	23,615	-	-	-	-	-	23,615	-	23,615
Other additions to non-current assets	-	2,989	-	-	-	-	-	2,989	1,368	4,357
2020										
External revenue	14,782	7,151	12,363	-	-	-	-	34,296	-	34,296
Segment revenue	**14,782**	**7,151**	**12,363**	**-**	**-**	**-**	**-**	**34,296**	**-**	**34,296**
Segment profit (loss)	-144	32	43	-4,553	-1,067			-5,688	-1,041	-6,729
Finance income	-	-	-	-	-	-	-	-	69	69
Finance expenses	-	-	-	-	-	-	-	-	-173	-173
At Equity result	-	-	-	-	-	-	-	-	1	1
Allocated costs (cost of sales, research and development expenses, administrative expenses)	-14,410	-6,873	-11,895	-4,395	-1,030	-	-	-38,603	-139	-38,743
Other expenses (selling expenses, miscellaneous)	-	-	-	-	-	-	-	-	-714	-714
Depreciation and amortization	-515	-246	-425	-157	-37	-	-	-1,380	-	-1,380
Income taxes	-	-	-	-	-	-	-	-	-85	-85
Assets										
Investments participations at equity	-	20,626	-	-	-	-	-	20,626	-	20,626
Other additions to non-current assets	-	-	-	-	-	-	-	-	2,189	2,189

10. Revenue

Revenue streams

During the period, Formycon generated revenue by providing development services for its partnered development projects FYB201 and FYB203, as well as from FYB202 up until and Including April 30, 2022, to the respective development partners. These costs include not only product development costs but also costs incurred for the management of clinical studies. In addition, with the market launch during fiscal year 2022 of FYB201 in the UK and shortly thereafter in the EU and the USA, Formycon began generating revenue through license income from the granting of exclusive marketing rights to Bioeq AG. Such license revenues are recognized only from the point at which they can be reliably determined. During the fiscal year, a total of EUR 329 thousand was recognized as license revenue.

Geographical breakdown of revenue

During the period, the Group's revenues were generated entirely in Germany and Switzerland as follows:

in EUR thousand	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
DE	32,045	24,524	19,599
CH	10,452	12,089	14,697
Total	**42,497**	**36,613**	**34,296**

Contract receivables and contract assets

Assets arising from contracts with customers are included as both trade receivables and contract assets. As of the reporting date, such receivables from customers were EUR 7,766 thousand (December 31, 2021: EUR 7,747 thousand, December 31, 2020: EUR 6,894 thousand, January 1, 2020: EUR 4,920 thousand), while receivables from services not yet invoiced and separately reported as contract assets were EUR 1,161 thousand (December 31, 2021: EUR 1,024 thousand, December 31, 2020: EUR 755 thousand, January 1, 2020: EUR 171 thousand).

11. Cost of sales

Cost of sales includes all costs directly related to the sales generated and thus all costs that can be allocated to the Group's partnered projects. Cost of sales during the fiscal year consisted primarily of the following:

in EUR thousand	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Cost of materials	-2,778	-1,800	-2,774
Contract research expenses	-24,224	-19,179	-18,177
Staff expenses	-3,469	-4,776	-4,166
Depreciation, amortization and write-downs	-343	-322	-386
Other expenses	388	-426	-862
Total	**-30,425**	**-26,503**	**-26,365**

12. Research and development expenses

Research and development expenses include all such costs attributable to the Group's non-partnered projects. Research and development expenses during the fiscal year consisted primarily of the following:

The Group has, in support of its FYB207 project for development of an innovative COVID-19 drug, been awarded government grants from the Bavarian Research Foundation (*Bayerische Forschungsstiftung*), an agency of the Bavarian state government, as well as under the Bavarian state government's special "BayTherapie 2020" grant program. Grant awards in the amount of EUR 5,407 thousand (2021: EUR 4,589 thousand, 2020: EUR 38 thousand) were offset against the corresponding research and development expenses and thus recognized in profit or loss for the reporting period. During the same period, disbursements from the project sponsors were EUR 6,453 thousand (2021: EUR 1,637 thousand, 2020: EUR 38 thousand).

in EUR thousand	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Cost of materials	-483	-238	-301
Contract research expenses	-16,081	-14,618	-4,008
Staff expenses	-5,103	-5,275	-3,342
Depreciation, amortization and write-downs	-304	-356	-310
Grants received	5,792	4,589	37
Other expenses	-733	-907	-587
Total	**-16,912**	**-16,805**	**-8,511**

13. Other operating income and other operating expenses

Other operating income consists mainly of income from insurance reimbursements, income from damage claims, and income from other periods.

Selling expenses, administrative expenses and other operating expenses are mainly comprised of the following:

in EUR thousand	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Staff expenses	-5,950	-4,106	-3,828
Marketing expenses	-329	-265	-278
Legal and advisory expenses	-4,401	-890	-838
IT expenses	-526	-502	-132
Depreciation, amortization and writedowns	-1,392	-1,125	-993
Other expenses	-638	-492	-166
Total	**-13,235**	**-7,380**	**-6,235**

14. Net finance income

The Group's net finance income during the reporting period were as follows:

in EUR thousand	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Realized and unrealized gains from foreign currency translation	131	37	67
Accrued interest income	302	2	2
Investment gain from FYB 202 GmbH & Co. KG	89,776	1	1
Finance Income	**90,209**	**40**	**70**
Bank fees	-18	-134	-90
Realized and unrealized losses from foreign currency translation	-38	-74	-53
Interest expense from lease liabilities	-68	-22	-27
Interest paid	-57	-17	-3
Share of loss from associate Bioeq AG	-12,932	-	-
Change in conditional purchase price based on fair value	-22,772	-	-
Finance expenses	**-35,885**	**-247**	**-173**
Net finance income	**54,324**	**-207**	**-103**

The acquisition of the shares in FYB202 Project GmbH is presented as a step acquisition within the meaning of IFRS 3.41 et seq. The share in FYB 202 GmbH & Co. KG is shown at fair value at the time of acquisition and the resulting profit of EUR 89,776 thousand included in finance income (for further details see Note 8).

15. Earnings per share

Basic earnings per share are calculated by dividing after-tax earnings attributable to the shares by the number of Formycon common shares outstanding and therefore participating in earnings. Diluted earnings per share are calculated by adding shares which could in the future be issued through the exercise of stock options, the release of restricted stock units, or the conversion of convertible bonds. The addition of these exercisable but not yet unexercised options results in a dilution in the number of common shares outstanding as shown below:

Earnings per share

		Outstanding common shares	Exercisable stock options	Diluted number of common shares
January 1, 2020		10,000,000	11,000	10,011,000
October 22, 2020		11,000,000	170,000	11,170,000
December 31, 2020	**Year average**	**10,191,781**		**10,233,274**
January 1, 2021		11,000,000	170,000	11,170,000
February 12, 2021		11,046,500	123,500	11,170,000
December 1, 2021		11,064,750	105,250	11,170,000
December 31, 2021	**Year average**	**11,042,639**		**11,170,000**
January 1, 2022		11,064,750	192,750	11,257,500
May 6, 2022		15,064,750	192,750	15,257,500
August 16, 2022		15,128,775	128,725	15,257,500
December 31, 2022	**Year average**	**13,715,221**		**13,883,874**

16. Share-based compensation arrangements

Description of share-based compensation arrangements

On July 1, 2015, the Group introduced, and subsequently amended on April 27, 2017, and introduced again on December 10, 2020, stock option plans which enable eligible staff (including members of the Management Board) to purchase shares in the Company. Under these two stock option plans, the holders of options granted thereunder have the right, once the options are exercisable, to purchase shares at a subscription price set on the option grant date. Currently, these programs are limited to Management Board members and other eligible employees. The key contractual terms of the stock option plans are as follows: All options are to be settled through subscription and physical delivery of newly issued shares. Under both of the plans, the conditions for exercise of the options are that the relevant beneficiary must have remained in the Group for a period of four years following the grant date and that the stock market price must be at least 10% above the subscription price set at the time of the grant. The subscription price is determined as the average of closing prices of Formycon AG shares in Xetra trading during the 60 days before the option grant. In both plans, the options have a term of ten years.

Conditional capital for the issuance of up to 715,260 options (Stock Option Plan 2015) and up to 724,000 options (Stock Option Plan 2020) was established by resolutions of the Annual General Meeting. The number of options issued and outstanding during the reporting period and during the comparable prior-year period was as follows:

Stock options issued and outstanding

	Stock Option Plan 2015	Stock Option Plan 2020
as of January 1, 2020	**376,000**	
Stock options granted - December 2020		49,000
as of December 31, 2020/January 1, 2021	**376,000**	**49,000**
Shares subscribed - March 2021 (options exercised)	-46,500	
Shares subscribed - October 2021	-18,250	
Stock options granted - October/December 2021		52,500
as of December 31, 2021/January 1, 2022	**311,250**	**101,500**
Stock options expired - July 2022	-30,000	-30,000
Shares subscribed - July 2022	-64,025	
Stock options granted - July 2022		132,500
as of December 31, 2022	**217,225**	**204,000**

In measuring the fair values as of the grant date for reporting these share-based compensation arrangements (stock options with subscription and physical delivery of new shares upon exercise), the following valuation parameters were used: For both plans, a share price volatility of between 0.35 and 0.43 was assumed based on historical data, along with beneficiary reduction (staff turnover) of approx. 3% and zero dividends.

During fiscal year 2022, the total current expense for share-based compensation payments under these stock option plans was EUR 536 thousand (2021: EUR 774 thousand, 2020: EUR 786 thousand). As of December 31, 2022, the impact of these share-based payments on the capital reserve account was EUR 4,885 thousand (December 31, 2021: EUR 4,350 thousand, December 31, 2020: EUR 3,576 thousand, January 1, 2020: EUR 2,791 thousand).

Valuation parameters

Plan	Tranche	Grant date	Vesting date	Remaining until vesting	Expiry date	Expected exercise date	Expected term	Interest rate	Market price at grant date	Subscription price	Minimum price	Market value of options
2015	1	July 16, 2015	July 16, 2019	0.00	July 15, 2025	Nov 15, 2020	5.63	0.07%	27.10	30.98	29.36	8.406
2015	2	June 28, 2016	June 28, 2020	0.00	June 27, 2026	Oct 29, 2021	5.63	-0.17%	17.51	22.77	22.70	4.705
2015	3	Oct 4, 2016	Oct 4, 2020	0.00	Oct 3, 2026	Feb 4, 2022	5.63	-0.56%	19.90	19.46	21.42	7.083
2015*	4	July 3, 2017	July 3, 2021	0.00	July 2, 2027	Nov 3, 2022	5.63	-0.42%	34.32	36.62	36.16	11.118
2015*	5	Feb 28, 2018	Feb 28, 2022	0.00	Feb 27, 2028	July 1, 2023	5.63	-0.11%	33.10	31.73	34.95	11.155
2015*	6	Apr 1, 2018	Apr 1, 2022	0.00	Mar 31, 2028	Aug 2, 2023	5.63	-0.04%	32.20	31.74	35.04	10.651
2015*	7	July 1, 2018	July 1, 2022	0.00	June 30, 2028	Nov 1, 2023	5.63	-0.11%	35.00	36.07	39.33	10.372
2015*	8	July 10, 2019	July 10, 2023	0.52	July 9, 2029	Nov 9, 2024	5.63	-0.33%	30.40	32.83	36.04	8.076
2020	1	Dec 16, 2020	Dec 16, 2024	1.96	Dec 15, 2030	Apr 18, 2026	5.38	-0.78%	58.40	47.57	38.32	22.283
2020	2	Oct 19, 2021	Oct 19, 2025	2.80	Oct 18, 2031	Feb 19, 2027	5.34	-0.68%	53.30	51.72	57.71	18.145
2020	3	Dec 9, 2021	Dec 9, 2025	2.94	Dec 8, 2031	Apr 11, 2027	5.34	-0.58%	53.60	49.78	55.00	18.972
2020	4	Aug 1, 2022	Aug 1, 2026	3.59	July 31, 2032	Feb 11, 2028	5.53	0.93%	83.00	75.12	82.06	32.662

*amended

17. Income tax expense

Components of income tax expense

Current, deferred and total income tax expenses (income) during the reporting period were as follows:

in EUR thousand	Jan 1 – Dec 31, 2022	Jan 1 – Dec 31, 2021	Jan 1 – Dec 31, 2020
Current tax expense	202	3	
Deferred tax expense			
from valuation at equity	-3,601	-2,571	228
from differing asset valuations	40	20	-1
from capitalization of certain leases as right-of-use (ROU) assets and corresponding liabilities from lease obligations	-33	1	-5
from capitalization of certain internally generated intangible assets	7,137	0	0
from deferred taxes on tax loss carryforwards	-3,142	1,630	-137
Total tax expense	**604**	**-917**	**85**

During the fiscal year from January 1, 2021 to December 31, 2021, the valuation of deferred tax liabilities was adjusted to reflect the valuation at equity of Formycon's holding in FYB 202 GmbH & Co. KG. Until that point, the resulting deferred tax liability had been determined on the basis of the minimum tax rate applicable in Germany and under the assumption that the difference would be subsequently reversed by future pro rata profit allocations from FYB 202 GmbH & Co. KG and thus fully taxable at the level of Formycon AG. As of December 31, 2021, it was already foreseeable that the temporal difference between the tax basis and at-equity book valuation would be negated by Formycon's exit from the company and that only 5% of the resulting income would be taxable. Further taking into account the resulting change in usability of tax loss carryforwards, this resulted in deferred tax income of EUR 920 thousand, which was recognized in the profit or loss for fiscal year 2021.

As of the reporting date, deferred tax assets and deferred tax liabilities consisted of the following items:

in EUR thousand	Dec 31, 2022		Dec 31, 2021		Dec 31, 2020		Jan 1, 2020	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Valuation of participation in affiliate	172	-	-	151	-	2,722	-	2,494
Valuation of non-current assets	-	95	-	55	-	35	-	36
Right-of-use (ROU) assets and corresponding leasing obligations.	38	-	5	-	6	-	1	-
Arising from purchase price allocation to capitalized assets	-	119,116	-	-	-	-	-	-
Capitalization of internally generated intangible assets	-	7,137	-	-	-	-	-	-
Tax loss carryforward corporate tax	11,659	-	7,742	-	3,226	-	2,343	-
Tax loss carryforwards - Formycon AG trade tax (*Gewerbesteuer*)	5,580	-	3,655	-	3,018	-	1,606	-
Tax loss carryforwards - FYB202 Project GmbH	5,203	-	-	-	-	-	-	-
Offset (netting) of deferred tax assets and liabilities	-6,830	-6,830	-206	-206	-1,837	-1,837	-1,695	-1,695
Valuation adjustment to deferred tax assets	-15,822	-	-11,197	-	-4,412	-	-2,255	-
Total	**0**	**119,518**	**0**	**0**	**0**	**920**	**0**	**835**

Deferred tax assets on tax loss carryforwards are written down to the extent that the Group cannot demonstrate that future taxable profits will be sufficient to utilize the loss carryforwards

18. Earnings before finance income/expenses, tax, depreciation and amortization (EBITDA)

EBITDA for the reporting period is derived and calculated as follows:

in EUR thousand	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
EBIT	-17,728	-14,000	-6,541
Depreciation of property, plant and equipment	664	645	633
Depreciation of right-of-use (ROU) assets	1,033	877	811
Amortization of intangible assets	165	-90	-64
EBITDA	**-15,866**	**-12,568**	**-5,161**

The Management Board additionally presents earnings before finance income/expenses, taxes, depreciation and amortization (EBITDA) in this section of the Financial Statements because it relies upon consolidated EBITDA as a key performance measure in managing the Group and believes that this measure is relevant to an understanding of the Group's financial performance. EBITDA is derived and calculated from reported operating profit (EBIT). While EBITDA is not a defined performance measure under the IFRS cost of sales method, the Group's definition of EBITDA is consistent with usual definitions.

19. Property, plant and equipment (PP&E) and right-of-use (ROU) assets

Reconciliation of book value

in EUR thousand	Leaseholds	Leased technical equipment and machinery	Leased other equipment and furnishings	Right-of-use (ROU) assets	Leasehold improvements	Technical equipment and machinery	Other equipment and furnishings	Property, plant and equipment
Cost of acquisition as of January 1, 2020.....	4,211	1,740	92	6,043	503	4,262	1,387	6,152
Additions.....	1,497	17	68	1,582	109	85	317	511
Disposals.....						-324	-5	-329
Cost of acquisition as of December 31, 2020	**5,708**	**1,757**	**160**	**7,625**	**612**	**4,023**	**1,699**	**6,334**
Accumulated depreciation as of Jan 1, 2020....		-517		-517	-263	-2,015	-722	-3,000
Additions.....	-578	-183	-50	-811	-51	-390	-192	-633
Disposals.....	0	0	0	0	0	247	5	252
Accumulated depreciation as of Dec 31, 2020 .	**-578**	**-700**	**-50**	**-1,328**	**-314**	**-2,158**	**-909**	**-3,381**
Net book value as of January 1, 2020.....	**4,211**	**1,223**	**92**	**5,526**	**240**	**2,247**	**665**	**3,152**
Net book value as of December 31, 2020	**5,130**	**1,057**	**110**	**6,297**	**298**	**1,865**	**790**	**2,953**
Cost of acquisition as of January 1, 2021.....	5,709	1,757	159	7,625	613	4,023	1,698	6,334
Additions.....	62	310	56	428	0	102	292	394
Disposals.....		-389	-12	-401	0	-44	-27	-71
Cost of acquisition as of December 31, 2021	**5,771**	**1,678**	**203**	**7,652**	**613**	**4,081**	**1,963**	**6,657**
Accumulated depreciation as of Jan 1, 2021....	-580	-700	-50	-1,330	-313	-2,159	-909	-3,381
Additions.....	-623	-190	-63	-876	-54	-372	-219	-645
Disposals.....	0	279	12	291	0	39	24	63
Accumulated depreciation as of Dec 31, 2021.	**-1,203**	**-611**	**-101**	**-1,915**	**-367**	**-2,492**	**-1,104**	**-3,963**
Net book value as of January 1, 2021.....	**5,129**	**1,057**	**109**	**6,295**	**300**	**1,864**	**789**	**2,953**
Net book value as of December 31, 2021	**4,568**	**1,067**	**102**	**5,737**	**246**	**1,589**	**859**	**2,694**
Cost of acquisition as of January 1, 2022	**5,771**	**1,678**	**203**	**7,652**	**613**	**4,081**	**1,963**	**6,657**
Additions due to business combinations						50		50
Additions.....	3,948	178	86	4,213	31	117	403	551
Disposals.....	0	0	-43	-43		-526	-209	-735
Cost of acquisition as of December 31, 2022	**9,719**	**1,856**	**246**	**11,821**	**644**	**3,723**	**2,157**	**6,523**
Accumulated depreciation as of Jan 1, 2022....	**-1,203**	**-611**	**-101**	**-1,915**	**-367**	**-2,492**	**-1,104**	**-3,963**
Additions.....	-763	-185	-85	-1,033	-57	-364	-243	-664
Disposals.....			43	43		510	194	704
Accumulated depreciation as of Dec 31, 2022.	**-1,966**	**-796**	**-143**	**-2,905**	**-424**	**-2,345**	**-1,154**	**-3,923**
Net book value as of January 1, 2022.....	**4,568**	**1,067**	**102**	**5,737**	**246**	**1,589**	**859**	**2,694**
Net book value as of December 31, 2022	**7,753**	**1,060**	**103**	**8,916**	**220**	**1,377**	**1,003**	**2,600**

Right-of-use (ROU) assets

Capitalized right-of-use (ROU) assets include rights to use leased space for the Company's headquarters, technical equipment and machinery, and vehicles leased for employee use. During the reporting period, the

Company's leased headquarters space was expanded and the lease term (for all leased space) extended until 2032 (five years fixed plus five years optional). An exercise of the lease extension option is assumed in the lease term because the Company believes it likely that the option will be exercised.

20. Goodwill and other intangible assets

Reconciliation of book value

in EUR thousand	Goodwill	Licenses and similar rights	Software	Payments for intangible assets	Total intangible assets
Cost of acquisition as of January 1, 2020	0	77	502	0	**579**
Additions	0	0	95	0	**95**
Reclassification	0	0	0	0	**0**
Disposals	0	0	0	0	**0**
Cost of acquisition as of December 31, 2020	**0**	**77**	**597**	**0**	**674**
Accumulated amortization as of January 1, 2020	0	-19	-320	0	**-339**
Additions	0	-9	-55	0	**-64**
Disposals	0	0	0	0	**0**
Accumulated amortization as of December 31, 2020	**0**	**-28**	**-375**	**0**	**-403**
Net book value as of January 1, 2020	**0**	**58**	**182**	**0**	**240**
Net book value as of December 31, 2020	**0**	**49**	**222**	**0**	**271**
Cost of acquisition as of January 1, 2021	0	74	597	0	**671**
Additions	0	249	216	81	**546**
Reclassification	0	0	0	0	**0**
Disposals	0	0	0	0	**0**
Cost of acquisition as of December 31, 2021	**0**	**323**	**813**	**81**	**1,217**
Accumulated amortization as of January 1, 2021	0	-26	-374	0	**-400**
Additions	0	-21	-69	0	**-90**
Disposals	0	0	0	0	**0**
Accumulated amortization as of December 31, 2021	**0**	**-47**	**-443**	**0**	**-490**
Net book value as of January 1, 2021	**0**	**48**	**223**	**0**	**271**
Net book value as of December 31, 2021	**0**	**276**	**370**	**81**	**727**
Cost of acquisition as of January 1, 2022	0	323	813	81	**1,217**
Additions due to business combinations	0	460,882	0	0	**460,883**
Additions	44,534	26,820	148	30	**26,998**
Reclassification	0	0	0	0	**0**
Disposals	0	-8	-11	0	**-19**
Cost of acquisition as of December 31, 2022	**44,534**	**488,017**	**951**	**111**	**489,080**
Accumulated amortization as of January 1, 2022	0	-47	-443	0	**-490**
Additions	0	-42	-123	0	**-165**
Disposals	0	5	9	0	**15**
Accumulated amortization as of December 31, 2022	**0**	**-84**	**-557**	**0**	**-641**
Net book value as of January 1, 2022	**0**	**276**	**370**	**81**	**727**
Net book value as of December 31, 2022	**44,534**	**487,933**	**395**	**111**	**488,439**

For more detailed information on the relevant acquisitions, see Note 8 ("Acquisition of Subsidiaries").

Capitalized development expenditures

As part of the business combination, all rights to the FYB202 project, which is still under development, were reacquired by Formycon and recognized accordingly. Starting from May 1, 2022, all costs for the further development of the project, both external and internal, were also capitalized as eligible development expenditures. As of December 31, 2022, the capitalized book value of this pending development project was EUR 481,895 thousand.

In the case of the FYB206 development project, the TPoS milestone was reached in the middle of the year. Upon attainment of TPOS, the Group's policy (see Note 6 "Accounting and valuation methods") is to capitalize all subsequent internal and external development costs. As of December 31, 2022, the amount of capitalized development expenditures for this project was EUR 5,742 thousand.

During the fiscal year, borrowing costs of EUR 790 thousand under the shareholder loans were allocated to these two qualifying assets, FYB202 and FYB206, and capitalized as part of their acquisition costs.

Advance payments in the amount of EUR 4,636 thousand (December 31, 2021: EUR 616 thousand, December 31, 2020: EUR 379 thousand, January 1, 2020: EUR 156 thousand) are mainly advance payments for development services.

Impairment testing

As the part of the business combination involving FYB202 Project GmbH, goodwill of EUR 44,534 thousand was recognized for the first time. The entire amount of this goodwill was assigned to the FYB202 cash-generating unit (CGU), which corresponds to the FYB202 operating segment and which consists of the FYB202 project still under development. Consistent with these consolidated financial statements, the book value of the CGU was established at EUR 333,200 thousand, with assets including EUR 44,534 thousand in goodwill and EUR 481,895 thousand in internally generated intangible assets (capitalized development costs). The recoverable amount of the CGU for impairment testing was determined using the fair value less cost of disposal (FVLCOD) method, with fair value determined on the basis of current planning for the FYB202 project using discounted cash flows. The Group's planning is based upon analyses of the market for the original product, internal information regarding potential competitors, market analyses of biosimilar products in general, and internal empirical values developed together with a possible contractual partner under consideration for marketing the product. Assumptions were made with regard to the overall future market size, the market share for all biosimilars, the market share specifically for FYB202, and price reductions. For the years 2024 to 2030, annual market sales of the product were thereby estimated at between EUR 56 and 678 million and subsequently reduced by 3% per year, with these estimates then used as a basis for the further calculations. The planning period ends in 2040, with no further extrapolations beyond this point. In discounting the future estimated cashflows from the CGU, the Group has applied after-tax discount rates of between 11.35% and 11.53% (depending on term), based upon the weighted average cost of capital (WACC) using historical industry weightings, with a possible leverage of 9.9% and a market risk premium of 7%. The recoverable amount determined in this way was higher than the book value of the CGU, and thus it was not necessary to recognize any impairment.

Management has determined two changes in key assumptions which could result in a net book value in excess of the recoverable amount: Should the expected cash flows from the project decrease by 17.25%, or should the applicable WACC increase by 3.1% percentage points, the recoverable amount would be just equal to the CGU's book value. The recoverable amount exceeds the carrying amount by EUR 69,448 thousand.

The FYB206 project under development was assigned to the FYB206 CGU with a book value for the CGU of EUR 5,733 thousand. Likewise for this CGU, the recoverable amount was determined using fair value on the basis of current planning for the FYB206 project using discounted cash flows. In the case of FYB206, Formycon's planning is based in large part upon its experience with previous biosimilar development projects. Assumptions were likewise made with regard to the overall future market size, the market share for all biosimilars, the market share specifically for FYB206, and price reductions. Initial CGU revenues in the form of milestone payments from a potential marketing partner are expected from 2028, with commercial market launch anticipated following originator patent expiry in 2029. The planning period ends in 2040, with no further extrapolations beyond this point. For this CGU, Group has applied an after-tax discount rate of 11.53%, likewise based upon the WACC using historical industry weightings, with a possible leverage of 9.9% and a market risk premium of 7%.

21. Financial assets

Reconciliation of book value

in EUR thousand	Investment participation FYB202 GmbH & Co. KG	Investment participation Bioeq AG	Loan to Bioeq AG	Total
Book value as of January 1, 2020	**20,625**	**0**	**0**	**20,625**
Additions	1			1
Disposals	0			0
Book value as of December 31, 2020	**20,626**	**0**	**0**	**20,626**
Book value as of January 1, 2021	**20,626**	**0**	**0**	**20,626**
Additions	2,989			2,989
Disposals	0			0
Book value as of December 31, 2021	**23,615**			**23,615**
Book value as of January 1, 2022	**23,615**			**23,615**
Additions from acquisitions		199,339	82,000	281,339
Additions	91,149	0	10,300	101,449
Disposals	-114,765	-12,932	0	-127,697
Book value as of December 31, 2022	**0**	**186,406**	**92,300**	**278,706**

Shareholdings in associated companies

During the reporting period, the Group ceased to be a limited partner and shareholder in FYB 202 GmbH & Co. KG, which was a Formycon associate until April 30, 2022. Before exiting the partnership, EUR 1,419 thousand was added to limited partner contributions and included in additions to the carried asset. The gain from the ensuing distribution of assets is recognized in period finance Income. Reference is further made to the other relevant explanatory notes. Details of these past financial assets arising from FYB 202 GmbH & Co. KG are as follows:

in EUR thousand	2022	2021	2020
Formycon share at year end	**0**	**24.90%**	**24.90%**
Non-current assets	0	97,063	71,025
Current assets	0	2,018	6,452
Non-current liabilities	0	0	0
Current liabilities		-4,241	-7,192
Equity (100%)		**94,840**	**70,285**
Formycon share of equity (24.9%)		**23,615**	**17,501**
Period net income (100% from January 1 until April 30, 2022)		6	3
Formycon share of period net income (January 1 until April 30, 2022)	**0**	**1**	**1**

Shareholdings in jointly controlled companies

As a component of the transaction described in the above Note 8 ("Acquisition of Subsidiaries"), the Group became a 50% shareholder and co-owner of Bioeq AG (Zug, Switzerland), which is jointly controlled by Formycon. For details of the valuation at the time of acquisition, reference is made to the explanation in Note 8. The relevant financial details for Bioeq AG subsequent to the transaction may be found in the following table; in this presentation, adjustments to fair value at the time of acquisition as described in Note 8 have already been taken into account.

in EUR thousand	2022
Formycon share at year end	**50%**
Non-current assets	151,794
Current assets	39,376
Non-current liabilities	-185,475
Current liabilities	-23,135
Equity (100%)	**-17,440**
Formycon share of equity (50%)	**-8,720**
"Hidden reserves revealed during initial recognition less accumulated depreciation"	195,318
Tax effect thereof	-29,304
Implicit goodwill	29,113
Book value as of December 31, 2022	**186,406**
Revenue	15,412
Operating income (EBIT)	-24,670
Period net income (100% from May 1 until December 31, 2022)	-25,864
Formycon share of period net income (May 1 - December 31, 2022)	**-12,932**

Loans to jointly controlled companies

Together with the acquisition of the shares in Bioeq AG, the Group acquired a loan receivable from Bioeq AG in the amount of EUR 82,000 thousand. By the end of the period on December 31, 2022, the loan had been increased by a further EUR 10,000 thousand to EUR 92,000 thousand within the contractual loan framework amount of EUR 99,000 thousand through a further loan drawdown. An addition, EUR 300 thousand attributable to the loan was recorded as interest income. The interest rate of the loan is based upon the official circulars published by the Swiss tax authorities for permissible interest rates on cross-border loans with affiliated companies and was approx. 1% during the fiscal year. The loan bears interest at the interest rate published by the Swiss Federal Tax Administration (SETA) in its annually renewed circular on tax-recognized interest rates for advances or loans in foreign currency.

22. Equity

Changes to equity during the reporting period are presented in the Consolidated Statement of Changes in Equity.

Number of shares outstanding

The Company has registered capital (*Grundkapital*) of EUR 15,128,775.00, which is divided into 15,128,775 bearer shares without par value.

Authorized Capital 2019

By resolution of the Annual General Meeting of June 27, 2019, the Management Board is authorized, subject to the approval of the Supervisory Board, to increase the Company's registered capital one or more times at any time until June 26, 2024, and by no more than a total of EUR 4,000,000, through the issuance of up to 4,000,000 new no-par-value common bearer shares, against contributions in cash and/or in kind (the "Approved Capital 2019"). The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Company's shareholders shall, in general, be granted subscription rights. The shares may, however, also be assumed by one or more banks subject to the obligation that they offer these to the Company's shareholders for subscription (indirect subscription rights). Notwithstanding the foregoing, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the general statutory subscription rights of shareholders in the following specific cases:

- For the exclusion of fractional shares from subscription rights.
- In the case that the capital increase is made against cash contributions and the issue price of the new shares is not significantly lower than the stock exchange price and the new shares issued under exclusion of subscription rights do not exceed 10% of the share capital, either at the time this authorization takes effect or at the time this authorization is exercised, whereby this 10% limit is to be calculated based on the proportion of share capital attributable to new shares issued, or repurchased treasury shares sold, subsequent to December 10, 2020 under a simplified exclusion of subscription rights pursuant to or in accordance with section 186(3) sentence 4 of the German Stock Corporation Act, as well as calculated based on the proportion of share capital relating to stock options and/or conversion

rights or obligations arising from bonds issued subsequent to December 10, 2020, likewise in accordance with section 186(3) sentence 4 of the Stock Corporation Act.

- In the case of capital increases against non-cash contributions for the granting of shares for the purchase of companies, parts of companies, or equity interests in companies (including increases of existing equity investments), or in satisfaction of financial obligations of the Company.

The Management Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such capital increase from Approved Capital 2019. The Supervisory Board is further authorized to amend the Company's articles of Incorporation (*Satzung*) to reflect the increase in registered capital and corresponding decrease in Approved Capital 2019 in the event of any such full or partial utilization of the Approved Capital 2019, or in the event of its expiry.

This action was entered into the Company's commercial register on October 22, 2020.

With Increase in the Company's registered capital increased by EUR 4,000,000.00 through the issue of 4,000,000 new shares during fiscal year 2022, the Approved Capital 2019 has now been fully utilized.

Authorized Capital 2022

By resolution of the Annual General Meeting of June 30, 2022, the Management Board is authorized, subject to the approval of the Supervisory Board, to increase the Company's registered capital one or more times at any time until June 29, 2027, and by no more than a total of EUR 7,532,375.00, through the issuance of up to 7,532,375 new no-par-value common bearer shares, against contributions in cash and/or in kind (the "Approved Capital 2022"). The Company's shareholders shall, in general, be granted subscription rights (which may also be by way of indirect subscription rights pursuant to section 186(5) sentence 1 of the Stock Corporation Act). Notwithstanding the foregoing, the Management Board shall be authorized, subject to the approval of the Supervisory Board, to fully or partly exclude the general statutory subscription rights of shareholders in the following specific cases:

- For the exclusion of fractional shares from subscription rights.
- In the case of capital increases against non-cash contributions for the issuance and granting of shares as consideration for the purchase of companies, parts of companies, equity interests in companies, or other assets or rights.
- In the case of capital increases made against cash contributions, provided that the issuance price of the new shares is not significantly lower than the stock exchange price at the time that the issuance price is determined and that the new shares issued under exclusion of subscription rights pursuant to section 186(3) sentence 4 of the Stock Corporation Act do not exceed 10% of the Company's share capital, either at the time of entry into effect or at the time of exercise. The calculation of this 10% limit shall include (a) any shares which are issued or sold during the term of this authorization under an exclusion of subscription rights through the direct application of, and in accordance with, section 186(3) sentence 4 of the Stock Corporation Act, and/or (b) any shares issued, or which may be issued, to fulfill the Company's obligations arising from the exercise of warrants and/or conversion rights, or other stock option rights or obligations, arising from bonds or profit participation rights, provided that these financial instruments have been issued subsequent to the entry into force of this authorization and under exclusion of subscription rights pursuant to section 186(3) sentence 4 of the Stock Corporation Act.
- In the case of capital increases made against cash contributions, insofar as necessary to grant sufficient shares to holders of bonds or profit participation rights with warrants and/or conversion rights, or involving other stock option rights or obligations, and issued by the Company or by a direct or indirect subsidiary thereof, to the extent that they would be entitled as shareholders upon exercise of the relevant option or conversion right or fulfillment of option or conversion obligation, or following any right to substitute which the Company may have.
- For the granting of shares issued in lieu of cash dividends (scrip dividends), whereby shareholders are offered the option of contributing their dividend entitlement (in whole or in part) to the Company as a contribution in kind against the granting of new shares from approved capital.

The Management Board is authorized, subject to the approval of the Supervisory Board, to determine further details regarding the specific implementation of any such capital increase and issuance of new shares, including the issuance price, as well as regarding the rights of shareholders thereunder. The Supervisory Board is further authorized to amend the Company's Articles of Incorporation to reflect any such increase in registered capital and corresponding decrease in Approved Capital 2022 in the event of any such full or partial utilization of the Approved Capital 2022 or in the event of its expiry.

Conditional Capital 2019

By resolution of the Annual General Meeting of June 30, 2022, the Conditional Capital 2019 was revoked.

Conditional Capital 2022

By resolution of the Annual General Meeting of June 30, 2022, the Company's registered capital has been conditionally increased by a maximum of EUR 6,497,125.00 (the "Conditional Capital 2022").

This conditional capital increase shall serve for the granting of shares to holders of convertible bonds and/or bonds with attached warrants issued by the Company, or by a group company within the meaning of section 18 of the Stock Corporation Act, on the basis of the corresponding authorization resolved by the Annual General Meeting on June 30, 2022 and at anytime until June 29, 2027, which become due upon the exercise of bondholder conversion and/or option rights, or upon fulfillment of conversion or subscription obligations, or upon the exercise by the Company of its optional rights to redeem bonds, in whole or in part, through the granting of Company shares in lieu of cash. The conversion or option exercise price at which the new shares are issued shall be determined in accordance with the authorizing shareholder resolution. Capital Increases under the Conditional Capital 2022 shall be carried out only to the extent necessary for the exercise of conversion or option rights, or for the fulfillment by creditors or bondholders of conversion or subscription obligations, or for the exercise by the Company of its optional rights to redeem bonds, in whole or in part, through the granting of new Company shares to holders of convertible bonds and/or bonds with attached warrants as consideration due and only insofar as such consideration due is not granted in the form of cash or existing treasury shares, or as shares of another listed company as substitute consideration. Although newly issued shares should, in principle, participate in profits from the beginning of the fiscal year during which they are issued, any shares newly issued on the basis of a bond conversion or warrant exercise declared prior to the annual general meeting of the Company in which a resolution is passed regarding the application of retained profits from the prior fiscal year shall also be entitled to participate in any dividends declared for the prior fiscal year. To the extent legally permissible, the Board of Management may, with the approval of the Supervisory Board, determine the profit participation of such newly issued shares in deviation from section 60(2) of the Stock Corporation Act. The Management Board is authorized, subject to the approval of the Supervisory Board, to determine further details regarding the specific implementation of any capital increases hereunder.

Number of subscription rights per section 192 (2) no. 3 of the Stock Corporation Act

Conditional Capital 2015

The Company's registered capital has been conditionally increased by a maximum of EUR 376,000 for the issuance of a maximum of 376,000 new no-par-value bearer shares (the "Conditional Capital 2015"). The Conditional Capital 2015 serves exclusively to secure subscription rights (stock options) granted to members of the Management Board and Company employees, as well as executives and employees of Company subsidiaries and associated companies, under the authority granted by resolution of the Annual General Meeting of June 30, 2015 to issue such stock options at any time up to and Including June 29, 2020 (the "Stock Option Plan 2015"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Management Board is authorized, subject to approval of the Supervisory Board, to determine fur-they details regarding the specific implementation of any such contingent capital Increase. In the case of such subscription rights (stock options) being granted to Management Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of in-corporation to reflect such utilization of conditional capital.

As of the period closing date, a total of 217,225 stock options remained issued under the Conditional Capital 2015 and not either expired or exercised.

Conditional Capital 2020

The Company's registered capital has been conditionally increased by a maximum of EUR 724,000 for the issuance of a maximum of 724,000 new no-par-value bearer shares (the "Conditional Capital 2020"). The Conditional Capital 2020 serves exclusively to secure subscription rights (stock options) granted to members of the Management Board and Company employees, as well as executives and employees of Company subsidiaries and associated companies, under the authority granted by resolution of the Annual General Meeting of December 10, 2020 to issue such stock options at any time up to and including December 9, 2025 (the "Stock Option Plan 2020"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their

issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Management Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital Increase. In the case of such subscription rights (stock options) being granted to Management Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

As of the period closing date, a total of 204,000 stock options were issued thereunder and not either expired or exercised.

23. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management regularly monitors liquidity and the equity ratio in order to ensure their adequacy. During the fiscal year, a significant long-term debt position was created for the first time arising from the business combination transaction described in Note 8 ("Acquisition of subsidiaries") and the associated financing by key shareholders. This financing arrangement serves to facilitate the Group's medium-term to long-term strategy and to enable Formycon to continue its development projects independently without necessarily having to rely on the support of external partners. At the same time, the equity ratio has fallen significantly as a result of the new long-term debt, although it should be recognized here that this long-term debt is provided exclusively by Formycon shareholders.

in EUR thousand	2022	2021	2020
Equity	356,580	55,891	66,895
Non-current liabilities	446,451	4,406	5,901
Current liabilities	50,666	10,418	7,781
Liabilities and equity	**853,697**	**70,715**	**80,577**
Equity ratio	**41.8%**	**79.0%**	**83.0%**

24. Other current liabilities

As of the reporting date, other current liabilities consisted of the following items:

The shareholder loan account includes loan repayments along with accrued interest. The loan was granted to the Group by key shareholders (or affiliates thereof) to facilitate the strategic transaction. The loan is a revolving credit line in the amount of EUR 68,000 thousand with a term of 24 months from the first drawdown. Interest is charged on drawdowns at a rate of 6%, which can be repaid at any time. Interest due is payable at the end of each calendar quarter. As of the reporting date, EUR 40,000 thousand of this credit line was drawn by the Group and outstanding.

in EUR thousand	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Jan 1, 2020
Shareholder loan	20,790	-	-	-
Current portion of conditional purchase price	14,935	-	-	-
Staff-related liabilities	1,293	1,194	1,167	950
Taxes	465	265	100	-4
Miscellaneous	833	476	269	254
Total	**38,315**	**1,935**	**1,536**	**1,200**

25. Other non-current liabilities

Other non-current liabilities include the conditional purchase price payments relating to the acquisition of subsidiaries, as described in the above Note 8 ("Acquisition of subsidiaries"), in the amount of EUR 299,339 thousand (prior year: EUR 0 thousand) along with the non-current portion of shareholder loans in the amount of EUR 20,000 thousand.

26. Financial instruments

Valuation

The Group generally classifies all financial assets and liabilities as financial instruments measured at amortized cost. The sole exception to this is the conditional portion of the purchase price under the ATHOS transaction during the fiscal year as partial consideration for the acquisition of the shareholdings in FYB202 Project GmbH and Bioeq AG (see preceding Notes 24 and 25), which are measured at fair value. For all other financial assets and liabilities, book value is an adequate approximation of fair value, and thus there is no there is no separate estimate of fair value.

These contingent purchase price payments are measured at fair value based on level 3 input factors under the fair value hierarchy (see Note 4 "Use of judgements and estimates" as well as Note 6 "Accounting and valuation methods"). At the time of the business combination transaction, the contingent purchase price payments were originally valued at EUR 291,502 thousand but at a fair value of EUR 314,274 thousand as of the reporting date. The difference of EUR 22,772 thousand has been included in finance income/expense.

The valuation model is based upon the expected cash flows discounted at risk-adjusted rates depending upon the respective future payment dates. As of the reporting date, the discount rates ranged from 11.35% to 11.53% in the case of the conditional purchase price payments for FYB202 Project GmbH and from 11.14% to 11.27% in the case of the conditional purchase price payments for Bioeq AG. In both cases, the estimated fair value would increase if the expected cash flows occurred earlier or if the risk-adjusted discount rates were lower. A 1% decrease (increase) in the discount rate would result in an increase (decrease) in the fair value of EUR 16,660 thousand for FYB202 Project GmbH and EUR 15,272 thousand for Bioeq AG, which would have to be recognized as profit or loss.

Risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Foreign currency risk

Risk management framework

The Management Board of Formycon AG has overall responsible for the establishment and oversight of the Group's risk management framework. Toward this end, the Management Board has appointed staff members responsible for managing and further developing the Group's risk management policies. These staff members report regularly to the Management Board on their activities. The risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In the case of Formycon, credit risk arises principally from receivables as well as from the Group's holdings in cash and cash equivalents. The carrying amounts of financial assets and contract assets represent the maximum potential credit exposure.

In determining whether the credit risk of a financial asset has increased significantly since its initial recognition and in estimating expected credit losses, the Group considers information that is available without undue cost or effort. This Includes both quantitative and qualitative information and analysis based on the Group's historical experience as well as published external credit ratings, which also incorporate forward-looking Information.

During the fiscal year as in the prior year, no impairment losses on financial assets were recognized because the total calculated ECL amount was immaterial (see also Note 6 "Accounting and valuation methods").

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The remaining contractual maturities of financial liabilities as of the reporting date are shown below. The amounts are gross and undiscounted and include contractual interest payments but not the impact of netting agreements.

The following overview presents the expected cash flows from the contingent purchase price payment.

Contractual remaining terms of financial liabilities

in EUR thousand	due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total	Book value
as of December 31, 2022								
Lease obligations	989	1010	943	895	829	4,136	**8,802**	**8,519**
Shareholder loan	20,790	20,000					**40,790**	**40,790**
Conditional purchase price payments	15,749	53,692	60,125	61,891	46,972	404,930	**643,359**	**299,339**
as of December 31, 2021								
Lease obligations	891	840	752	696	657	1,474	**5,311**	**5,283**
as of December 31, 2020								
Lease obligations	1,001	840	789	695	630	2,094	**6,050**	**5,965**
as of January 1, 2020								
Lease obligations	**857**	**818**	**658**	**621**	**534**	**1,908**	**5,396**	**5,337**

Foreign currency risk

To the extent that there is a mismatch between the currencies in which purchase and credit transactions are denominated and the functional currency of the relevant consolidated company, the Group is exposed to transactional foreign currency risk. The functional currency of consolidated companies is, in all cases, the euro (EUR). The transactions from which such foreign currency risk may arise are primarily denominated in U.S. dollars (USD), British pounds (GBP) and Swiss francs (CHF), as well as to a small extent Japanese yen (JPY). In addition, the Group holds bank accounts denominated in USD. As of the reporting date, the net foreign currency risk reflected in Group's balance sheet (for each of the currencies, in thousands) was as follows: A possible strengthening (weakening) of the Euro, U.S. Dollar, British Pound, Swiss Franc or Japanese Yen relative to the other currencies would, as of December 31, have influenced the valuation of financial instruments denominated in foreign currencies and would have affected equity account and profit or loss account according. The analysis assumes that all other influencing factors, especially interest rates, remain unchanged. A 10% change in the USD/EUR exchange rate would result in a gain/ loss of EUR 37 thousand (2021: EUR 79 thousand, 2020: EUR 99 thousand), while a 10% change in the CHF/EUR exchange rate would result in a gain/loss of EUR 20 thousand (2021: EUR 92 thousand, 2020: EUR 127 thousand).

in … thousand	USD	GBP	CHF	JPY
as of December 31, 2022				
Bank accounts	365	0	0	0
Trade payables	761	51	194	254
Net risk exposure	396	51	194	254
as of December 31, 2021				
Bank accounts	396	0	0	0
Trade payables	1,284	244	951	0
Net risk exposure	888	244	951	0
as of December 31, 2020				
Bank accounts	10	0	0	0
Trade payables	1,227	45	1,373	0
Net risk exposure	1,217	45	1,373	0
as of January 1, 2020				
Bank accounts				
Trade payables	385	4	784	0
Net risk exposure	385	4	784	0

27. Leases

Group enters into lease contracts solely as a lessee. These contracts include the Group's leased head offices in Martinsried/Planegg on the outskirts of Munich, leased property, plant and equipment primarily for laboratory purposes, and leased vehicles for certain staff members. For information about the capitalization of right-of-use assets, see Note 19 "Property, plant and equipment (PP&E) and right-of-use (ROU) assets".

Interest expenses of EUR 69 thousand (2021: EUR 22 thousand, 2020: EUR 27 thousand) were incurred during the fiscal year and recognized in the income statement. In addition, administrative expenses during the fiscal year included lease payments for low-value assets not recognized as right-of-use assets with

corresponding lease liabilities in the amount of EUR 66 thousand (2021: EUR 46 thousand, 2020: EUR 17 thousand).

The following table provides an overview of the maturities of the Group's lease liabilities:

in EUR thousand	due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
as of December 31, 2022							
Current lease obligations	925						**925**
Non-current lease obligations		1,050	986	935	864	3,759	**7,594**
as of December 31, 2021							
Current lease obligations	877						**877**
Non-current lease obligations		832	748	694	657	1,475	**4,406**
as of December 31, 2020							
Current lease obligations	984						**984**
Non-current lease obligations		830	785	694	630	2,042	**4,981**
as of January 1, 2020							
Current lease obligations	830						**830**
Non-current lease obligations		800	648	617	533	1,908	**4,507**

28. Transactions with related parties

Key management personnel and members of Supervisory Board

The Group's key management personnel are the members of the Management Board of Formycon AG.

During the fiscal year, remuneration to members of the Supervisory Board was EUR 96 thousand (2021: EUR 83 thousand, 2020: EUR 127 thousand).

Beyond regular remuneration, there were no transactions with any member of the Management Board or Supervisory Board during the reporting period or prior-year period.

Remuneration to Management Board members

in EUR thousand	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Short-term employee benefits	1,363	1,342	1,427
Post-employment benefits	625		
Stock options granted	604	36	257
Total	**2,592**	**1,378**	**1,684**

Administrative expenses

in EUR thousand	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Short-term employee benefits	1,363	1,342	1,427
Post-employment benefits	625		
Stock option expense	89	380	487
Total	**2,077**	**1,722**	**1,914**

Related companies

Prior to the completion of the transaction explained under Note 8 "Acquisition of subsidiaries", the Group was already working together with FYB202 Project GmbH, a 100% subsidiary of Formycon associate FYB202 GmbH & Co. KG. During the first part of the fiscal year until April 30, 2022, the Group generated revenue of EUR 2,576 thousand (2021: EUR 10,348 thousand, 2020: EUR 4,236 thousand) through the offsetting sale of its development services.

Following the acquisition of 26.44% of the shares of Formycon AG on May 1, 2022, ATHOS Group companies became recognized as related companies. Klinge Biopharma GmbH, as the development partner of the FYB203 project, likewise became a related company with effect from May 1, 2022.

Also with effect from May 1, 2022, the Formycon became a shareholder in Bioeq AG, the development partner for the FYB201 project, which from this date became a jointly controlled company. For the remainder of the reporting period starting from May 1, 2022, sales revenue of EUR 30,497 thousand with related companies

was recognized, of which EUR 7,211 thousand was with jointly controlled Bleed AG. In terms of the closing balance sheet, EUR 7,808 thousand is recognized under trade receivables. There is also a loan receivable from Bioeq AG in the amount of EUR 92,300 thousand including accrued interest.

In addition to the sales revenue and trade receivables resulting from these development partnerships, the Group has also received loans from key shareholders (see Notes 24 and 25). Formycon also has liabilities relating to conditional purchase price payments to ATHOS Group companies resulting from the business combination transaction. As of the reporting date, the amount of this recorded liability was EUR 311,181 thousand, while expenses during the fiscal year included EUR 19,679 thousand arising from the fair value measurement of these obligations.

There were no other transactions with related persons or companies during the reporting period.

29. Other information

Number of employees

	2022	2021	2020
Research & development	137	117	89
Business operations	8	4	0
General & administrative	16	16	12
Total	**161**	**137**	**101**

The expense recognized as an expense for defined contribution plans amounted to EUR 1,300 thousand (2021: EUR 950 thousand, 2020: EUR 650 thousand).

Remuneration

During the fiscal year, the members of the Supervisory Board received total remuneration of EUR 96 thousand (2021: EUR 83 thousand, 2020: EUR 127 thousand), while total remuneration to members of the Management Board, within the meaning of section 285 no. 9 HGB (as defined above), was EUR 2,592 thousand (2021: EUR 1,378 thousand, 2020: EUR 1,684 thousand, of which EUR 846 thousand (2021: EUR 461 thousand, 2020: EUR 638 thousand) was success-based, and including 95,000 stock options with a current fair value of EUR 604 thousand (2021: EUR 36 thousand, 2020: EUR 257 thousand).

Personnel expenses according to the Total cost method

in EUR thousand	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Wages and salaries	9,599	11,748	9,341
Social security costs	1,653	1,879	1,341
Pension costs	140	144	136
Total	**11,393**	**13,770**	**10,817**

Consolidated financial statement auditor fees per section 314(1) no. 9 of the Commercial Code

in EUR thousand	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Audit services	389	95	82
Tax advisory and other services	0	8	4
Total	**389**	**103**	**86**

30. Events subsequent to end of reporting period

With the entry in the commercial register on February 3, 2023, the Company's share capital was increased by EUR 910,000.00 through a partial utilization of the Authorized Capital 2022. The shares were issued under an accelerated book building process permitting the exclusion of subscription rights for existing shareholders. The capital increase took place at an issue price of EUR 77.00 per share. Following this capital increase, the Company's share capital was EUR 16,038,775.00.

Martinsried/Planegg, Germany

April 25, 2023

Dr. Stefan Glombitza Dr. Andreas Seidl Nicola Mikulcik Enno Spillner

The following auditor's report, prepared in accordance with Section 322 HGB ["Handelsgesetzbuch": "German Commercial Code"], refers to the complete consolidated financial statements, comprising of the consolidated statement of financial position as of December 31, 2022, and the consolidated statement of profit or loss and OCI, the consolidated statement of changes in equity, the consolidated statement of cash flow, and notes to the consolidated financial statements, together with the combined management report of the Formycon AG for the financial year from January 1, 2022 to December 31, 2022. The combined management report is not included in this prospectus. The below-mentioned auditor‘s report and consolidated financial statements are both translations of the respective German-language documents.

Independent Auditor's Report

To Formycon AG, Planegg-Martinsried, Germany

Opinions

We have audited the consolidated financial statements of Formycon AG, Planegg-Martinsried, and its subsidiaries ("Group"), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statement of profit or loss and OCI, the consolidated statement of changes in equity and the consolidated statement of cash flows or the financial year from January 1, 2022 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the combined management report of the Company and the Group (the "combined management report") of Formycon AG for the business year from January 1 to December 31, 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects with IFRSs as adopted by the EU, and the additional requirements of German law pursuant to section 315e(1) HGB [*Handelsgesetzbuch*] and, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2022 and of its financial performance for the fiscal year from January 1 to December 31, 2022 in accordance with these requirements and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development.

Pursuant to section 322(3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and German Generally Accepted Standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW). Our responsibilities under those requirements and principles are further described in the section "Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Management Report" of our auditor's report. We are independent of the group entities in accordance with German commercial and professional law, and have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and on the combined management report.

Other Information

The Board of Management is responsible for the other information.

The other information comprises the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibility of the Board of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Board of Management is responsible for the preparation of consolidated financial statements that comply, in all material respect, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, give a true and fair view of assets, liabilities, financial position, an financial performance of the Group in compliance with these requirements.

In addition, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Management is further responsible for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error (i.e. manipulation of the accounting system or misstatement of assets).

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsible for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on a going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Furthermore, the Board of Management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriate presents the opportunities and risks of future development. In addition, the Board of Management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of the combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions made in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with German legal requirements and appropriately present the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and German Generally Accepted Standards for the Financial Statements Audit promulgated by the *Institut der Wirtschaftsprüfer* (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinion. Our conclusions are based on the the audit evidence obtained up to the date of our auditor's opinion. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Management as a basis for the prospective information, and evaluate the proper derivation of the prospective information and on the assumptions used as a basis. We do not express a separate opinion on the prospective information an on the assumptions used as a basis. There is a substantial unavoidable risk that future events could differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, April 26, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Hutzler
Wirtschaftsprüfer
[German Public Auditor]

Ratkovic
Wirtschaftsprüfer
[German Public Auditor]

2021 AUDITED CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH*))

Consolidated Balance Sheet

in EUR thousand	Dec 31, 2021	Dec 31, 2020
ASSETS		
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial property rights, and similar rights and assets, as well as licenses for such rights and assets	590	223
2. Goodwill	118	276
3. Advance payments	81	0
	789	**499**
II. Property, plant and equipment		
1. Land and buildings, including property-like rights and buildings on third-party land	107	152
2. Technical equipment and machinery	2,589	2,818
3. Other plant, production equipment and office equipment	587	530
4. Advance payments	60	0
	3,343	**3,501**
III. Financial assets		
1. Investment participations	23,661	20,673
	23,661	**20,673**
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	359	240
2. Unfinished products and services	1,118	755
3. Advance payments	378	241
	1,855	**1,235**
II. Receivables and other assets		
1. rade accounts receivable	7,747	6,894
2. Other assets	3,211	130
	10,958	**7,025**
III. Securities		
1. Other securities	150	238
	150	**238**
IV. Cash and cash equivalents	25,029	42,009
C. Prepaid expenses and deferred items	**238**	**138**
D. Deferred tax asset	**310**	**280**
	66,333	**75,598**

in EUR thousand	Dec 31, 2021	Dec 31, 2020
LIABILITIES AND EQUITY		
A. Equity		
I. Subscribed capital[(1)]	11,065	11,000
II. Capital reserve	78,436	76,989
III. Accumulated loss carryforward	-33,430	-19,954
	56,071	**68,035**
B. Provisions		
1. Tax provisions	0	0
2. Other provisions	4,296	2,147
	4,296	**2,147**
C. Liabilities		
1. Trade accounts payable	4,734	4,484
of which due within one year:		
EUR 4,734 thousand (prior year: EUR 4,484 thousand)		
2. Other liabilities	1,232	933
of which due within one year:		
EUR 860 thousand (prior year: EUR 535 thousand)		
of which due in more than one year:		
EUR 372 thousand (prior year: EUR 398 thousand)		
of which from taxes:		
EUR 404 thousand (prior year: EUR 165 thousand)		
of which relating to social security:		
EUR 42 thousand (prior year: EUR O thousand)		
	5,967	**5,416**
	66,333	**75,598**

(1) Conditional Capital 2020: EUR 724 thousand
Conditional Capital 2019: EUR 4,285 thousand
Conditional Capital 2015: EUR 311 thousand

Consolidated Income Statement

	in EUR thousand	Fiscal year 2021	Prior year
1.	**Sales revenue**	**36,965**	**34,227**
2.	Increase or decrease in inventories of finished and unfinished products	363	584
3.	Other operating income	4,722	410
	of which income attributable to foreign currency translation: EUR 36 thousand (prior year: EUR 65 thousand)		
4.	Cost of materials		
a.	Cost of raw materials, consumables and supplies	2,689	3,278
b.	Cost of purchased services	33,633	22,772
		36,321	**26,050**
5.	Staff expenses		
a.	Wages and salaries	10,974	8,555
b.	Social contributions and costs for retirement benefits and for support benefits	2,023	1,477
	of which for retirement benefits: EUR 144 thousand (prior year: EUR 136 thousand)		
		12,997	**10,032**
6.	Depreciation, amortization and writedowns of intangible assets and on property plant and equipment	943	915
7.	Other operating expenses	5,122	3,951
	of which expense arising from foreign currency translation: EUR 70 thousand (prior year: EUR 53 thousand)		
8.	Other interest and similar income	2	
9.	Writedowns of financial assets and of securities held in current assets	3	
10.	Interest and similar expense	166	106
11.	Taxes on income	-30	90
12.	**Income after tax**	**-13,470**	**-5,923**
13.	Other taxes	6	3
14.	**Annual net loss**	**-13,476**	**-5,926**
15.	Loss carryforward from prior year	19,954	14,028
16.	**Accumulated loss to balance sheet**	**-33,430**	**-19,954**

Notes

to the Consolidated Financial Statements for the fiscal year from January 1, 2021 to December 31, 2021

I General information about the Company

FORMYCON AG ("FORMYCON" or the "Company"), together with the subsidiary companies within its scope of consolidation (the "Group"), is a leading independent developer of high-quality biosimilar drugs, meaning follow-on products to biopharmaceuticals already on the market.

FORMYCON AG has its registered offices in Martinsried/Planegg, Germany, and is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HRB 200801. The Company's shares are listed in the Frankfurt Stock Exchange's Open Market "Scale" segment for small- to medium-sized companies (Deutsche Börse: Open Market, Scale, German securities identifier (WKN): A1EWVY, ticker symbol: FYB, ISIN: DEOO0A1EWVY8).

II General information about the content and structure of these Consolidated Financial Statements

The Consolidated Financial Statements and Unified Management Report for FORMYCON AG and FORMYCON Group, presented here in translation from the German original, have been prepared in accordance with the legal provisions of the Commercial Code as well as the applicable sections of the German Stock Corporation Act (*Aktiengesetz*, AktG).

Items in the Consolidated Balance Sheet and Consolidated Income Statement for which there is no reportable amount either in the current fiscal year or the prior year are omitted as provided under section 298(1) and section 265(8) of the German Commercial Code (*Handelsgesetzbuch*, HGB).

The Consolidated Financial Statements have been prepared in accordance with the principles of accounting and valuation prescribed for large corporations under the Commercial Code, in particular sections 297 and 298.

The Consolidated Balance Sheet uses the presentation structure required by section 298(1) and section 266(2) and (3) of the Commercial Code.

The Consolidated Income Statement retains the total expenditure format, as used in prior years. This format is appropriate to the Group's structure.

III Consolidation

Fiscal year and period of consolidation

These Consolidated Financial Statements have been prepared as of December 31, 2021, which is the balance sheet closing date for FORMYCON AG, the parent company.

These Consolidated Financial Statements are based upon the duly attested financial statements of the individual consolidated companies, the fiscal years of which likewise end on the same date.

Scope of consolidation

These Consolidated Financial Statements include, in addition to FORMYCON AG, two other companies in which FORMYCON AG has a direct or indirect controlling Interest. Further information about shareholdings may be found in these Notes to the Consolidated Financial Statements, within the relevant table in section VII ("Other Information").

Principles of consolidation

For subsidiaries which are fully consolidated into the Consolidated Financial Statements (per section 301 of the Commercial Code), capital is consolidated in accordance with the revaluation method, under which assets and liabilities are stated at their full present value and the acquired cost of the shareholding offset against the owned percentage share of the present value of the subsidiary's equity at the time of its acquisition. Should this difference be positive, i.e. an asset, it is carried as goodwill. Should this difference be negative, i.e. a liability, it is shown as an excess resulting from capital consolidation. Such items were not required.

Sales revenue, expenses and earnings, as well as receivables and liabilities, between fully consolidated companies are eliminated in accordance with section 303 and section 305 of the Commercial Code.

The elimination of intermediate results in accordance with section 304(2) of the Commercial Code was not necessary because the influence of intracompany sales of goods and services was of minimal importance for the presentation of a true and fair view of the Group's net assets, earnings and financial position.

In the procedures for consolidation, deferred tax items were taken into account in accordance with section 306 of the Commercial Code, with the resulting effect on reported net income, so long as the difference in tax expense is expected to be reversed in subsequent fiscal years.

IV Balance sheet presentation and valuation methods

Foreign currency translation

In preparing these Consolidated Financial Statements, there were no consolidated companies with accounts in other currencies.

The remaining term of liabilities, along with their collateralization through liens or similar rights, as well as their relationship to other balance sheet items, is shown in the **Consolidated Schedule of Liabilities** included as Attachment 3 to these Notes.

Derivatives

The Group did not hold any derivative financial instruments as of December 31, 2021.

Principles of balance sheet presentation and valuation

The Balance Sheet includes all assets, all liabilities and all prepaid and deferred items. Assets and liabilities are valued individually. The valuation of assets and liabilities takes all risks into account which are identifiable based on the principles of prudent business judgment.

Fixed assets

Purchased intangible assets are capitalized at the cost of acquisition and amortized based upon expected useful life.

No use has been made of the elective right under section 248(2) of the Commercial Code to capitalize self-produced intangible assets.

Goodwill derived from acquisitions is amortized on a linear pro rata basis over a business-customary useful life of ten years. The long useful life (extending until September 30, 2022) was chosen because this goodwill represents, among other factors, licensing opportunities over long periods.

Property, plant and equipment are valued at their cost of acquisition, less accumulated depreciation. The depreciation of all moveable assets is linear, with depreciation in the year of acquisition on a pro rate basis. In the event of any impairment in value which is expected to be permanent, the respective asset is written down to the lower fair value.

Financial assets are stated at their cost of acquisition, or should there be an impairment in value, regardless of whether it is expected to be permanent or temporary, written down to the lower fair value.

Current assets

Raw materials, consumables and supplies as well as purchased goods in **inventories** are valued at their average cost of acquisition, insofar as a write-down to a lower value as of the balance sheet closing date is not required. Finished and unfinished products are valued at their cost of production in accordance with section 255(2) sentence 2 of the Commercial Code.

Receivables and other assets are valued at the lower of nominal or fair value. In the case of doubtful receivables, bad debt allowances are made individually. There are no general provisions for bad debts.

Securities are stated at the lower of their cost of acquisition or fair (market) value as of the balance sheet closing date.

Cash and cash equivalents are stated at their nominal value.

Prepaid expenses and deferred items

Prepaid expenses and deferred items are posted in accordance with section 250 of the Commercial Code.

Deferred taxes

The calculation of **deferred taxes**, in accordance with section 274 of the Commercial Code, is based upon timing differences between balance sheet items as these are stipulated under the Commercial Code and under German tax law. The resulting cumulative deferred tax relief (deferred tax asset) and cumulative deferred tax burden (deferred tax liability) are determined on a net basis in accordance with section 274(1) sentence 3 of the Commercial Code. In addition, the deferred tax relief resulting from existing loss carryforwards has now been recognized. The income tax rate used to calculate deferred taxes is 26.7%, or in the case of investment participations in partnerships, 15.8%.

On this basis, the deferred tax amounts are calculated as follows:

	Difference in taxable amount in EUR thousand	Tax rate in %	Deferred taxes in EUR thousand
Valuation of participation in FYB 202 GmbH & Co. KG	20,645	15.8	3,267
Deferred tax asset from loss carryforward		26.7	3.581
Deferred tax assets to balance sheet			313
Deferred tax assets to balance sheet (rounded)			310
Prior year			280
Addition to deferred tax assets			30

Provisions

Tax provisions and **other provisions** take into account all uncertain obligations and all identifiable risks. These are stated at the amount required for their fulfillment using prudent business judgment, including future increases in prices and costs. Provisions due after more than one year are discounted from the time of their expected fulfillment at the average market interest rate over the past seven fiscal years.

Liabilities

Liabilities are stated at the amount required for their fulfillment.

V Additional notes to the Consolidated Balance Sheet

Fixed assets

A Consolidated Schedule of Fixed Assets, including depreciation and amortization taken in the current fiscal year, is provided in Attachment 1 to these Notes.

Receivables and other assets

The remaining term of receivables and other assets, and their relationship to other balance sheet items, is shown in the **Consolidated Schedule of Receivables** included as Attachment 2.

Equity

Changes to consolidated equity are presented in the **Consolidated Schedule of Changes in Equity** included as Attachment 6.

Information required per section 160 of the Stock Corporation Act

Number of shares outstanding

The Company has registered capital (*Grundkapital*) of EUR 11,064,000, which is divided into 11,064,750 bearer shares without par value.

Approved capital

By resolution of the Annual General Meeting of June 27, 2019, the Management Board is authorized, subject to the approval of the Supervisory Board, to increase the Company's registered capital one or more times at any time until June 26, 2024, and by no more than a total of EUR 4,000,000, through the issuance of up to 4,000,000 new no-par-value common bearer shares, against contributions in cash and/or in kind (the "Approved Capital 2019"). The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Company's shareholders shall, in general, be granted subscription rights. The shares may, however, also be assumed by one or more banks subject to the obligation that they offer these to the Company's shareholders for subscription (indirect subscription rights). Notwithstanding the foregoing, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the general statutory subscription rights of shareholders in the following specific cases:

- for fractional shares;
- in the case that the capital increase is made against cash contributions and the issue price of the new shares is not significantly lower than the stock exchange price and the new shares issued under exclusion of subscription rights do not exceed 10% of the share capital, either at the time this authorization takes effect or at the time this authorization is exercised, whereby this 10% limit is to be calculated based on the proportion of share capital attributable to new shares issued, or repurchased treasury shares sold, subsequent to December 10, 2020 under a simplified exclusion of subscription rights pursuant to or in accordance with section 186(3) sentence 4 of the German Stock Corporation Act, as well as calculated based on the proportion of share capital relating to stock options and/or conversion

rights or obligations arising from bonds issued subsequent to December 10, 2020, likewise in accordance with section 186(3) sentence 4 of the Stock Corporation Act; and

- in the case of capital increases against non-cash contributions for the granting of shares for the purchase of companies, parts of companies, or equity interests in companies (including increases of existing equity investments), or in satisfaction of financial obligations of the Company.

The Management Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such capital increase from Approved Capital 2019. The Supervisory Board is further authorized to amend the Company's articles of incorporation (*Satzung*) to reflect the increase in registered capital and corresponding decrease in Approved Capital 2019 in the event of any such full or partial utilization of the Approved Capital 2019, or in the event of its expiry.

This action was entered into the Company's commercial register on October 22,2020.

Number of subscription rights per section 192(2) no. 1 of the Stock Corporation Act

Conditional Capital 2019

The Company's registered capital has been conditionally increased by a maximum of EUR 4,284,740, divided into a maximum of 4,284,740 no-par-value bearer shares (the "Conditional Capital 2019"). This capital increase is conditional upon the exercise of warrants or conversion rights by the holders of convertible bonds and/or bonds with attached warrants issued under the authority granted to the Management Board by the resolution of the Annual General Meeting of June 27, 2019 and valid until June 26, 2024, or upon the triggering of obligations to issue shares arising from such warrants or convertible bonds. The newly issued shares shall participate in profits from the start of the fiscal year in which they arise due to such exercise, or due to the fulfillment of such obligations arising from such warrants or convertible bonds. The Management Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase.

The Supervisory Board is authorized to amend the Company's articles of incorporation to reflect the issuance of shares under these subscription rights, as well as to make other minor amendments thereto involving only wording. The same amendment authority applies if authorization to issue bonds with warrants or convertible bonds has not been utilized upon expiry of the authorization period or if the Conditional Capital 2019 has not been utilized upon the expiry of option or conversion rights and of the Company's conversion or option exercise obligations relating thereto

Number of subscription rights per section 192(2) no. 3 of the Stock Corporation Act

Conditional Capital 2015

The Company's registered capital has been conditionally increased by a maximum of EUR 376,000 for the issuance of a maximum of 376,000 new no-par-value bearer shares (the "Conditional Capital 2015"). The Conditional Capital 2015 serves exclusively to secure subscription rights (stock options) granted to members of the Management Board and Company employees, as well as executives and employees of Company subsidiaries and affiliates, under the authority granted by resolution of the Annual General Meeting of June 30, 2015 to issue such stock options at any time up to and including June 29, 2020 (the "Stock Option Plan 2015"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Management Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Management Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

During the fiscal year, 46,500 stock options were exercised under the agreed conditions on February 3,2021, and a further 18,250 on December 1, 2021. As of the balance sheet closing date, a total of 311,250 stock options were therefore outstanding and not either expired or exercised.

Conditional Capital 2020

The Company's registered capital has been conditionally increased by a maximum of EUR 724,000 for the issuance of a maximum of 724,000 new no-par-value bearer shares (the "Conditional Capital 2020"). The Conditional Capital 2020 serves exclusively to secure subscription rights (stock options) granted to members of the Management Board and Company employees, as well as executives and employees of Company subsidiaries and affiliates, under the authority granted by resolution of the Annual General Meeting of December

10, 2020 to issue such stock options at any time up to and including December 9, 2025 (the "Stock Option Plan 2020"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Management Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Management Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

As of the balance sheet closing date, a total of 49,000 stock options were issued thereunder and not either expired or exercised.

Provisions

Other provisions are substantially comprised of the following:

in EUR thousand	2021 Fiscal year	2020 Prior year
Unpaid invoices	2,863	777
Bonuses	908	981
Accrued vacation	217	181
Safekeeping obligations	147	136
Audit and advisory costs	80	61
Occupational cooperative and other social expenses	54	6
Miscellaneous staff provisions	28	5
Costs of litigation	0	0

Liabilities

The remaining term of liabilities, along with their collateralization through liens or similar rights and their relationship to other balance sheet items, is shown in the **Consolidated Schedule of Liabilities** included as Attachment 3 to these Notes.

Other financial obligations

The total amount of other financial obligations, within the meaning of section 314(2) no. 2a of the Commercial Code, results from contractual obligations for ongoing performance. For obligations up to one year, the total amount is EUR 951 thousand, for obligations between one and five years EUR 4,053 thousand, and for obligations beyond five years, EUR 0 thousand.

VI Additional notes to the Consolidated Income Statement

Sales revenue of EUR 36,965 thousand during the fiscal year was entirely attributable to development services.

Total research and development costs during the fiscal year were EUR 55,384 thousand.

VII Other information

Section 314(1) no. 4 of the Commercial Code requires the following information Number of staff regarding the average number of staff during the fiscal year:

Average number of staff	2021 Fiscal year
Administration	20
Research & development	140
Total company staff	**160**

Information on the Management Board and Supervisory Board

Information on members of the Management Board per section 285 no. 10 of the Commercial Code:

- Dr. Carsten Brockmeyer, residing in Marzling, CEO
- Dr. Nicolas Combe, residing in Munich, CFO
- Dr. Stefan Glombitza, residing in Holzkirchen, COO

Information on members of the Supervisory Board per section 285 no.10 of the Commercial Code:

- Dr. Olaf Stiller, residing in Marburg (Chairman)
  Member of the Management Board of Paedi Protect AG
- Peter Wendeln, residing in Oldenburg (stellvertretender Vorsitzender)
  Managing partner of Wendeln & Cie. Asset Management GmbH
- Klaus Röhrig, residing in Vienna (member)
  Founding partner and managing director, Active Ownership Capital S.à r.l.,
  Grevenmacher, Luxembourg

The following members of the Supervisory Board are members of other supervisory boards:

- Dr. Olaf Stiller — Member of supervisory board, BodenWert Immobilien AG Chairman of supervisory board, NanoRepro AG Member of supervisory board, BioTec CCI AG
- Klaus Röhrig — Member of board of directors, Agfa-Gevaert NV Chairman of supervisory board, Francotyp-Postalia Holding AG

Remuneration

During the fiscal year, the members of the Supervisory Board received total remuneration of EUR 83 thousand (prior year: EUR 127 thousand, while total remuneration to members of the Management Board, within the meaning of section 285 no. 9 of the Commercial Code, was EUR 1,378 thousand (prior year: EUR 1,684 thousand), of which EUR 461 thousand (prior year: EUR 638 thousand) was success-based, along with 22,500 stock options with a current fair value of EUR 36 thousand.

Information on shareholdings per section 313(2) no. 1-8 of the Commercial Code

The following subsidiary companies were included within these Consolidated Financial Statements in accordance with section 313(2) no. 1 of the Commercial Code:

	Share of capital in %	Equity in EUR thousand	Annual net income/loss in EUR thousand
FORMCON Project 201 GmbH Planegg/Martinsried	100	196	72
FORMCON Project 203 GmbH Planegg/Martinsried	100	-2,100	-121
FYB 202 GmbH & Co. KG Berlin	24.9	12.114	-26,054

Information on auditor fees per section 314(1) no. 9 of the Commercial Code

in EUR thousand	2021 Fiscal year	2020 Prior year
Audit services	95	82
Tax advisory and other services	8	4
Total	**103**	**86**

Number of subscription rights per section 192(2) no. 3 of the Stock Corporation Act

As of the balance sheet closing date, there were no subscription rights issued but not yet exercised.

Significant events subsequent to balance sheet closing date

There have been no events of material significance which occurred following the end of the financial year and are not reflected in the Consolidated Financial Statements.

With regard to the ongoing COVID-19 pandemic, FORM YCON has been able to adapt well to the prevailing situation by reacting promptly and by implementing appropriate measures to decentralize organizational

functions, so that the impact of the pandemic on the company's operational activities, particularly for development, has thus far been minimal.

On March 29, 2022, FORMYCON announced, by way of ad hoc announcement and press release, a significant transaction with ATHOS KG. Under the terms of the agreement, FORMYCON will reacquire full rights to FYB202, a candidate biosimilar to Stelara® (ustekinumab), and a 50% interest In FYB201, a candidate biosimilar to Lucenti's. (ranibizumab). Asa result of this transaction, FORMYCON will have a significantly higher share of future sales proceeds following anticipated market launch. The Company will be able to invest a major part of the cash inflows expected therefrom into the accelerated expansion of its drug development pipeline. The strategic intent thereby is to enable FOR MYCON'S future biosimilar candidates to be developed on an independent basis, thereby making a sustained contribution to the Company's value creation and continued growth. The transaction thus helps to put the necessary foundation in place to further expand FOR M YCON'S position as a global leader in the growing market for new biosimilar drugs. In addition, through the acquisition and integration of long-term partner Bioeq GmbH, FORMYCON will expand its in-house competencies in several areas which are critical to the development, approval and commercialization of biosimilars.

Assuming that regulatory approvals are obtained and that market launches or out-licensing deals of its biosimilar candidates proceed according to plan, FORMYCON anticipates EBITDA (calculated in accordance with the currently applicable accounting methods for financial reporting) in 2025 in the three-digit millions of euros. The transaction between FORMYCON and ATHOS was concluded at fair value conditions which were jointly determined and confirmed by an expert and based upon a FORMYCON valuation of EUR 83.41 per share. A part of the purchase price to ATHOS, valued at a total of approx. EUR 650 million, will be made in shares of FORMYCON AG Issued as a non-cash capital increase under the Company's existing approved capital (consisting of registered capital of EUR 4,000,000, or equivalently 4,000,000 shares). Shares issued under this non-cash capital increase will be limited to ATHOS and subsidiaries thereof. In addition, ATHOS is to receive a revenue share (earn-out component) in future sales which FORMYCON achieves with FYB201 and FYB202, which is expected to amount to future income for ATHOS in the mid three-digit million range. Upon completion of the transaction, ATHOS will become FORMYCON'S largest shareholder, with a total stake (including indirect holdings) of some 26.6% of the Company's share capital. An investor consortium consisting of ATHOS and investment company Active Ownership, which specializes in healthcare investments, will also provide an available credit line of up to EUR 50 million. The transaction is subject to customary closing conditions, including certain regulatory approvals, with completion expected in the first half of 2022.

Appropriation of profit or loss

The Management Board of FORMYCON AG proposes to carry forward the annual net loss to the next fiscal year.

Martinsried/Planegg, Germany

March 30, 2022

Dr. Carsten Brockmeyer Dr. Nicolas Combe Dr. Stefan Glombitza

Attachment 1

Consolidated Schedule of Fixed Assets

in EUR thousand	Changes in historical cost of acquisition					Changes in accumulated depreciation & amortization				Changes in net book value		
	Historical cost of acquisition or production at Dec 31, 2020	Additions	Rebookings	Historical cost of disposals	Historical cost of acquisition or production at Dec 31, 2021	Accumulated depreciation & amortization at Dec 31, 2020	Current-year depreciation & amortization	Depreciation & write-downs on disposals	Accumulated depreciation & amortization at Dec 31, 2021	Net book value at Dec 31, 2020	Net book value of disposals	Net book value at Dec 31, 2021
Intangible assets												
Concessions, commercial property rights, and similar rights and assets, as well as licenses for such rights and assets	671	546	-80	0	1,137	447	100	0	547	223	0	590
Goodwill	1,576	0	0	0	1,576	1,300	158	0	1,458	276	0	118
Advance payments	0		80	0	81	0	0	0	0	0	0	81
Property, plant and equipment												
Land and buildings, including property-like rights and buildings on third-party land	613	0	0	0	613	461	45	0	506	152	0	107
Technical equipment and machinery	5,780	477	-60	433	5,764	2,962	471	257	3,176	2,818	175	2,589
Other plant, production equipment and office equipment	1,548	227	0	27	1,748	1,018	170	27	1,161	530	0	587
Advanced payments and construction in progress	0	0	60	0	60	0	0	0	0	0	0	60
Financial assets												
Investment participations	20,673	2,988	0	0	23,661	0	0	0	0	20,673	0	23,661
Total	**30,862**	**4,239**	**0**	**459**	**34,641**	**6,188**	**943**	**284**	**6,848**	**24,673**	**175**	**27,793**

Attachment 2

Consolidated Schedule of Receivables

in EUR thousand	Dec 31, 2021
Trade accounts receivable	7,747
of which due in more than 1 year	
EUR 0 thousand (prior year: EUR 0 thousand)	
Other assets	3,211
of which due in more than 1 year	
EUR 0 thousand (prior year: EUR 0 thousand)	
Total	**10,958**
of which due in more than 1 year	
EUR 0 thousand (prior year: EUR 0 thousand)	

Attachment 3

Consolidated Schedule of Liabilities

in EUR thousand	Dec 31, 2021	of which due			of which pledged as security	Type and form of security
		within 1 year	in 1 - 5 years	in more than 5 years		
Trade accounts payable	4,734	4,734	0	0	0	
Prior year		*4,484*	*0*	*0*		
Other liabilities	1,232	860	372	0	372	Industry-customary conditional retention of title
Prior year		*398*	*553*	*0*		
Total	**5,967**	**5,594**	**372**	**0**	**372**	
Prior year		**4,882**	**553**	**0**		

Attachment 4

Consolidated Schedule of Changes in Equity

in EUR thousand	Subscribed capital	Capital reserves	Profit reserves	Loss carryforward	Consolidated annual net income (loss)	Consolidated equity
as of January 1, 2021	**11,000**	**76,989**	**0**	**-14,028**	**-5,926**	**68,035**
Capital increases and additions to capital reserves	65	1,447	0	0	0	1,512
Appropriation of prior-year profit	0	0	0	-5,926	5,926	0
Annual net income (loss)	0	0	0	0	-13,476	-13,476
as of December 31, 2021	**11,065**	**78,436**	**0**	**-19,954**	**-13,476**	**56,071**

Consolidated Statement of Cash Flows

	in EUR thousand	2021	2020	Change	in%
	Net income/loss	-13,476	-5,926	-7,550	127
+/–	Depreciation, amortization, writedowns (impairments) and write-ups of fixed assets	943	915	28	
+/–	Additions to/subtractions from provisions and reserves	2,149	269	1,880	-699
+/–	Other non-cash expenses/income	0	30	-30	-100
–/+	Gain/loss resulting from disposals of fixed assets	175	37	138	373
–/+	Changes to inventories and trade receivables, as well as other assets not included among investing and financing activities	-4,683	-2,483	-2,200	89
+/–	Changes to trade payables, as well as other liabilities not included among investing and financing activities	550	1950.000	-1,400	-72
+/–	Interest expense/interest income	164	104	60	58
=	**Cash flow from operating activities**	**-14,178**	**-5,104**	**-9,074**	**178**
–	Payments for investments in intangible assets	-547	-92	-455	495
–	Payments for investments in property, plant and equipment	-704	-558	-146	26
–	Payments for investments in financial assets	-2,988	0	-2,988	
+	Interest received		2		
=	**Cash flow from investing activities**	**-4,237**	**-648**	**-3,589**	**554**
+	Proceeds from shareholders for additions to equity	1,512	25,750	-24,238	-94
–	Interest paid	-166	-106	-60	57
=	**Cash flow from financing activities**	**1,346**	**25,644**	**-24,298**	**-95**
	Total changes in cash and liquid resources from cash flows	-17,069	19,893	-36,962	-186
+	Cash and liquid resources at the beginning of the period	42,247	22,354	19,893	89
=	**Cash and liquid resources at the end of the period***	**25,178**	**42,247**	**-17,069**	**-40**

* Cash and liquid resources includes cash and cash equivalents as well as short-term marketable securities available for sale.

Independent Auditor's Report

To Formycon AG

Audit opinions

We have examined the consolidated annual financial statements of Formycon AG (the "Company") and its subsidiaries (together the "Group"), consisting of the consolidated balance sheet as of December 31, 2021, and the consolidated income statement, consolidated schedule of changes in equity, consolidated statement of cash flows and group segment report for the fiscal year from January Ito December 31, 2021, along with the notes to the consolidated financial statements, including the presentation of the accounting policies employed. We have, in addition, examined the unified management report of the Group for the fiscal year from January 1 to December 31, 2021.

In our opinion, on the basis of the findings of our audit examination,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of the German Commercial Code (*Handelsgesetzbuch*, HGB) and provide a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2021, and of its financial performance for the fiscal year from January 1, to December 31, 2021, in accordance with German principles of proper accounting, and
- the accompanying unified management report as a whole provides an accurate picture of the Group's position, is consistent in all material respects with the consolidated financial statements, complies with German legal requirements, and suitably presents the opportunities and risks relating to future development.

Pursuant to section 322(3) sentence 1 of the Commercial Code, we declare that our audit examination has not led to any reservations relating to the compliance of the consolidated financial statements and unified management report with legal and accounting requirements.

Basis for our audit opinions

We conducted our audit examination of the consolidated financial statements and unified management report in accordance with section 317 of the Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer,* IDW). Our responsibilities under these legal requirements and standards are further described in the section of this audit report entitled "Responsibility of the auditor in its audit examination of the consolidated financial statements and unified management report". We are, in accordance with the requirements of the Commercial Code as well as German laws and regulations governing public accountants, independent of the subject group companies and have fulfilled our other professional duties as German public accountants in accordance with these requirements. We believe that the evidence we have obtained through our audit examination provides a sufficient and suitable basis for our audit opinions regarding the consolidated financial statements and unified management report.

Other information

The Company's legal representatives [members of the Management Board, per section 78 of the German Stock Corporation Act] are responsible for other information, including also statements and explanations provided to us prior to the date of this auditor's report pertaining to such other information in sections of the annual report other than the components of the annual financial statements and unified management report specifically audited by us, as well as this auditor's report and certain remaining final portions of this annual report expected to be made available to us after this date. In addition, such other information in the unified management report specifically includes statements on the Company's development projects (status, progress, forecast) and on its staffing policy.

Our audit opinions on the consolidated financial statements and unified management report do not extend to such other information, nor do we provide any other audit opinion or any other form of audit conclusion in respect thereof.

In connection with our audit, it is our responsible to read this other information and, in doing so, to assess whether the other information

- contains material inconsistencies with the annual financial statements, the unified management report or our knowledge obtained during the audit, or
- appears to contain other materially incorrect representations.

If, on the basis of the work we have carried out, we come to the conclusion that there has been a material misrepresentation of such other information, we are obliged to report this fact. In the present instance, we have nothing to report.

Responsibility of the Company's legal representatives and supervisory board for the consolidated financial statements and unified management report

The Company's legal representatives are responsible for the preparation of the consolidated financial statements and for ensuring that these comply, in all material respects, with the Commercial Code and provide a true and fair view of the assets, liabilities, financial position and financial performance of the Group in accordance with German principles of proper accounting. In addition, the legal representatives are responsible for such internal controls as they deem necessary, in accordance with German principles of proper accounting, to facilitate the preparation of consolidated financial statements that are free from material misstatement, whether intentional or unintentional.

In preparing the consolidated financial statements, the Company's legal representatives are responsible for assessing the Group's continued viable as a going concern, as well as for disclosing, as applicable, any information relevant to the Group's continuance as a going concern. They are, in addition, responsible for maintaining financial accounts on the basis of the going concern principle, unless contrary to law or factual circumstances.

Furthermore, the Company's legal representatives are responsible for the preparation of the unified management report which, as a whole, provides an accurate picture of the Group's position, is consistent in all material respects with the consolidated financial statements, complies with German legal requirements, and suitably presents the opportunities and risks relating to future development. The legal representatives are, in addition, responsible for such procedures and precautionary measures (systems) as they deem necessary to facilitate the preparation of the unified management report in accordance with the applicable German legal requirements, and to be able to provide appropriate and sufficient evidence for the assertions in the unified management report.

The Company's supervisory board is responsible for oversight of the accounting processes used by the Group in its preparation of the consolidated annual financial statements and unified management report.

Responsibility of the auditor in its audit examination of the consolidated financial statements and unified management report

The objective of our audit examination is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether intentional or unintentional, and as to whether the unified management report as a whole provides an accurate picture of the Group's position, is consistent in all material respects with the consolidated financial statements and the findings of our audit examination, complies with German legal requirements and suitably presents the opportunities and risks relating to future development, then to issue a report of our audit examination including our audit opinions regarding the consolidated financial statements and unified management report.

"Reasonable assurance" is a high level of assurance but is not a guarantee that an audit conducted in accordance with section 317 of the Commercial Code and with German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. Misstatements may arise through error or through intentional act and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the business decisions of users of this information taken on the basis of these consolidated financial statements and unified management report.

During our audit examination, we exercise due professional discretion and maintain a critical stance. Furthermore, we:

- identify and assess the risks of material misstatement, whether intentional or unintentional, in the consolidated financial statements and unified management report, plan and perform audit procedures responsive to such risks, and obtain audit evidence that is sufficient and appropriate to forma basis for our audit opinions. The risk of not detecting a material misstatement resulting from intentional act is higher than for one resulting from error, as intentional acts may involve fraudulent collusion, forgery of documents, intentional omissions, misrepresentations or the override of internal controls.
- gain an understanding of the internal control systems relevant to our audit examination of the consolidated financial statements, and of the Company's procedures and precautionary measures relevant to our audit examination of the unified management report, so that we are able to design audit methods appropriate to the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- assess the appropriateness of the accounting policies employed by the Company's legal representatives and the reasonableness of their accounting estimates and related disclosures.
- draw conclusions as to the suitability of the accounting policies employed by the legal representatives on the basis of the going concern principle and, on the basis of the audit evidence obtained, whether material uncertainty exists relating to events or circumstances which raise significant doubts regarding the Group's ability to continue as a going concern. If we conclude that such material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements and unified management report or, if these disclosures are inadequate, to modify our audit opinions accordingly. We draw our conclusions upon the basis of the audit evidence obtained up to the date of our audit opinion. Subsequent events or circumstances could, however, cause the Group to cease being able to continue as a going concern.
- assess the overall presentation, structure and content of the consolidated financial statements, including related disclosures, and determine whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements provide a true and fair view of the assets, liabilities, financial position and financial performance of the Group in accordance with German principles of proper accounting.
- obtain sufficient suitable audit evidence in support of the accounting information of the companies or business activities within the Group to form audit opinions on the consolidated financial statements and unified management report. We are responsible for the planning, supervision and execution of the audit examination of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- assess the consistency of the unified management report with the consolidated financial statements, its conformity with German law, and the picture it conveys of the Group's position.
- conduct audit examinations of forward-looking statements made by the Company's legal representatives in the unified management report. On the basis of sufficient and suitable audit evidence, we validate, in particular, the significant assumptions used by the Company's legal representatives as a basis for forward-looking statements and determine whether these assumptions provide a reasonable basis for the forward-looking statements. We do not express any audit opinion specific to such forward-looking statements or to the underlying assumptions. There is a substantial and unavoidable risk that actual future circumstances may differ substantially from such forward-looking statements.

In our discussions with those responsible for the supervision of the Company, we determine the planned scope and timeframe of the audit examination. We then report significant audit findings, specifically including any deficiencies in internal control systems identified during our audit examination.

Munich, April 14, 2022

PanTaxAudit GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Rudolf Schmitz	Kevin Lucien Schneider
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Accountant]	[German Public Accountant]

2023 AUDITED UNCONSOLIDATED FINANCIAL STATEMENTS
(PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (*HANDELSGESETZBUCH*))

Balance Sheet

in EUR thousand	Dec 31, 2023	Dec 31, 2022
ASSETS		
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial property rights, and similar rights and assets, as well as licenses for such rights and assets	871	628
2. Goodwill	0	0
3. Advance payments	0	111
	871	**739**
II. Property, plant and equipment		
1. Land and buildings, including property-like rights and buildings on third-party land	73	89
2. Technical equipment and machinery	2,988	2,289
3. Other plant, production equipment and office equipment	987	608
4. Advance payments	113	201
	4,161	**3,186**
III. Financial assets		
1. Shares in affiliated companies	463,533	419,532
2. Loans to affiliated companies	93,300	44,485
3. Investment participations	163,133	23,700
	719,966	**487,717**
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	467	497
2. Unfinished products and services	665	192
3. Advance payments	9,690	3,656
	10,822	**4,345**
II. Receivables and other assets		
1. Trade accounts receivable	22	4
2. Receivables from affiliated companies	17,357	7,218
3. Other assets	4,190	6,000
	21,568	**13,223**
III. Securities		
1. Other securities	0	0
	0	**0**
IV. Cash and cash equivalents		
	21,494	**4,040**
C. Prepaid expenses and deferred items	**546**	**237**
D. Deferred tax asset	**0**	**0**
	779,428	**513,487**

in EUR thousand	Dec 31, 2023	Dec 31, 2022
LIABILITIES AND EQUITY		
A. Equity		
I. Subscribed capital[1]	16,053	15,129
II. Capital reserve	479,338	409,774
III. Accumulated profit (loss) carryforward	-131,476	34,671
	363,915	**459,574**
B. Provisions		
1. Other provisions	376,587	6,414
of which due in more than one year: EUR 341,839 thousand (prior year: EUR 0 thousand)		
	376,587	**6,414**
C. Liabilities		
1. Trade accounts payable	7,827	2,638
of which due within one year: EUR 7,827 thousand (prior year: EUR 2,638 thousand)		
2. Liabilities toward affiliated companies	9,000	3,182
3. Other liabilities	22,099	41,679
of which due within one year: EUR 21,383 thousand (prior year: EUR 41,367 thousand)		
of which due in more than one year: EUR 716 thousand (prior year: EUR 312 thousand)		
of which from taxes: EUR 0 thousand (prior year: EUR 291 thousand)		
of which relating to social security: EUR 63 thousand (prior year: EUR 60 thousand)		
	38,926	**47,499**
	779,428	**513,487**

1 Conditional Capital 2020: EUR 0.00
Conditional Capital 2019: EUR 4,000,000.00
Conditional Capital 2015: EUR 232,975.00

Income Statement

in EUR thousand	Fiscal year 2023	Prior year
1. Sales revenue	37,917	28,257
2. Increase or decrease in inventories of finished and unfinished products	-473	142
3. Other operating income	3,461	6,231
of which income attributable to foreign currency translation: EUR 63 thousand (prior year: EUR 70 thousand)		
4. Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased goods	3,863	2,947
b) Cost of purchased services	31,882	27,334
	35,744	**30,281**
5. Staff expenses		
a) Wages and salaries	18,053	14,571
b) Social contributions and costs for retirement benefits and for support benefits	3,489	2,504
of which for retirement benefits: EUR 584 thousand (prior year: EUR 205 thousand)	*21,542*	*17,076*
6. Depreciation, amortization and writedowns of intangible assets and on property plant and equipment		
	974	**1,143**
7. Other operating expenses	14,596	9,194
of which expense arising from foreign currency translation: EUR 104 thousand (prior year: EUR 55 thousand)		
9. Income from investment participations	3,580	89,995
of which from affiliated companies EUR 0 thousand (prior year: EUR 0 thousand)		
10. Other interest and similar income	40,015	366
of which from affiliated companies EUR 206 thousand (prior year: EUR 64 thousand)		
11. Writedowns of financial assets and of securities held in current assets	177,015	0
12. Interest and similar expense	1,720	944
13. Taxes on income	-3	310
14. Income after tax	**-166,143**	**65,757**
15. Other taxes	5	2
16. Annual net income (loss)	**-166,147**	**65,755**
17. Loss (profit) carryforward from prior year	-34,671	31,084
18. Accumulated net income (loss) to balance sheet	**-131,476**	**34,671**

Notes

to the Financial Statements of Formycon AG for the period from January 1, 2023 to December 31, 2023

I. General information about the Company

Formycon AG ("Formycon" or the "Company"), together with the subsidiary companies within its scope of consolidation (the "Group"), is a leading independent developer of high-quality biosimilar drugs, meaning follow-on products to biopharmaceuticals already on the market.

Formycon AG has its registered offices in Martinsried/Planegg, Germany, and is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HRB 200801. The Company's shares are listed in the Frankfurt Stock Exchange's Open Market "Scale" segment for small- to medium-sized companies (Deutsche Börse: Open Market, Scale, German securities identifier (WKN): A1EWVY, ticker symbol: FYB, ISIN: DE000A1EWVY8).

II. General information about the content and structure of these Financial Statements

These Financial Statements, presented here in translation from the German original, have been prepared in accordance with sections 242 et seq. of the German Commercial Code (*Handelsgesetzbuch*, HGB) under observance of the supplementary provisions of sections 264 et seq. of the Commercial Code applicable to medium-sized corporations as well as sections 150 et seq. of the German Stock Corporation Act (*Aktiengesetz*).

The Company is a medium-sized corporation within the sense of sec. 267 of the Commercial Code and thus makes use of the simplified requirements depending upon company size as provided under sec. 266 para. 1, sec. 276 and sec. 288 of the Commercial Code.

The Income Statement has been prepared using the total cost method in accordance with sec. 275 para. 2 of the Commercial Code.

III. Balance sheet presentation and valuation methods

General

These Financial Statements have been prepared in accordance with sections 242 et seq. of the Commercial Code under observance of the supplementary provisions of sections 264 et seq. of the Commercial Code applicable to medium-sized corporations as well as sections 150 et seq. of the Stock Corporation Act. The Company is a medium-sized corporation within the sense of sec. 267 of the Commercial Code and thus makes use of the simplified requirements depending upon company size as provided under sec. 266 para. 1, sec. 276 and sec. 288 of the Commercial Code. The Income Statement has been prepared using the total expenditure format in accordance with sec. 275 para. 2 of the Commercial Code. Compared to the preceding fiscal year, the accounting and valuation methods applied to balance sheet and income statement items were changed as follows:

With effect from May 1, 2022, the Company acquired 100% of the shares in FYB202 Project GmbH (Berlin, Germany), 50% of the shares in Bioeq AG (Zug, Switzerland), and 100% of the shares in Bioeq GmbH (Holzkirchen, Germany), which is an operational development unit. In addition, the Company acquired from the seller, as part of the transaction, a loan receivable against Bioeq AG in the amount of EUR 82 million. The consideration paid for these assets consisted of 4 million treasury shares granted to the seller, in the context of a capital increase through full utilization of the Company's existing authorized capital, plus a share of the future earnings, the amount of which will depends upon the future financial performance of Bioeq AG and FYB202 Project GmbH. When determining the acquisition cost in the previous year, the contingent purchase price payments were not taken into account.

In preparing these Financial Statements as of December 31, 2023, the Company corrected the acquisition costs previously determined in fiscal year 2022 as follows: The acquisition costs were increased by the present value of the conditional purchase price payments, since the occurrence of the payment condition is probable and the total amount of the conditional purchase price payments can be reliably estimated. A provision was recognized in the amount of these contingent future obligations, with the present value calculated using the average market interest rate determined by the Deutsche Bundesbank over the past seven financial years. The correction was made to the Company's accounts in fiscal year. A reduction in the provision for contingent purchase price payments due to lower than originally expected contingent purchase than originally expected is offset against the acquisition costs with no effect on income.

If this accounting correction had already been carried out in the preceding fiscal year, the annual financial statements for the period from January 1 to December 31, 2022 – specifically the balance sheet items "Shares in affiliated companies", "Loans to affiliated Companies", "Investment participations" and "Other provisions", as well as the income statement items "Writedowns of financial assets" and "Other interest and similar income" – would have been changed as follows:

in EUR million	Dec. 31, 2022 (as reported, before correction)	Dec. 31, 2022 (hypothetical amount if correction had already been carried out in 2022)	Difference
Shares in affiliated companies	419.5	442.6	23.1
Loans to affiliated companies	44.4	94.2	49.8
Investment participations	23.7	136.6	112.9
Other provisions	6.4	594.0	587.6
Writedowns of financial assets	0.0	214.47	214.4
Other interest and similar income	0.0	8.0	8.0

The correction in the Company's accounts during fiscal year 2023 likewise resulted in differences in certain items in the Income Statement for the period from January 1 to December 31, 2023 compared to a tertrspective correction:

in EUR million	Dec. 31, 2023 (as reported, including correction during fiscal year)	Dec. 31, 2023 (hypothetical amount that would have been reported without correction during fiscal year 2023)	Difference
Writedowns of financial assets	177.0	-37.4	214.4
Other interest and similar income	40.0	32.0	8.0

As to the respective account items in the Schedule of Fixed Assets, these corrections were made during fiscal year 2023 as additions to asset accounts or additions for value adjustments. If these corrections had instead been made during fiscal year 2022, the items would have been as follows:

in EUR million	Additions (hypothetical amount if correction had already been carried out in 2022)	Additions for value adjustments (hypothetical amount if correction had already been carried out in 2022)	Additions (as reported, without correction)	Additions for value adjustments (as reported, without correction)
	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2022
Shares in affiliated companies	543.9	101.3	419.5	0.0
Loans to affiliated companies	82.0	0.0	42.5	0.0
Investment participations	233.2	96.6	23.7	0.0

Foreign currency translation

Assets and liabilities denominated in foreign currency are translated into euros at the average spot exchange rate on the day of their original posting. Changes in exchange rates between then and the balance sheet date are reflected by write-downs of assets or write-ups of liabilities only for amounts due in more than one year and only to the extent necessary so that valuation on the balance sheet date is without losses. Items due within a period of less than one year are translated at the average spot exchange rate as of the date of the financial statements. The resulting income or expense arising from currency translation is shown separately in the Income Statement under other operating income or expenses.

Derivatives

The Company did not hold any derivative financial instruments as of December 31, 2023.

Principles of balance sheet presentation and valuation

The Balance Sheet includes all assets, all liabilities and all prepaid and deferred items. Assets and liabilities are valued individually. The valuation of assets and liabilities takes all risks into account which are identifiable based on the principles of prudent business judgment.

Fixed assets

Intangible assets acquired for a consideration(including software and licenses) are capitalized at their cost of acquisition and amortized based upon expected useful life.

No use has been made of the elective right under sec. 248 para. 2 of the Commercial Code to capitalize self-produced intangible assets.

Goodwill derived from acquisitions is amortized on a linear pro rata basis over a business-customary useful life of ten years. The long useful life (extending until September 30, 2022) was chosen because this goodwill represents, among other factors, licensing opportunities over long periods.

Property, plant and equipment are valued at their cost of acquisition, less accumulated depreciation. Movable assets are depreciated on a straight-line basis pro rata temporis. In the event of permanent impairment, the respective asset is written down to the lower fair value.

Financial assets are stated at their cost of acquisition, or should there be an impairment in value, regardless of whether it is expected to be permanent or temporary, written down to the lower fair value.

With effect from May 1, 2022, Formycon AG announced the acquisition of the biosimilar assets FYB201 and FYB202 as well as of Bioeq GmbH1. This transaction specifically encompasses:

the complete takeover of the biosimilar candidate FYB202 (ustekinumab) through the acquisition of 100% of the shares of FYB202 Project GmbH, a Berlin-based company, and the acquisition of 50% of rights to biosimilar candidate FYB201 (ranibizumab) through the acquisition of 50% of the shares in Bioeq AG, based in Zug, Switzerland;

the acquisition of 100% of the shares in Bioeq GmbH, the operational development unit based in the town of Holzkirchen on the southern outskirts of Munich; and

a non-cash capital increase against contributions in kind to Formycon AG, making ATHOS KG the largest shareholder of Formycon AG with a total indirect shareholding of 26.6%.

At the time of closing, the valuation of the assets acquired under the transaction was approx. EUR 650 million, consisting of the following two components:

As a result of the related non-cash capital increase, the Company's share capital (Grundkapital) increased from EUR 11,064,750.00 to EUR 15,064,750.00, thereby fully utilizing the Company's existing authorized capital in the amount of EUR 4,000,000.00, through the issuance of 4,000,000 new bearer shares without par value but with an imputed nominal value of EUR 1.00 per share to the respective selling entities against contributions in kind. Based on a valuation of EUR 83.41 per Formycon share, jointly determined and confirmed by independent experts, the total value of this non-cash capital increase is approx. EUR 334 million. With the completion of the transaction, ATHOS is now the largest shareholder in Formycon AG with a total indirect shareholding of around 26.6% of Formycon's share capital. Of the total new shares issued, 55,000 shares are attributable to Bioeq GmbH, 670,000 to the 50% shareholding in Bioeq AG along with assumption of a shareholder loan in the nominal amount of EUR 82 million, which was also acquired by Formycon under the transaction, and the remaining 3,275,000 shares to FYB202 Project GmbH. The Company's share capital thus increased by a total of EUR 4,000,000.00. Based on a valuation of EUR 83.41 per share, EUR 329,640,000.00 was accordingly allocated to the capital reserve account.

In addition, ATHOS received a revenue share (earn-out component) in Formycon's future sales of FYB201 and FYB202, through which ATHOS is expected to earn a total participation estimated in the mid three-digit million range over an estimated period of 15 years. Under the terms of the transaction, Formycon has the option to satisfy the earn-out component at any time in advance, in full or in part. At the time of the capital contribution, the contributed loan receivable from Bioeq AG less the share of the earn-out component attributable thereto was valued at EUR 32.2 million. However, the loan receivable with a nominal value of EUR 82 million and related earn-out component in the amount of EUR 49.8 million were formed together into a "valuation unit" (offsetting positions per German statutory accounting), since each cash inflow from the loan receivable automatically results in a proportionate outflow for the repayment of the conditional purchase price. The two components were netted accordingly and are not shown separately in the balance sheet. The fair value of the netted position is zero.

Current assets

Raw materials, consumables and supplies as well as purchased goods in inventories are valued at their average cost of acquisition, insofar as a write-down to a lower value as of the balance sheet closing date is not

[1] Bioeq GmbH was legally renamed to "Clinical Research GmbH" with effect from Dec. 19, 2023.

required. Finished and unfinished products are valued at their cost of production in accordance with sec. 255 para. 2 sentence 2 of the Commercial Code.

Receivables and other assets are valued at the lower of nominal or fair value. In the case of doubtful receivables, bad debt allowances are made individually. There are no general provisions for bad debts.

Securities are stated at the lower of their cost of acquisition or fair (market) value as of the balance sheet closing date.

Cash and cash equivalents are stated at their nominal value.

Prepaid and deferred items

Prepaid and deferred items are recognized in accordance with sec. 250 of the Commercial Code.

Deferred taxes

The calculation of deferred taxes as of December 31, 2023, in accordance with sec. 274 of the Commercial Code, is based upon timing differences between balance sheet items as these are stipulated under the Commercial Code and under German tax law. The resulting cumulative deferred tax relief (deferred tax asset) and cumulative deferred tax burden (deferred tax liability) are determined on a net basis in accordance with sec. 274 para. 1 sentence 3 of the Commercial Code. The Company exercised its elective right under sec. 274 of the Commercial Code regarding the recognition of deferred tax assets and thus no deferred tax assets were recognized for fiscal year 2023.

Provisions

Tax provisions and other provisions take into account all uncertain obligations and all identifiable risks. These are recognized at the settlement amount using prudent business judgment, taking into account future increases in prices and costs. Provisions with a remaining term over one year are discounted from the time of their expected fulfillment at the average market interest rate of the past seven fiscal years.

Liabilities

Liabilities are recognized at the settlement amount.

Additional notes to the Balance Sheet

Fixed assets

A Schedule of Fixed Assets, including depreciation and amortization taken in the current fiscal year, is provided in Attachment 1 to these Notes.

Receivables and other assets

The remaining term of receivables and other assets, and their relationship to other balance sheet items, is shown in the Schedule of Receivables included as Attachment 2.

Equity

Changes to equity are presented in the Schedule of Changes in Equity included as Attachment 4.

Information required per sec. 160 of the Stock Corporation Act

Number of shares outstanding

The Company has share capital (*Grundkapital*) of EUR 16,053,025.00, which is divided into 16,053,025 bearer shares without par value.

By official entry into the Company's commercial register on February 3, 2023, the Company's share capital was increased by EUR 910,000.00 through a partial utilization of the Authorized Capital 2022. The shares were issued under an accelerated process permitting the exclusion of subscription rights for existing shareholders. The capital increase took place at an issuance price of EUR 77.00 per share.

Authorized Capital 2023

By resolution of the Annual General Meeting of July 25, 2023, the Management board is authorized, subject to the approval of the Supervisory Board, to increase the Company's share capital one or more times at any time until July 24, 2028, and by no more than a total of EUR 8,019,387.00, through the issuance of up to 8,019,387 new no-par-value common bearer shares, against contributions in cash and/or in kind (the "Authorized Capital 2023"). The Company's shareholders shall, in general, be granted subscription rights (which may also be by way of indirect subscription rights pursuant to sec. 186 para. 5 sentence 1 of the Stock Corporation Act). Notwithstanding the foregoing, the Management board shall be authorized, subject to the approval of the

Supervisory Board, to fully or partly exclude the general statutory subscription rights of shareholders in the following specific cases:

- For the exclusion of fractional shares from subscription rights.
- In the case of capital increases against non-cash contributions for the issuance and granting of shares as consideration for the purchase of companies, parts of companies, equity interests in companies, or other assets or rights.
- In the case of capital increases made against cash contributions, provided that the issuance price of the new shares is not significantly lower than the stock exchange price at the time that the issuance price is determined and that the new shares issued under exclusion of subscription rights pursuant to sec. 186 para. 3 sentence 4 of the Stock Corporation Act do not exceed 10% of the Company's share capital, either at the time of entry into effect or at the time of exercise. The calculation of this 10% limit shall include (a) any shares which are issued or sold during the term of this authorization under an exclusion of subscription rights through the direct application of, and in accordance with, sec. 186 para. 3 sentence 4 of the Stock Corporation Act, and (b) any shares issued, or which may be issued, to fulfill the Company's obligations arising from the exercise of warrants and/or conversion rights, or other stock option rights or obligations, arising from bonds or profit participation rights, provided that these financial instruments have been issued subsequent to the entry into force of this authorization and under exclusion of subscription rights pursuant to sec. 186 para. 3 sentence 4 of the Stock Corporation Act.
- In the case of capital increases made against cash contributions, insofar as necessary to grant sufficient shares to holders of bonds or profit participation rights with warrants and/or conversion rights, or involving other stock option rights or obligations, and issued by the Company or by a direct or indirect subsidiary thereof, to the extent that they would be entitled as shareholders upon exercise of the relevant option or conversion right or fulfillment of option or conversion obligation, or following any right to substitute which the Company may have.
- For the granting of shares issued in lieu of cash dividends (scrip dividends), whereby shareholders are offered the option of contributing their dividend entitlement (in whole or in part) to the Company as a contribution in kind against the granting of new shares from authorized capital.

The Management board is authorized, subject to the approval of the Supervisory Board, to determine further details regarding the specific implementation of any such capital increase and issuance of new shares, including the issuance price, as well as regarding the rights of shareholders thereunder. The Supervisory Board is further authorized to amend the Company's Articles of Incorporation to reflect any such increase in share capital and corresponding decrease in Authorized Capital 2023 in the event of any such full or partial utilization of the Authorized Capital 2023 or in the event of its expiry.

Number of subscription rights per sec. 192 para. 2 no. 1 of the Stock Corporation Act

Conditional Capital 2022

By resolution of the Annual General Meeting of June 30, 2022, the Company's share capital was conditionally increased by a maximum of EUR 6,497,125.00 (the "Conditional Capital 2022").

The conditional capital increase serves to grant no-par value bearer shares upon the exercise of conversion the exercise of conversion and/or option rights (or the fulfillment of corresponding conversion or option obligations) or to grant no-par value shares in the company in lieu of payment of the cash amount due, in whole or in part, to the bearer or creditors of convertible bonds or bonds with warrants issued by the company or a Group company within the meaning of Section 18 AktG until 29 June 2027 on the basis of the authorization granted by the Annual General Meeting on 30 June 2022.

The conversion or option exercise price at which the new shares are issued shall be determined in accordance with the authorizing shareholder resolution. Capital increases under the Conditional Capital 2022 shall be carried out only to the extent necessary for the exercise of conversion or option rights, or for the fulfillment by creditors or bondholders of conversion or subscription obligations, or for the exercise by the Company of its optional rights to redeem bonds, in full or in part, through the granting of new Company shares to holders of convertible bonds and/or bonds with attached warrants as consideration due and only insofar as such consideration due is not granted in the form of cash or existing treasury shares, or as shares of another listed company as substitute consideration. Although newly issued shares should, in principle, participate in profits from the beginning of the fiscal year during which they are issued, any shares newly issued on the basis of a bond conversion or warrant exercise declared prior to the annual general meeting of the Company in which a resolution is passed regarding the application of retained profits from the prior financial year shall also be entitled to participate in any dividends declared for the prior fiscal year. To the extent legally permissible, the Management board may, with the approval of the Supervisory Board, determine the profit participation of such newly

issued shares in deviation from sec. 60 para. 2 of the Stock Corporation Act. The Management board is authorized, subject to the approval of the Supervisory Board, to determine further details regarding the specific implementation of any capital increases hereunder.

Number of subscription rights per sec. 192 para. 2 no. 3 of the Stock Corporation Act

By resolution of the Annual General Meeting of June 30, 2015, the Company's share capital was conditionally increased by a maximum of EUR 376,000 for the issuance of a maximum of 376,000 new no-par-value bearer shares (the "Conditional Capital 2015"). The Conditional Capital 2015 serves exclusively to secure subscription rights (stock options) granted to members of the Management board and Company employees, as well as executives and employees of Company subsidiaries and affiliates, on the basis of authorization by resolution of the Annual General Meeting of June 30, 2015 to issue such stock options at any time up to and including June 29, 2020 (the "Stock Option Plan 2015"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Management board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Management board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

During the period, a total of 14,250 shares were subscribed under the Conditional Capital 2015.

Thus, as of the period closing date, a total of 202,975 stock options remained issued under the Conditional Capital 2015 and neither expired nor exercised.

Conditional Capital 2020

The Company's share capital was conditionally increased by a maximum of EUR 724,000 for the issuance of a maximum of 724,000 new no-par-value bearer shares (the "Conditional Capital 2020"). The Conditional Capital 2020 serves exclusively to secure subscription rights (stock options) granted to members of the Management board and Company employees, as well as executives and employees of Company subsidiaries and affiliates, under the authority granted by resolution of the Annual General Meeting of December 10, 2020 to issue such stock options at any time up to and including December 9, 2025 (the "Stock Option Plan 2020"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Management board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Management board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

During the period, a total of 28,000 shares were subscribed under the Conditional Capital 2020, and thus as of the period closing date, a total of 232,000 stock options remained issued under the Conditional Capital 2020 and neither expired nor exercised.

Provisions

Other provisions are substantially comprised of the following:

in EUR thousand	Dec. 31, 2023	Dec. 31,2022
Bonuses	1,429	901
Accrued Vacation	423	308
Safekeeping obligation	198	198
Unpaid invoices	3,369	4,493
Audit and advisory fees	406	425
Occupational cooperative and other social expense	72	83
Miscellaneous staff provisions	249	4
Earn Out FYB202	107,936	0
Earn Out Bioeq AG	262,505	0
Total	**376,587**	**6,414**

Liabilities

The remaining term of liabilities, along with their collateralization through liens or similar rights and their relationship to other balance sheet items, are shown in the Schedule of Liabilities included as Attachment 3 to these Notes.

Contingent liabilities

The Company has issued a letter of comfort (*Patronatserklärung*) in favor of its subsidiaries Formycon Project 201 GmbH and Formycon Project 203 GmbH. To the best of our knowledge, the respective companies will be able, in all cases, to fulfill their underlying obligations. Claims are thus not anticipated.

Other financial obligations

The total amount of other financial obligations, within the meaning of sec. 285 sentence 1 no. 3a of the Commercial Code, results from contractual obligations for continuing obligation. For obligations up to one year, the total amount is EUR 2,743 thousand, for obligations between one and five years EUR 3,209 thousand, and for obligations beyond five years, EUR 0 thousand.

Additional notes to the Income Statement

Total research and development expenses during the reporting period were EUR 72,856 thousand.

As part of the transaction to acquire the shares in FYB202 Project GmbH, Bioeq GmbH and Bioeq AG, FYB 202 GmbH & Co. KG realized a profit from sale of the shares in the previous fiscal year 2022. This profit was initially attributed the carrying amount of the investment in FYB 2020 at Formycon AG, which resulted in investment income of EUR 89,776 thousand. This resulted in a book value of the investment in FYB 202 GmbH & Co. KG in the amount of EUR 114,811 thousand. Subsequently, Formycon AG left the company as a limited partner. As part of the asset allocation, assets in the amount of EUR 114,811 thousand were allocated to Formycon AG and no further profit or loss resulted from the withdrawal.

Other information

Number of staff

Sec. 285 no. 7 of the Commercial Code requires the following information regarding the average number of staff during the reporting period:

Average number of staff	Fiscal year 2023	Fiscal year 2022
Administration	39	30
Research and development	184	160
Total company staff	223	190

Information on the Management board and Supervisory Board

Information on members of the Management board per sec. 285 no. 10 of the Commercial Code:

- Dr. Stefan Glombitza, residing in Holzkirchen, Chief Executive Officer (since July 1, 2022)
- Nicola Mikulcik, residing in Munich, Chief Business Officer (since June 1, 2022)
- Dr. Andreas Seidl, residing in Oberhaching, Chief Scientific Officer (since July 1, 2022)
- Ralph Enno Spillner, residing in Neuried, Chief Financial Officer (since April 1, 2023)

Information on members of the Supervisory Board per sec. 285 no. 10 of the Commercial Code:

- Dr. Olaf Stiller, residing in Marburg (Chair)
  Member of the management board of Paedi Protect AG
- Peter Wendeln, residing in Oldenburg (Deputy Chair)
  Managing partner, Wendeln & Cie. Asset Management GmbH
- Klaus Röhrig, residing in Vienna (member)
  Founding partner and managing director, Active Ownership Capital S.à r.l., Grevenmacher, Luxembourg
- Wolfgang Essler, residing in Vienna (member since July 1, 2023)

- Member of the supervisory board of Vanguard AG
- Dr. Thomas Strüngmann, residing in Pinneberg (member until June 30, 2023)
  Principal, ATHOS Group

The following members of the Supervisory Board are members of other supervisory boards:

- Dr. Olaf Stiller — Member of supervisory board, Bodenwert Immobilien AG
  Chairman of supervisory board, Nano Repro AG
  Member of supervisory board, Deutsche Reinigungswerke AG
- Klaus Röhrig; — Member of board of directors, Agfa-Gevaert NV
  Member of supervisory board, Francotyp-Postalia Holding AG
- Dr. Thomas Strüngmann — Member of international oversight committee,
  SiO2 Medical Products, Inc., Auburn, Alabama, USA

Remuneration

During the fiscal year, the members of the Supervisory Board received total remuneration of EUR 109 thousand (prior year: EUR 96 thousand), while total remuneration to members of the Management board, within the meaning of sec. 285 no. 9 of the Commercial Code, was EUR 1,814 thousand (prior year: EUR 2,592 thousand), of which EUR 604 thousand (prior year: EUR 846 thousand) was success-based, and including 25,000 regular stock options and 60,000 phantom stock options with a current fair value of EUR 136 thousand.

Information on shareholdings per sec. 285 no. 11 of the Commercial Code

	Share of capital (in %)	Equity (in EUR thousand)	Annual net income/loss (in EUR thousand)
FORMYCON PROJECT 201 GmbH (Planegg/Martinsried, Germany)	100.00	-196	0
FORMYCON PROJECT 203 GmbH (Planegg/Martinsried, Germany)	100.00	-2,733	-888
FYB202 Project GmbH (Planegg/Martinsried, Germany)	100.00	14,078	-2,912
Bioeq GmbH (Holzkirchen, Germany)	100.00	4,573	279
Bioeq AG (Zug, Switzerland)	50.00	15,615 *	33,057 *

* in accordance with IFRS

Information on auditor fees per sec. 285 no. 17 of the Commercial Code

in EUR thousand	Fiscal Year 2023	Fiscal Year 2022
Audit services	582	0
Tax advisory and other services	0	0
Total	**582**	**0**

The fees for the auditors oft he prior year amounted to EUR 86 thousand for audit services and EUR 37 thousand for tax advisory and other services.

Significant events subsequent to balance sheet closing date

There have been no events of material significance which occurred following the end of the fiscal year and are not reflected in these Financial Statements.

Appropriation of profit or loss

The Management board proposes to carry forward the annual net income to the next fiscal year.

Subsequent report

Through court entry into the commercial register on February 8, 2024, the Company's share capital was increased by EUR 1,603,877.00 through a partial utilization of the Authorized Capital 2023. The new shares were issued as part of a capital increase by a strategic investor at an issuance price of EUR 51.65 per share, resulting in a cash contribution to the Company in the amount of EUR 82,843,475.00. Subsequent to the capital increase, the Company's share capital was EUR 17,656,902.00. The excess of the issuance price over the imputed nominal value of EUR 1.00 per share is included in the capital reserve account.

The shareholder loans, including accrued and current interest, were repaid in full with the payment of March 28, 2024. At the same time, the loan facility in the amount of EUR 48,000 thousand was extended by 12 months until May 31, 2025.

Martinsried/Planegg, Germany, April 16, 2024

Dr. Stefan Glombitza Nicola Mikulcik Dr. Andreas Seidl Enno Spillner

Schedule of Fixed Assets for the fiscal year from January 1 to December 31, 2023

in EUR thousand	Changes in historical cost of acquisition					Changes in accumulated depreciation & amortization				Changes in net book value		
	Historical cost of acquisition or production at Dec 31, 2022	Additions	Rebookings	Historical cost of disposals	Historical cost of acquisition or production at Dec 31, 2023	Accumulated depreciation & amortization at Dec 31, 2022	Current-year depreciation & amortization	Depreciation & write-downs on disposals	Accumulated depreciation & amortization at Dec 31, 2023	Net book value at Dec 31, 2022	Net book value of disposals	Net book value at Dec 31, 2023
Intangible assets												
Concessions, commercial property rights, and similar rights and assets, as well as licenses for such rights and assets	1,333	360	111	11	1,792	705	225	9	922	628	2	871
Goodwill	1,576	0	0	0	1,576	1,576	0	0	1,576	0	0	0
Advance payments	111	0	-111	0	0	0	0	0	0	111	0	0
Property, plant and equipment												
Land and buildings, including property-like rights and buildings on third-party land	644	7	0	0	651	555	23	0	578	89	0	73
Technical equipment and machinery	5,527	1,175	6	9	6,699	3,239	481	9	3,711	2,289	0	2,988
Other plant, production equipment and office equipment	1,818	614	20	178	2,273	1,210	245	168	1,287	608	10	987
Advanced payments and construction in progress	201	-63	-25	0	113	0	0	0	0	201	0	113
Financial assets												
Shares in affiliated companies	419,532	124,373	0	0	543,905	0	80,373	0	80,373	419,532	0	463,533
Loans to affiliated companies	2,000	0	0	0	2,000	0	0	0	0	2,000	0	2,000
Loans to companies in which an investment participation is held	42,485	48,815	0	0	91,300	0	0	0	0	42,485	0	91,300
Investment participations in partnerships	0	0	0	0	0	0	0	0	0	0	0	0
Investment participations in corporations	23,700	236,076	0	0	259,776	0	96,643	0	96,643	23,700	0	163,133
Total	**498,928**	**411,357**	**0**	**198**	**910,087**	**7,286**	**177,989**	**186**	**185,089**	**491,642**	**12**	**724,998**

Schedule of Changes in Equity for the fiscal year from January 1 to December 31, 2023

in EUR thousand	Subscribed capital	Capital reserves	Profit reserves	Profit (loss) carryforward	Annual net income (loss)	Equity
as of December 31, 2022	**15,129**	**409,774**	**0**	**34,671**	**0**	**459,574**
Capital increases	924	0	0	0	0	924
Additions to capital reserves	0	69,564	0	0	0	69,564
Appropriation of prior-year profit	0	0	0	-65,755	65,755	0
Annual net income (loss)	0	0	0	0	-166,147	-166,147
as of December 31, 2023	**16,053**	**479,338**	**0**	**-31,084**	**-100,392**	**363,915**

Schedule of Liabilities for the fiscal year from January 1 to December 31, 2023

in EUR thousand	Dec 31, 2023	of which due			of which pledged as security	Type and form of security
		within 1 year	in 1 - 5 years	in more than 5 years		
Trade accounts payable	7,827	7,827	0	0	0	
Prior year		*2.638*	*0*	*0*		
Liabilities toward affiliated companies	9,000	9,000	0	0	0	
Prior year		*0*	*0*	*0*		
Other liabilities	22,099	21,383	716	0	716	Industry-customary conditional retention of title
Prior year		*41.367*	*312*	*0*		
Total	**38,926**	**38,210**	**716**	**0**	**716**	
Prior year		***47.187***	***372***	***0***		

Schedule of Receivables
for the fiscal year from January 1 to December 31, 2023

in EUR thousand	Dec. 31, 2023	of which due	
		< 1 year	> 1 year
Trade accounts receivable	22	22	0
prior year		*4,105*	*0*
Receivables from affiliated companies	17,357	17,357	0
prior year		*7,218*	*0*
Receivables from companies in which an investment participation is held	0	0	0
prior year		*0*	*0*
Other assets	4,190	4,190	0
prior year		*6,000*	*0*
Total	**21,568**	**21,568**	**0**
prior year		***13,632***	***0***

The following auditor's report, prepared in accordance with Section 322 HGB ["Handelsgesetzbuch": "German Commercial Code"], refers to the complete financial statements, comprising of the balance sheet, income statement, the notes to the financial statements, together with the combined management report of the Formycon AG for the financial year from January 1, 2023 to December 31, 2023. The combined management report is not included in this prospectus. The below-mentioned auditor's report and financial statements are both translations of the respective German-language documents.

Independent Auditor's Report

To Formycon AG, Planegg-Martinsried, Germany

Opinions

We have audited the financial statements of Formycon AG, Planegg-Martinsried, which comprise the balance sheet as at December 31, 2023, and the statement of profit or loss for the financial year from January 1, 2023 to December 31, 2023, and notes to the financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Formycon AG for the financial year from January 1, 2023 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in the "Other information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2023 and of its financial performance for the financial year from January 1, 2023 to December 31, 2023, in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of the components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB *[Handelsgesetzbuch: German Commercial Code]*, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and the combined management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer *[Institute of Public Auditors in Germany]* (IDW).. Our responsibilities under those requirements and principles are further described in the section "Auditor's Responsibility for the Audit of the Annual Financial Statements and the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements and on the combined management report.

Other Information

The Board of Management and the Supervisory Board are responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- information extraneous to management reports and marked as unaudited.

The other Information includes also the remaining parts of the combined management report. The other information does not include the financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the annual financial statements and the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Management and the Supervisory Board for the Financial Statements and the Combined Management Report

The Board of Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the Board of Management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Board of Management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, Board of Management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibility for the Audit of the Financial Statements and the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with German legal requirements and appropriately present the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and German Generally Accepted Standards for the Financial Statements Audit promulgated by the *Institut der Wirtschaftsprüfer* (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and the combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's opinion. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the combined management report with the financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Management as a basis for the prospective information and evaluate the proper derivation of the prospective information and on the assumptions used as a basis. We do not express a separate opinion on the prospective information an on the assumptions used as a basis. There is a substantial unavoidable risk that future events could differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, April 18, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Hutzler
Wirtschaftsprüfer
[German Public Auditor]

Ratkovic
Wirtschaftsprüfer
[German Public Auditor]

18. GLOSSARY

AktG	German Stock Corporation Act (*Aktiengesetz*).
Alternative Performance Measures	Alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority on October 5, 2015 on Alternative Performance Measures.
Articles of Association	Articles of association (*Satzung*) of the Company.
ATHOS	ATHOS KG.
Authorized Capital 2024/I	The authorized capital pursuant to Section 4 (3) of the Articles of Association as resolved by the Company's annual shareholders' meeting (*ordentliche Hauptversammlung*) on July 12, 2024.
2021 Audited Consolidated Financial Statements	The Company's audited consolidated financial statements as of and for the Fiscal Year 2021 prepared in accordance with the German generally accepted accounting principles of the HGB.
2022 Audited Consolidated Financial Statements	The Company's audited consolidated financial statements as of and for the Fiscal Year 2022 prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 315e (1) HGB.
2023 Audited Consolidated Financial Statements	The Company's audited consolidated financial as of and for the Fiscal Year 2023 prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 315e (1) HGB.
2023 Audited Unconsolidated Financial Statements	The Company's audited unconsolidated financial statements as of and for the Fiscal Year 2023 prepared in accordance with the German generally accepted accounting principles of the HGB.
BaFin	German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
BD&L	Business development and licensing.
Biological Drugs	Biopharmaceutical drugs, which are large complex molecules typically extracted from a variety of natural sources.
Biosimilars	Biopharmaceutical drugs that are developed as follow-on products to existing "reference" biopharmaceuticals and that can be launched on the market after the market exclusivity of the reference biopharmaceutical has expired.
BLA	Biologics license application.
BPCIA	U.S. Biologics Price Competition and Innovation Act of 2009
CAGR	Compound annual growth rate.
CDMOs	Contract development and manufacturing organizations.
CROs	Contract research organizations.
CEST	Central European Summer Time.
Clearstream	Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.
Commercialization Partners	Partners such as Fresenius Kabi, Teva and Sandoz on which the Group relies for the global marketing of its Biosimilars.
Commercial Register	The commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany.
Company	Formycon AG, a stock corporation (*Aktiengesellschaft*) established under the laws of Germany, having its registered seat in Munich, Germany, registered with Commercial Register under the registration number HRB 200801, with its business address at Fraunhoferstraße 15, 82152 Planegg/Martinsried, Germany, and LEI 39120005TZ76GQOY8Z19 (telephone: +49 (0) 89 864667 100; website: www.formycon.com)
Conventional Drugs	Pharmaceuticals in the form of chemically synthesized small molecules.

CTA	Clinical trial application.
CTD	Common Technical Document.
D&O	Directors and officers.
Designated Sponsors	Together, M.M.Warburg & CO, and ODDO BHF SE, Frankfurt am Main, Germany.
EEA	European Economic Area.
EHDS	European Health Data Space
EMA	European Medicines Agency.
ESG	Environmental, social, and governance.
EU	European Union.
EUR or Euro	Legal currency of the Eurozone (including Germany) as (an accounting currency) from January 1, 1999 and (as a circulation currency) from January 1, 2002.
FDA	U.S. Food and Drug Administration.
Fresenius Kabi	Fresenius Kabi SwissBioSim GmbH.
Fiscal Year 2021	The Company's fiscal year ended December 31, 2021.
Fiscal Year 2022	The Company's fiscal year ended December 31, 2022.
Fiscal Year 2023	The Company's fiscal year ended December 31, 2023.
Fiscal Year 2024	The Company's fiscal year ending December 31, 2024.
GCP	Good clinical practice.
GDP	Good distribution practice.
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.
Germany	Federal Republic of Germany.
GLP	Good Laboratory Practice.
GMP	Good manufacturing practice.
Group	The Company together with its consolidated subsidiaries.
H1 2023	The six-month period ended June 30, 2023.
H1 2024	The six-month period ending June 30, 2024.
H1 2024 Unaudited Interim Financial Statements	The Company's unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2024 prepared in accordance with IFRS on interim financial reporting (IAS 34).
HMA	Heads of Medicines Agencies.
HGB	German Commercial Code (*Handelsgesetzbuch*).
ICH	International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.
ICH GCP	The principles of GCP set down by the ICH.
IDW	Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.*).
IFRS	The International Financial Reporting Standards, as adopted by the EU.
IMP	Investigational medicinal product.
ISIN	International Securities Identification Number.
Klinge	Klinge Biopharma GmbH.
KWG	German Banking Act (*Gesetz über das Kreditwesen*).
LEI	Legal entity identifier.
Listing Agent	M.M.Warburg & CO.

M.M.Warburg & CO	M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien, Ferdinandstraße 75, 20095 Hamburg, Germany (telephone: +49 (0) 40 3282 0; website: www.mmwarburg.de), LEI: MZI1VDH2BQLFZGLQDO60.
Management Board	The management board (*Vorstand*) of the Company.
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation), as amended.
MENA	The Middle East and North Africa.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.
Prospectus	This securities prospectus as approved by BaFin.
Polpharma	Polpharma Biologics Group B.V.
PFS	Pre-filled syringe.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.
PFS	Pre-filled syringe.
PK	Pharmacokinetic.
Reference Drug	Biopharmaceutical drugs that are targeted as reference drugs for the development of Biosimilars.
Regeneron	Regeneron Pharmaceuticals, Inc.
R&D	Research and development.
Shares	17,664,427 existing ordinary bearer shares with no par value (*auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien)*) of the Company, each such share with a notional value of EUR 1.00 in the Company's share capital and with full dividend rights from January 1, 2024.
Short Selling Regulation	Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps, as amended.
SPCs	Supplementary protection certificates.
Supervisory Board	The supervisory board (*Aufsichtsrat*) of the Company.
Teva	Teva Pharmaceutical Industries Ltd.
TPoS	Technical Proof of Similarity.
United Kingdom	United Kingdom of Great Britain and Northern Ireland.
United States	United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia.
Uplisting	The admission of the Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard).
UmwG	German Transformation Act (*Umwandlungsgesetz*).
USD	Legal currency of the United States (so-called United States dollar).
VEGF-A	Vascular endothelial growth factor.
WpHG	German Securities Trading Act (*Wertpapierhandelsgesetz*).

WpÜG ..... German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

19. RECENT DEVELOPMENTS AND TREND INFORMATION

19.1 Recent developments

Between June 30, 2024 and the date of the Prospectus, there have been no significant changes to our financial position or financial performance.

19.2 Trend information and outlook

The development of Biosimilars is our strategic focus and the fundamental basis for our sustainable long-term business growth. With the market launch of our first Biosimilar product (FYB201) in late 2022 and 2023, we entered a new phase of our corporate development in which expected operating cash flows from product sales should open up new growth opportunities for the Company. Due to the steady progress in establishing Ranivisio®, Ongavia®, CIMERLI®, Ranopto™, Uptera® and Ravegza® (region-specific trade names for FYB201, our Biosimilar to the Reference Drug Lucentis®) in key global markets, as well as further planned market launches in various other territories, we expect further increases in contributions in the Fiscal Year 2024 to our revenue and earnings from our participation in product sales.

With the expected market launch and successful establishment of our next two Biosimilar products FYB202 (approved in the United States and Europe in 2024 and allowed to be marketed from 2025 onwards) and FYB203 (approved in the United States in 2024), we specifically seek to achieve EBITDA and cash flow profitability within the medium term. It is planned to invest the expected cash inflows from these product sales primarily into the progression and expansion of our development pipeline. In doing so, we will have achieved key conditions necessarily to further strengthen our position as a global and independent player in the Biosimilars market segment and to further build Formycon into a leading and sustainably profitable specialist within this rapidly growing segment.

We aim to continue expanding our position as a global biopharmaceutical company with an exclusive focus on Biosimilars and their development while maintaining our high standards of performance and quality. To achieve this goal, we will continue to invest heavily into the development and expansion of our own pipeline and in-house capacities to be able to commercialize new Biosimilar products on a regular basis.

In parallel with this strategic thrust, we are pursuing an organizational growth strategy so that we have the resources to compete as a leading and sustainably profitable biopharmaceutical company, specifically within the Biosimilars segment. In order to achieve this strategic vision, we are open to considering cooperation arrangements and integration in selected areas of the manufacturing process as well as to building our own commercialization capabilities in certain geographies. Over both the short and long term, our focus will continue to be on operational excellence and on the generation of stable cash flows. In addition, we will continue to try to opportunistically utilize all possibilities to broaden our financing base and refinance existing liabilities on both the debt and/or the equity side.

For the Fiscal Year 2024, we expect consolidated revenue to be in the range of EUR 55 million to EUR 65 million. This will mainly be resulting from sales contributions from the marketing proceeds of FYB201, which will be launched in additional countries and regions in 2024. In addition, there is expected revenue from development services for the out-licensed and partnered projects FYB201 and FYB203, which are lower than in previous years due to the advanced stage of the projects. Some of the revenue from the milestone payments expected for FYB202 in the Fiscal Year 2024 were already recognized in the Fiscal Year 2023 and reported as an expected deferred success payment. Therefore, the milestone payments will not be reflected in full as revenue in Fiscal Year 2024, which is why the revenue forecast for the Fiscal Year 2024 is below the previous year's level.

As we continue to operate in an intensive investment and transition phase for our fully owned Biosimilar candidates, we expect EBITDA for the Fiscal Year 2024 to be in the range between negative EUR 25 million and negative EUR 15 million. This is mainly due to the planned development costs for FYB208 and FYB209, which are progressing into more cost-intensive project phases. There are also plans to expand the portfolio with our new Biosimilar project FYB210.

FYB206, a Biosimilar candidate for the Reference Drug Keytruda®, has entered clinical development mid-2024 as planned, which also leads to significant investments in the years 2024 to 2026. Due to the capitalization of the costs incurred, these are not reflected in the income statement and therefore not in EBITDA.

Beyond the effect on net income, we anticipate a negative impact on Working Capital from significant investments in project FYB206 and from partial paydown of shareholder loans. These outflows have, however, been offset by the proceeds of the capital increase with Gedeon Richter in February 2024. It is therefore expected that Working Capital will be in the range of EUR 10 million to EUR 20 million.

With respect to our forecast for EBITDA and Adjusted EBITDA for Fiscal Year 2024, see "*6. PROFIT FORECASTS*" above.