formycon®

Biopharmaceutical drug development with excellent expertise

Annual Report 2020

Index

Key Figures

Sales revenues
in € million

34.23

EBITDA
in € million

−4.81

Net result
in € million

−5.93

Cash and liquid resources
in € million

42.2

Highlights

Setting the course for FYB201

With the strategy adjustment for the Biologics License Application (BLA) submission for FYB201, FORMYCON and Bioeq are setting the course for the approval of their first biosimilar.

Clinical Development

With the transfer of the two biosimilar candidates FYB202 and FYB203 into Phase III clinical trials, FORMYCON once again demonstrates outstanding expertise in the development of biosimilars.

FYB207 – COVID-19-Drug

With the development launch of the innovative COVID-19 drug FYB207 and the convincing in vitro results, FORMYCON is attracting international attention in 2020.

Outperformance of the FORMYCON share

With the publication of the successful preclinical results of FYB207, FORMYCON shares outperformed in December (+110 %).

A

To Our Shareholders

Dear Shareholders,

We look back upon an **unprecedented past year**. 2020 was indelibly shaped by the ongoing COVID-19 pandemic which has taken a harsh toll on our everyday lives in so many ways. Researchers around the world have been intensely focused on developing effective vaccines and drugs to bring the crisis under control, but the virus and its increasingly spreading mutations are likely to stay with us for a long time to come.

The dramatic socio-economic impact of this pandemic, not to mention the loss of life, has clearly shown us how vitally important **progress in medical science** is for our entire society. German companies, including FORMYCON, have been working at the forefront and making significant contributions to fighting the COVID-19 pandemic and bringing the SARS-CoV-2 virus under long-term control. The quality and effectiveness of our country’s pharmaceutical and biotech industry have become manifest to the world, and the future prospects for one of the key central industries of our era remain excellent. We have also learned how important it is to have well-functioning and strong healthcare system, and for these systems to now be further strengthened and optimized in a disciplined way.

This is an area in which FORMYCON is playing a **particularly important role**. Through the development of our biosimilar medicines, we aim to give patients access to biopharmaceutical drugs which are not only of the highest quality but also affordable. In this way, we are helping not only to providing enduring cost relief to healthcare systems but also to making the pharmaceutical market more competitive and more oriented to serving the needs of patients. To achieve this, FORMYCON has the benefit of its superb international team of highly qualified and committed scientists who have been putting enormous work into our ambitious biosimilar development projects as well as into our current efforts to help overcome this pandemic by further using our scientific expertise to develop a **COVID-19 drug** (FYB207). In our FYB207 project to create an efficient antiviral SARS-CoV-2 blocker based on a long-acting ACE2-immunoglobulin fusion protein, we are working closely together with two renowned academic partners at the Technical University of Munich, Professor Ulrike Protzer, Chair of Virology, and Professor Johannes Buchner, Chair of Biotechnology.

Our in vitro data have already impressively demonstrated that FYB207 **completely prevents** the infection of cells by the SARS-CoV-2 virus and its known mutations. The task now is to validate these positive pre-clinical results through clinical trials over the next few months and to get our new COVID drug on the approval path. We are working flat out on this.

Against the background of the prevailing pandemic, we would like to take this opportunity to thank our entire team for their tireless commitment, solidarity, determination and perseverance since the outbreak more than a year ago. We would also like to highlight the actions taken by FORMYCON to protect our valued staff. At a very early stage, and even before the COVID-19 crisis fully reached Germany, FORMYCON responded by decentralizing its organizational structure and introducing a number of new actions to further digitize our work activities. By maximizing our operational and organizational flexibility, and by adapting working models and hours around the needs of employees and their safety, we were able to comply with hygiene and social distancing regulations while ensuring operational continuity. We also acted at an early stage to provide our entire workforce with disinfectants and protective equipment, particularly face masks. We also arranged last year for our company doctor to start offering conventional flu shots for our staff. Beginning in March of 2021, and even before the political debate in Germany about potentially introducing compulsory testing in companies, we introduced a comprehensive COVID-19 self-test concept.

A look at our biosimilar candidates underscores the enormous progress we have made over the past year. For our furthest advanced project, our candidate biosimilar to reference drug Lucentis®[1] (FYB201), we took the opportunity as we prepared for re-submission to the U.S. Food and Drug Administration (FDA) to make **improvements in our submission strategy** so that we will be able to also obtain approval for large-scale commercial production and optimization of our commercial production supply chain as part of a simplified approval procedure. The planned submission of our biologics license application (BLA) to both the FDA and the European Medicines Agency (EMA) will thus take place shortly in accordance with our plan. We are confident that this will pave the way to the approval of our first biosimilar medicine in the U.S. and European markets. With the **launch** in August 2020 **of clinical phase III trials** (the MAGELLAN-AMD study) of our candidate biosimilar to Eylea®[2] (FYB203), we were able to report another critical step forward.

[1] Lucentis® is a registered trademark of Genentech Inc.
[2] Eylea® is a registered trademark of Regeneron Pharmaceuticals Inc.

This milestone in our second project in the field of ophthalmology further strengthens our leading market position in the development of ophthalmic biosimilar medicines. Based upon the extensive experience we have gained from our FYB201 project, we are highly confident that we will be able to successfully complete the development of FYB203 and to make a high-quality, cost-efficient biosimilar medicine available to our partners. As to our third advanced-stage candidate, FYB202, we were able during 2020 to move this candidate biosimilar to Stelara®[3] into **phase III clinical trials** (the VESPUCCI study) as one of the first in the world to do so, and marking our third biosimilar candidate to enter phase III trials.

Regarding our FYB206 pipeline project, no details have yet been announced. It is a biosimilar candidate currently in the preclinical phase, and relevant intellectual property (IP) protections have been established. FORMYCON has been doing truly pioneering work in biosimilar development over recent years, and we are optimistic that we will continue to make the right decisions in selecting our further development candidates.

In addition to thanking our staff, we would also like to thank our partners for the excellent cooperation over the past year and you, our esteemed shareholders, for your continued confidence in our company and the work we are doing.

Stay healthy.

FORMYCON Management
May 2021

[3] Stelara® is a registered trademark of Johnson & Johnson

Report of the Supervisory Board

Dr. Olaf Stiller
Chairman of the Supervisory Board

Dear Shareholders,

During fiscal year 2020, the Supervisory Board intensively examined and discussed the strategic development and business performance of FORMYCON AG, thereby fulfilling its duties under governing law and under the Company's articles of incorporation. It regularly advised the Executive Board on its management of the Company and continually supervised this management. The Supervisory Board was directly involved in all decisions of fundamental importance.

The Supervisory Board received regular reports from the Executive Board in accordance with its informational obligations in both written and oral form, providing comprehensive and timely information about all business developments and events of substantive importance. These reports fully met the requirements established by the Supervisory Board in terms of both content and scope. On the basis of these reports, the current development status of the company's biosimilar candidates and COVID-19 drug, the Company's financial position and organizational alignment, and business events of key importance were discussed. Furthermore, regular consultations were held with the Executive Board on matters of the Company's strategy, business and financial planning, and business performance. The Supervisory Board also closely examined the Company's risk situation and risk management and its compliance with legal requirements and ethical norms.

The Supervisory Board was promptly and directly informed by the Executive Board of, and involved with, all important events that were of material significance to the Supervisory Board's assessment of the Company's financial condition and business performance and to the corporate management of FORMYCON AG. In addition, the Chairman of the Supervisory Board held regular interim discussions with the Executive Board to discuss current business performance as well as individual topics and decisions of particular importance. In this way, the Chairman of the Supervisory Board was regularly and extensively informed between meetings.

With regard to the ongoing COVID-19 pandemic, the Executive Board fully met its responsibilities to safeguard staff by promptly implementing all possible protective measures that enable them to continue their work safely under the prevailing pandemic conditions. This included, above all, the establishment of a detailed company policy on coronavirus from the start of the crisis, as well as the decentralization of the organization by offering remote working arrangements. Since the earliest days of the pandemic, the members of the Executive Board have kept the Supervisory Board informed about current developments and precautions put in place.

In the course of the four regular and other extraordinary board meetings during the fiscal year, all business matters and pending decisions requiring concurrence of the Supervisory Board under governing law or under the Company's articles of association were discussed in depth before being voted upon. All members of the Supervisory Board were in attendance at the meetings during which they held office, some of which took place by way of video or telephone conferences in lieu of presence meetings in compliance with government hygiene regulations and restrictions on

personal contacts to prevent the spread of COVID-19. The Executive Board was also present at, or otherwise participated in, these meetings in order to discuss issues and answer questions. The meetings of the Supervisory Board focused primarily on ensuring that the Company's financial resources are secure and on the current and future development of its areas of business, in particular with regard to the state of the Company's application for regulatory approval of its FYB201 project and the launch and continuing progress of clinical trials for the late-stage FYB202 and FYB203 projects. The Supervisory Board also discussed and debated other key strategic initiatives with the Executive Board, such as the expansion of the product development pipeline and Project FYB207, an innovative SARS-CoV-2 blocker.

Attendance at quarterly and other meetings of the Supervisory Board

	Feb. 25	Apr. 28	Sep. 29	Dec. 9	Dec. 10
Dr. Olaf Stiller	✓	✓	✓	✓	✓
Hermann Vogt (until Dec. 10, 2020)	✓	✓	✓	✓	×
Peter Wendeln	✓	✓	✓	✓	✓
Klaus Röhrig (from Dec. 10, 2020)	×	×	×	×	✓

Other central core themes of the meetings involved ways to ensure and strengthen the Company's competitiveness and strategic concepts for its future growth. At each of these quarterly meetings, the Executive Board and Supervisory Board together reviewed the Company's financial performance and plan. In conjunction with the approval of the annual financial statements, discussions specifically focused on key details of valuations and the resulting consequences for the Company's capital structure.

Where agenda items concerning the Executive Board were discussed or voted upon, or where closed discussion or votes of the Supervisory Board were otherwise required, members of the Executive Board were excluded from these meetings or portions of meetings.

During fiscal year 2020, the following changes were made to the composition of the Supervisory Board of FORMYCON AG: Deputy Chairman Hermann Vogt, who had been a member of the Supervisory Board since 2013, resigned from his position with effect from the Annual General Meeting of December 10, 2020, which was held virtually. In the course of this meeting, Klaus Röhrig was newly elected as replacement member of the Supervisory Board. In an immediately following constitutive meeting, the Supervisory Board re-elected Dr. Olaf Stiller as Chair and elected Peter Wendeln as Deputy Chair. The articles of incorporation of FORMYCON AG prescribe that the Supervisory Board shall consist of three members. The Supervisory Board would thus like to thank its former member Hermann Vogt for his many years of faithful and collegial service.

The annual financial statements and consolidated financial statements as of December 31, 2020, including the respective management reports, were properly examined by the Munich office of PanTaxAudit GmbH, the audit and tax firm appointed by the Annual General Meeting for fiscal year 2020, which provided its unqualified audit opinion. Furthermore, the audit firm determined that the Executive Board has enacted measures, as required under sec. 91 para. 2 of the German Stock Corporation Act, to establish a risk monitoring system in appropriate form. The system has been adapted in line with the Company's growth and is suitable for recognizing, at an early stage, any developments which might endanger the Company's continued existence.

In its meeting of April 27, 2021 to review the financial statements of FORMYCON AG and consolidated financial statements of FORMYCON Group for fiscal year 2020, the Supervisory Board specifically discussed the Company's accounting policies and procedures as well as the respective audit examinations carried out by PanTaxAudit GmbH for fiscal year 2020. A representative of the audit firm attended this meeting, reported in considerable depth on the primary results of the audit, and answered questions of the Supervisory Board relating thereto. Advance copies of the audit reports and other documents relating to the annual financial statements and consolidated financial statements were provided to the Supervisory Board to facilitate comprehensive review and discussion.

In addition, the Supervisory Board asserted its right to inspect the accounts and papers of the Company, in particular by requesting presentation of certain legal agreements it deemed important, including documents not specifically requiring its concurrence. All transactions requiring concurrence of the Supervisory Board under governing law or under the Company's articles of incorporation were examined by the Supervisory Board before reaching its decision on such concurrence.

Based upon its own examining review, the Supervisory Board found no cause to raise any objections to the financial statement documents which it reviewed, including also the concluding statement of the Executive Board. The Supervisory Board thus approves the unconsolidated and consolidated financial statements for fiscal year 2020 as presented to it. The annual financial statements of FORMYCON AG are adopted accordingly.

The Supervisory Board did not form any committees.

We would like to thank the members of the Executive Board for the excellent cooperation and successful management of the company through a challenging fiscal year. We would also like to express our gratitude and appreciation to all FORMYCON staff members for their extraordinary commitment and performance under the difficult pandemic conditions of the past year. Finally, we would like to extend our special thanks to our partners, who have likewise made significant contributions to the success of our company.

Munich, April 2021

Dr. Olaf Stiller
Chairman of the Supervisory Board

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Unified Management Report

Unified Management Report of FORMYCON Group and FORMYCON AG for Fiscal Year 2020

I Basic information about the Group and FORMYCON AG

Business model

FORMYCON develops biopharmaceuticals, in particular biosimilar medicines, with the objective of transferring biosimilar candidates to development and commercialization partnerships once certain defined development milestones have been attained. In doing so, FORMYCON 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. Through these in-house capabilities, FORMYCON is also in a position, following an out-licensing or partnership deal, to undertake the remaining development work. The partner company generally assumes responsibility for subsequent production and product marketing. 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.

As of December 31, 2020, FORMYCON was working on the **following development projects**:

FYB201 is a candidate biosimilar to **Lucentis®* (ranibizumab)**, an ophthalmic drug used in the treatment of neovascular ("wet") age-related macular degeneration (nAMD) and other serious eye diseases. Phase III clinical trials were successfully completed in June 2018. During fiscal year 2020, a particular focus of activity was responding to the request of the U.S. Food and Drug Administration (FDA) that additional data be collected in the drug's relocated production environment. It was decided to take this opportunity to modify the original strategy for resubmitting the biologics license application (BLA) to the FDA in order to simplify the approval process. By doing so, the BLA for approval of large-scale commercial scale of FYB201 can be directly submitted, while at the same time optimizing the commercial supply chain.

FYB202 is a candidate biosimilar to **Stelara®** (ustekinumab)**, a biopharmaceutical used in the treatment of various serious inflammatory diseases, such as moderate to severe psoriasis, Crohn's disease, and ulcerative colitis. In November of 2020, FORMYCON announced the launch of one of the world's first phase III clinical trials of a biosimilar to Stelara®.

* Lucentis® is a registered trademark of Genentech Inc.
** Stelara® is a registered trademark Johnson & Johnson

FYB203 is a biosimilar candidate for **Eylea®*** (aflibercept)**. Similarly to Lucentis®, Eylea® is used to treat neovascular age-related macular degeneration (nAMD) and other serious eye diseases. Through the completion of preclinical studies already in mid-2019, it was successfully demonstrated that FYB203, in its alternative formulation, exhibits comparable pharmacokinetics to Eylea®, the reference drug. Activities during the first half of 2020 have particularly centered around preparatory work for the planned phase III clinical trials, and these important efforts are likewise proceeding as expected. It is anticipated that these clinical trials will commence in mid-2020. In August of 2020, phase III clinical trials of FYB203 began with the administration of the first patient dosage.

With FYB201, FYB202 and FYB203, FORMYCON has three biosimilar candidates in advanced stages of development for which regulatory approval is anticipated in the United States, the European Union and other highly regulated markets between 2022 and 2025, upon expiry of the statutory protection periods for the respective reference products.

FORMYCON is actively working on an additional early-stage biosimilar candidate project, **FYB206**, which is currently in the preclinical development phase. The rights to this project are held by FORMYCON, and relevant intellectual property (IP) protections are already in place.

FORMYCON is actively evaluating several other potential biosimilar candidates within the context of the Company's growth strategy.

Drawing upon FORMYCON's extensive and clinically validated experience with antibodies and antibody fusion proteins, the company in March 2020 – very quickly after the outbreak of the COVID-19 pandemic in Europe – launched a new project, FYB207, to develop an innovative COVID-19 fusion protein.

For its **FYB207** project, FORMYCON is working closely with its renowned academic partners at the Technical University of Munich, Prof. Dr. Ulrike Protzer, Chair of Virology, and Prof. Dr. Johannes Buchner, Chair of Biotechnology, to develop an efficient antiviral **SARS-CoV-2 blocker** on the basis of a long-acting ACE2-immunoglobulin fusion protein. Through an in vitro study, FORMYCON has already been able to demonstrate that FYB207 completely inhibits the infection of cells while preserving natural enzyme activity. Compared to vaccines and neutralizing antibodies, FYB207's active ingredient offers a maximum of protection against virus breach through mutation.

*** Eylea® is a registered trademark of Regeneron Pharmaceuticals Inc.

A brief explanation of how the COVID-19 fusion protein works

SARS-CoV-2 infection pathway

SARS-CoV-2 and other coronaviruses exploit the ACE2 protein (angiotensin-converting enzyme 2) on the surface of human cells as an entry point to infect the respiratory tract. The virus achieves this by using its spike 1 protein to bind to ACE2 on the surface of target cells. After docking, the virus is then absorbed into the cell (see Figure 1).

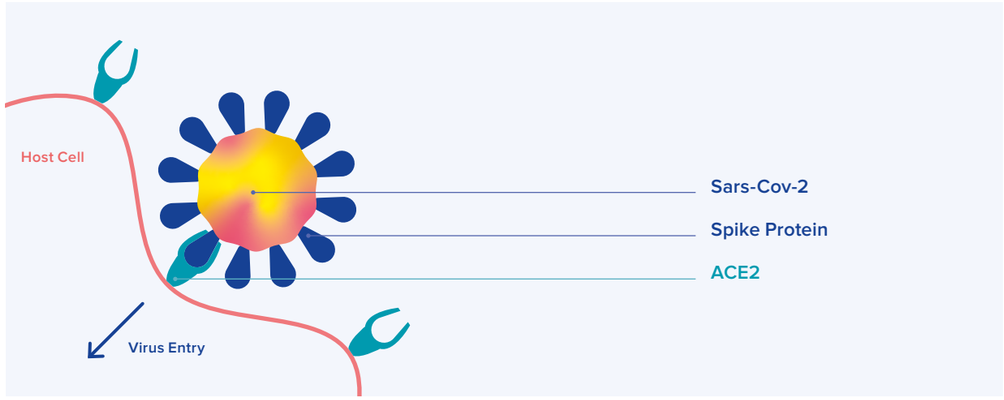


Figure 1: SARS-CoV-2 infection pathway

The FYB207 fusion protein and its unique mechanism of action

Laboratory studies have shown that the introduction of a soluble form of ACE2 blocks the SARS-CoV-2 and earlier SARS-CoV coronaviruses, thereby preventing cells from becoming infected. FORMYCON has built on this scientific knowledge by linking the human ACE2 protein with the constant portion of the human immunoglobulin G4 (IgG4) protein using computer-aided structural design techniques (see Figure 2), thereby creating a highly effective SARS-CoV-2 blocker (FYB207). FORMYCON has demonstrated, through in vitro testing, that FYB207 completely prevents the infection of cells. Because ACE2 is the human receptor for the spike protein used by the SARS-CoV-2 virus to gain entry, FYB207 provides maximal protection even against attempts by the virus to evade the block through mutation. In addition, FYB207 can potentially be used to defend against any other coronavirus which exploits ACE2 as an entry point for cell infection.

FYB207 is being initially developed for hospitalized COVID-19 patients for whom there are currently no other adequately effective drug treatments. Beyond this immediate target application, other possible indications are newly infected but still asymptomatic COVID-19 patients as well as preventive administration, for example in care facilities. Large molecules have specific advantages over small-molecule antiviral drugs, in particular their significantly longer half-life, thus making them potentially suitable for prophylactic use. Moreover, FYB207 could potentially be used for any other coronavirus which exploits ACE2 as an entry point, thus offering hope that it might be used to prevent similar future coronavirus pandemics.

The natural enzyme activity of ACE2 may possibly serve to protect vital organs such as the lungs, and thus another potential indication for FYB207 might be in the treatment of acute respiratory distress syndrome (ARDS) of various etiologies.

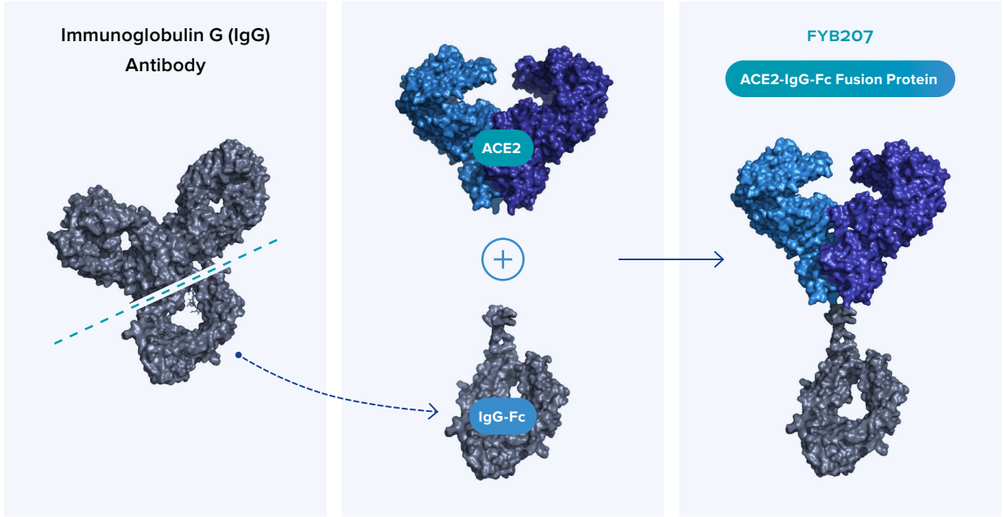


Figure 2: Composition of the FYB207 fusion protein

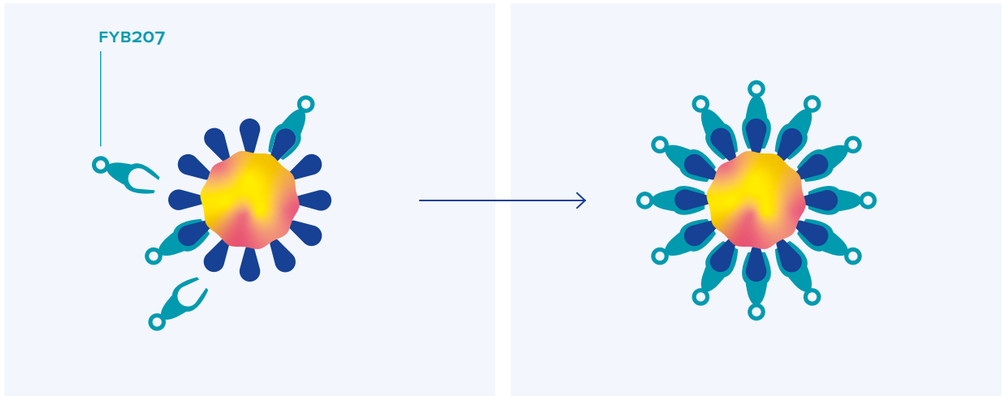


Figure 3: FYB207's mechanism of action

Structure of Formycon Group

The corporate **structure of FORMYCON Group** corresponds to this business model. The actual research and development work is performed by FORMYCON AG, which conducts these activities not only for its own projects and on behalf of its subsidiaries, such as FORMYCON Project 201 GmbH and FORMYCON Project 203 GmbH, but also for associated companies in which FORMYCON holds a minority investment participation, such as FYB 202 GmbH & Co. KG. This arrangement also generates, and has already been generating, reported sales revenue, since FORMYCON continues to provide development work for the biosimilar candidates which is paid for by the licensing or cooperation partners even after the projects have been transferred to the partnership ventures. Once the already out-licensed biosimilar candidates FYB201 and FYB203 enter the marketing phase, FORMYCON will participate in future sales revenue in the form of royalties, thereby directly participating in the ultimate market success of its out-licensed projects.

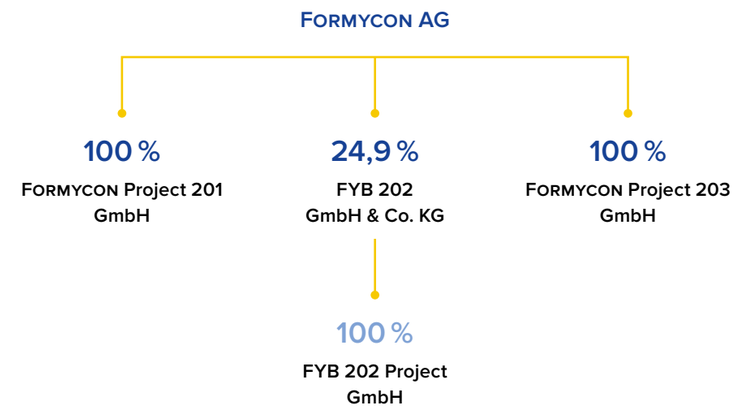
FORMYCON Project 201 GmbH was the first project to be spun off into a separate subsidiary, during fiscal year 2014, and into which all project activities for biosimilar candidate FYB201 were transferred to facilitate an out-licensing deal. It remains a 100%-owned subsidiary of FORMYCON AG. FORMYCON's license partner for FYB201 is Bioeq AG, a 50/50 joint venture between the Polpharma SA, Poland's largest pharmaceutical company, and Santo Holding (Deutschland) GmbH, a holding company owned by the Strüngmann family.

A similar arrangement is in place with **FORMYCON Project 203 GmbH**, which is likewise a 100%-owned subsidiary of FORMYCON AG. FORMYCON AG originally signed an exclusive worldwide out-licensing agreement for FYB203 in 2015 with Santo Holding (Deutschland) GmbH. The worldwide marketing rights have since been internally shifted within the Santo Group to another Santo entity, Klinge Biopharma GmbH.

In the case of the third project vehicle, **FYB 202 GmbH & Co. KG**, FORMYCON AG holds an investment participation. The company was founded in 2017 as a joint venture between FORMYCON AG, which owns a 24.9% share, and Aristo Pharma GmbH, which owns the remaining 75.1% and is likewise part of the Strüngmann Group. FYB 202 GmbH & Co. KG, in turn, owns 100% of another project-specific subsidiary company, **FYB 202 Project GmbH**, into which FORMYCON contributed the project rights for its FYB202 biosimilar candidate. Following the successful completion of the pilot phase at the start of the second quarter of 2019, the terms of the joint venture agreement stipulated that already incurred and future development costs of both FORMYCON and Aristo Pharma GmbH, as well as future sales proceeds, be shared pro rata according to shareholding.

The rights to **FYB207**, the COVID-19 drug development project, are entirely owned by **FORMYCON AG**. In order to accelerate further development and clinical studies, FORMYCON is considering options for financial and strategic partnerships.

The structure of FORMYCON Group may thus be summarized as follows:



The current focus of FORMYCON Group is on research and development activities for its own biosimilar projects, as well as in the development of its COVID-19 drug candidate (FYB207). To the extent that it engages in other business activities, these are primarily in support of these research and development activities.

The future market for FORMYCON's biosimilar and COVID-19 product candidates is the global pharmaceutical market. Healthcare policy and regulation should therefore be recognized as an important external influence factor.

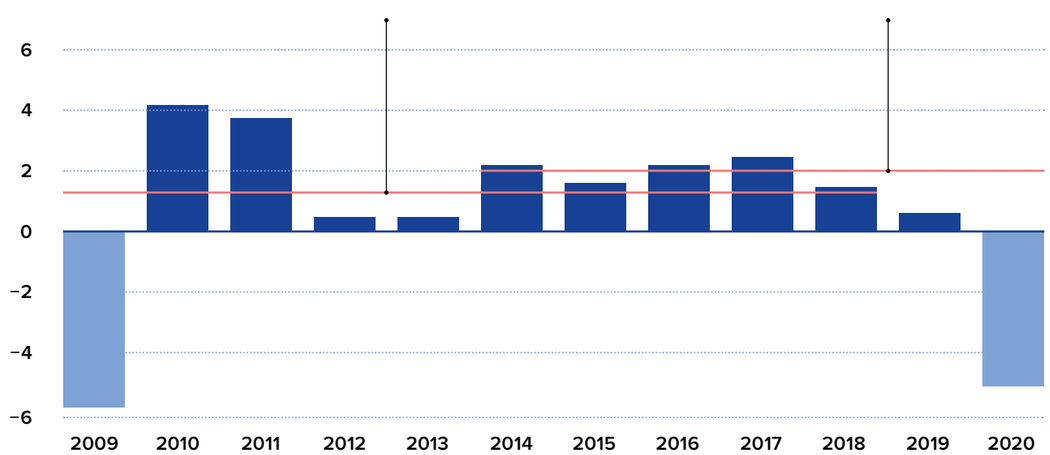
II Report on Business Performance

General economic conditions

For the German economy, 2020 was a challenging year which was profoundly shaped by the COVID-19 pandemic and its effects. The health and economic crisis pushed Germany into recession, abruptly ending the country's steady growth of the preceding ten years. For the year as a whole, Germany's GDP fell by 5.0% (previous year: +0.6%), marking the second sharpest decline since the birth of the Federal Republic of Germany in 1949.[1] In the course of the past year, economic performance was significantly impacted by the pandemic's spread as well as lockdowns and other government-imposed measures to contain it. Following a GDP plummet of 9.8%[2] in the second quarter, economic activity began to recover as restrictions were gradually removed, allowing a similarly sharp GDP rebound of 8.5%[3] in the third quarter. In the fourth quarter, when lockdown measures were once again imposed, German economic output again stagnated.[4]

Real German GDP growth from 2009 through 2020

Price-adjusted gross domestic product, change from prior year in %



2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
−5.7	4.2	3.9	0.4	0.4	2.2	1.7	2.2	2.5	1.5	0.6	−5.0

Figure 4: Price-adjusted gross domestic product, change from prior year in %)

1–4 German Federal Ministry for Economic Affairs, "The economic situation in Germany in January 2021", press release of 14 January 2021

According to the German Federal Statistical Office (Destatis), full-year real (price-adjusted) industrial output excluding construction fell by 9.7%[5], while the drop specifically in manufacturing was an even greater 10.4%.[6] A more detailed analysis shows that the pandemic has been impacting virtually every economic sector. The greatest losses for the year were recorded in the area of equipment investment, where the price-adjusted decline was 12.5% (previous year: +0.5%), followed by personal consumer spending, which fell by 6.0% (prior year: +1.6%), the sharpest drop ever recorded.[7] Contrary to the prevailing trend, government consumption expenditures, which also include procurement of protective equipment and hospital services, rose moderately by 3.4% (previous year: +2.7%). 2020 also saw modest year-on-year growth in construction investments with an increase of 1.5%, but this growth was significantly less than in the prior year (+3.8%).[8] In foreign trade, exports of goods and services declined by 9.9% (prior year: +1.0%) and imports by 8.6% (prior year: +2.6%), on a real (price-adjusted) basis.[9] Imports of services were hit particularly hard due to the sharp decline in travel.

The long-term upward trend in the German labor market was likewise abruptly broken in 2020, although it remained, on the whole, more stable than expected in the early months of the pandemic. On an annual average basis, 44.8 million people were employed in Germany during 2020, approx. 477,000 (1.1%) fewer than in the previous year.[10] The German government's actions to ease the legal conditions for special government subsidies to avoid outright layoffs (*Kurzarbeit*) made it possible to avoid even more extensive job losses. On average for the year, 328,996 employers (prior year: 14,156) filed for *Kurzarbeit* relief, significantly more than in previous years.[11] The peak during 2020 was the month of April, when almost 6 million employees were placed on government-paid *Kurzarbeit* in lieu of regular work.[12]

General industry conditions

As with virtually every sector of the economy, the German pharmaceutical market in 2020 was clearly affected by the COVID-19 pandemic. While the market posted overall growth in revenue terms, there was a slight year-on-year decrease in sales volume. Total full-year 2020 pharmaceutical industry revenue, including both pharmacy and clinical sales, rose to € 49.5 billion,[13] a gain of 6.7% over the prior year (€ 46.4 billion).[14] With a share of 86%, the pharmacy segment was once again the primary source of revenue.

According to IQVIA, a leading information platform for human data science, the impact of the pandemic can be clearly and specifically seen in the monthly sales figures. For example, sales for the month of March 2000 saw above-average growth over the prior-year month due to inventory purchases in anticipation of the worsening corona

5,6 German Federal Statistical Office (Destatis), "Gross domestic product down 5.0% in 2020"
7 German Federal Ministry for Economic Affairs, "Selected data on the economic situation, February 2021"
8–10 German Federal Statistical Office (Destatis), "Gross domestic product down 5.0% in 2020"
11 Statista, "Anzahl der Betriebe mit Kurzarbeit in Deutschland im Jahresdurchschnitt von 1992 bis 2020" (German only), March 2021
12 German Federal Agency for Civic Education (Bundeszentrale für politische Bildung/bpb), "Kurzarbeit" (German only), 28 November 2020
13,14 IQVIA, Marktbericht Classic, "Entwicklung des deutschen Pharmamarktes im Jahr 2020" (German only), 2021

crisis. Because of the resulting higher inventories, massive sales declines followed for the months of April and May, followed by a sharp increase in the month of June. The months of September and December likewise sharp year-on-year increases following unusually weak months.

The stagnating full-year 2020 sales[15] in the German pharmaceutical market are presumed to reflect, among other factors, reluctance among patients to go to doctor's practices than in normal years because of concerns about COVID-19 infection risks or because of government-imposed lockdown restrictions. In addition, hospital treatments deemed not absolutely necessary were in many cases deferred or cancelled, further reducing the need for medication. According to a survey by the German Hospital Association (*Deutsche Krankenhausgesellschaft*), some 1.6 million fewer treatments were carried out between mid-March and mid-May 2020 than during the same period of the prior year.[16]

The sharp impact of the pandemic on Germany's chemical and pharmaceutical industry is further confirmed by the German Chemical Industry Association (VCI), which reported weaker demand in domestic and international business during 2020 due to COVID-19. According to the VCI, aggregate annual sales revenue in Germany's third largest industry fell for this reason by 6%, from € 193 billion in 2019 to € 186.4 billion in 2020.[17] Overall, production likewise fell by 6%,[18] although there were marked differences among the various component sectors represented by the Association. In the pharmaceutical sector, in particularly, the decline in production was just 0.5%,[19] far better than the average drop for the chemical-pharmaceutical industry as a whole – although still far short of the 2% production growth expected before the onset of the pandemic and resulting market challenges.

Employment in Germany's chemical-pharmaceutical industry during 2020 remained little changed from the prior year with an average of approx. 464,000 employees[20] (prior year: 464,800). Unlike in other industries, relatively few employees were placed on government-paid *Kurzarbeit* during 2020 in lieu of regular work. According to a survey by Germany's ifo Institute, the share of pharmaceutical companies which applied for *Kurzarbeit* relief in June 2020 was only 1%[21], compared to 64% for the manufacturing sector as a whole.[22]

In 2020, the focus of the pharmaceutical industry, not only in Germany but also globally, was very visibly on the search for a coronavirus vaccine, but also on putting preparations in place to supply the country's population with vaccines and other medical products. Export restrictions and delivery bottlenecks resulting from very

15 IQVIA, Marktbericht Classic, "Entwicklung des deutschen Pharmamarktes im Jahr 2020" (German only), 2021
16 ifo Institute, "Industry Atlas: Pharmaceutical Industry", as of 20 July 2020
17–20 VCI, as reported on BIONITY.COM, 17 December 2020
21, 22 ifo Institute, "Industry Atlas: Pharmaceutical Industry", as of 20 July 2020

high global demand fueled calls within Germany to bring back domestic production of pharmaceuticals and their critical raw materials. For the German pharmaceutical industry, the COVID-19 pandemic thus presented not only unique challenges but also new business opportunities.

The preparedness of Germany's pharmaceutical industry to rapidly take advantage of these opportunities demonstrates its extraordinarily scientific and business abilities, particularly in the many actions to help fight the COVID-19 pandemic. Needless to say, Germany's BioNTech stands out here for developing, in partnership with Pfizer, the European Union's first approved COVID-19 vaccine in December 2020.[23] Beyond this very visible example, however, Germany stands out, by international comparison, for its many other vaccine and drug development projects in the fight against COVID-19, as well as its steps to rapidly and dramatically increase vaccine production.[24]

23, 24 German Association of Research-Based Pharmaceutical Companies (vfa), "Impfstoffe zum Schutz vor der Coronavirus-Infektion Covid-19" (current version in German only)

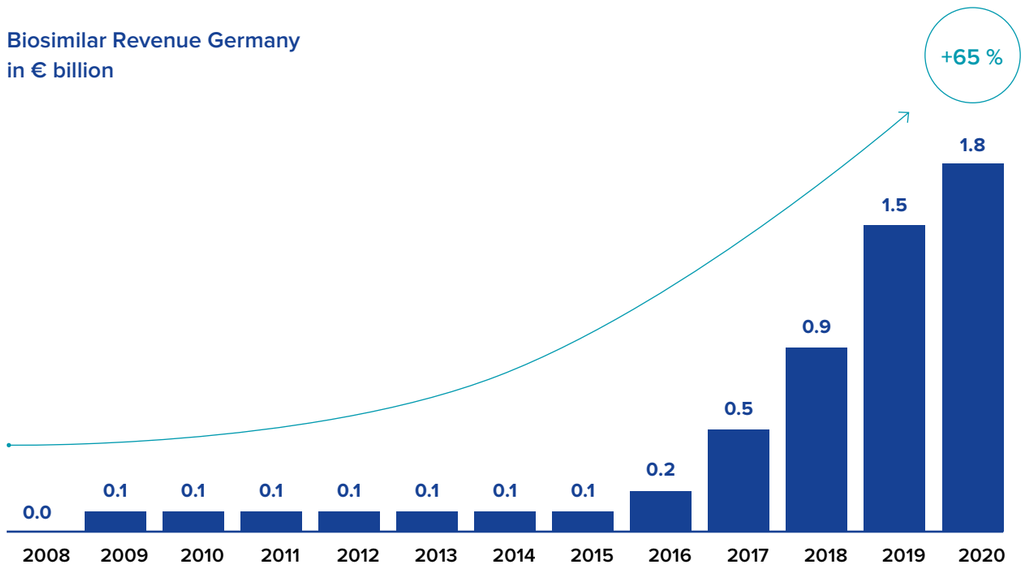


Figure 5: Sales revenue for biosimilars in Germany

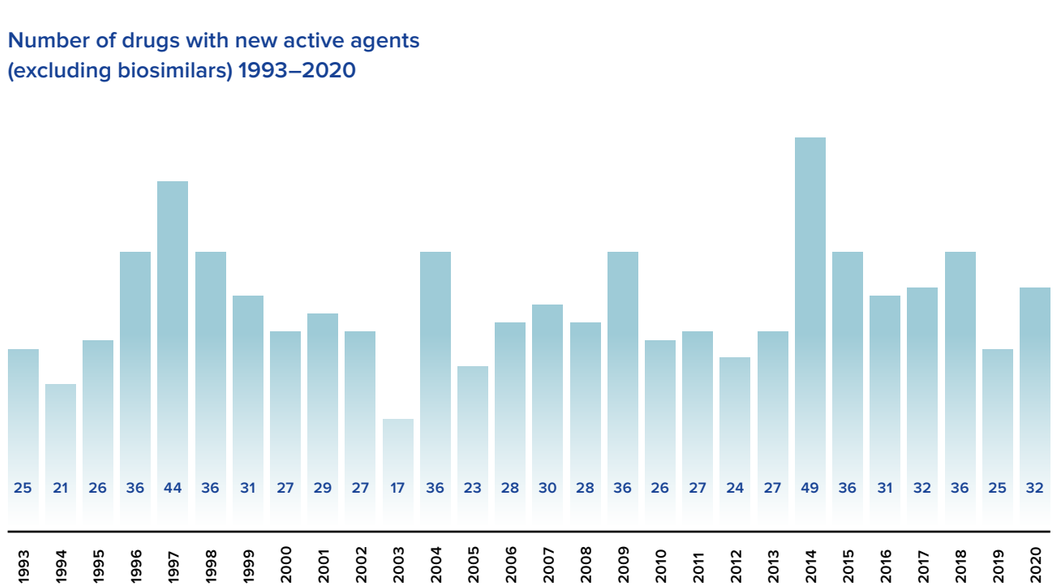


Figure 6: Number of drugs with new active agents (excluding biosimilars) 1993–2020

German market for biosimilars and biologicals

According to IQVIA, biosimilar medicines were one of the key themes of the global pharmaceutical industry during 2020 and will be for years to come.[25] These follow-on biopharmaceuticals, already available in the European Union for more than 13 years[26], are increasingly in demand and are being prescribed ever more often.[27] Already in 2005, the EU established a legal framework for the regulatory approval of biosimilar drugs, placing the European Medicines Agency (EMA) at the global forefront in pioneering a new approval process for biosimilar drugs. For the EU as a whole, biosimilars are already now generating annual sales revenue of € 8.4 billion and, measured in terms of treatment days, accounted for 9% of the total biologics market in 2020 – a growth rate of 60% over the prior year.[28] The number of approved biosimilar products on the market is also growing. In Germany, biosimilars are now firmly anchored the everyday prescribing practice of treating physicians and, with 52 approved biosimilars containing 16 different active substances spanning numerous therapeutic indications, are already an integral component of the country's healthcare system.[29] In Germany alone, aggregate sales of biosimilar drugs rose in 2020 to € 1.8 billion (see Figure 5).

According to the German Association of Research-Based Pharmaceutical Companies (vfa), some 32 drugs with innovative active ingredients (i.e. excluding biosimilars) were introduced to the market during 2020 (see Figure 6).[30] Drugs for oncology were in the lead, followed by preparations for inflammatory diseases, blood disorders, metabolic diseases, and infectious diseases.[31] Over the past five years, the market for biologics (biopharmaceuticals) has been growing roughly four times faster than conventional, small-molecule drugs, underscoring the market's rapid shift to biopharmaceutical-based treatments.[32]

25 IQVIA, "Neun Trends im Pharmamarkt 2020", market access & health policy (German-language industry journal), issue of March2020

26, 27 Drug Commission of the German Medical Association (Arzneimittelkommission der deutschen Ärzteschaft), "Leitfaden: Biosimilars" (German only), 2nd edition (January 2021)

28 IQVIA, "Fokus: Biosimilars" (German only), March 2021

29 Drug Commission of the German Medical Association (Arzneimittelkommission der deutschen Ärzteschaft), "Leitfaden: Biosimilars" (German only), 2nd edition (January 2021)

30, 31 vfa, Innovationsbilanz: Die neuen Medikamente und Anwendungsgebiete des Jahres 2020, 13.01.21

32 IQVIA, "Fokus: Biosimilars" (German only), March 2021

Business development during the period

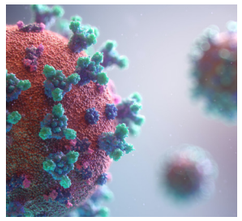
Business performance during fiscal year 2020 was satisfactory, for both FORMYCON Group and FORMYCON AG. The Group ended the period with a consolidated annual net loss of € 5,926K on consolidated annual revenue of € 34,227K. For the parent company only, the annual net loss was € 5,733K on annual revenue of € 25,097K. Neither FORMYCON AG nor FORMYCON Group has any financial debt.

Chronological review of key developments during fiscal year 2020:

FEB

In **February** 2020, FORMYCON and its license partner Bioeq AG announced that the U.S. Food and Drug Administration (FDA) had requested additional data for **FYB201**, the candidate biosimilar to Lucentis®, as part of the FDA's review of the biologics license application (BLA) submitted by Bioeq in December 2019. Pursuant to an unrelated order from the national health authority of a European country, the contract manufacturer responsible for production of the FYB201 active ingredient had moved part of the process equipment specifically used for its manufacture to another area within the company site after the batches for FYB201 process qualification had already been produced. The FDA thus requested, under its review procedure, additional data in the new production environment following the move. In view of the situation, Bioeq decided to withdraw the initial approval application for the Lucentis® biosimilar candidate and to resubmit the BLA after incorporating the additional data.

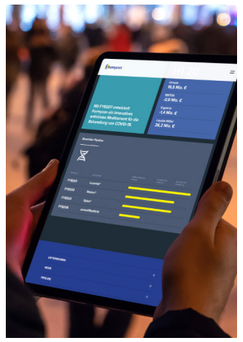
APR



In **April**, FORMYCON announced the launch of development of an innovative antibody-based COVID-19 medicine using FORMYCON's clinically validated technology platform for antibody-based protein drugs. For the development of this COVID-19 drug candidate (**FYB207**), FORMYCON is using sophisticated computer-aided structural protein design as well as a series of physiochemical, functional and biological tests to efficiently screen for antibody-based active substances which can block the SARS-CoV-2 virus.

MAY

In view of the ongoing coronavirus pandemic, and in the interests of protecting shareholders, FORMYCON staff and all others involved with the event, FORMYCON announced in **May** that the **Annual General Meeting originally planned for June 30, 2020 would be postponed** to December 10, 2020. FORMYCON's decision was in line with the decree imposed by the German federal government in mid-April 2020 banning all major public events through August 31, 2020, and in accordance with the law passed by the German legislature to mitigate the consequences of the COVID-19 pandemic, which allows annual general meetings to be held beyond the usual eight-month period (per section 175 para. 1 sentence 2 of the German Stock Corporation Act, *Aktiengesetz*). Through this action, FORMYCON hopes to provide its shareholders with the opportunity to fully participate in a face-to-face event, provided that the prevailing coronavirus situation in December allows such an event.



During the month of **May**, FORMYCON also issued an **update on its biosimilar development projects**, noting that through prompt and proactive measures including organizational decentralization, the effects of the pandemic on the Company's operational development activities had so far been minimal. Together with license partner Bioeq AG and the relevant contract manufacturer, FORMYCON is working intensively on the approval documents for **FYB201**, the candidate biosimilar to Lucentis®, expected to be resubmitted to the FDA in the second half of 2020. It was further announced that phase I clinical trials for **FYB202**, the candidate biosimilar to Stelara® (ustekinumab), which have been underway since October 2019, are well advanced and that preparations for phase III clinical trials, expected to begin in the third quarter of 2020, are proceeding as planned. As to the launch of phase III clinical trials for **FYB203**, FORMYCON's candidate biosimilar to Eylea® (aflibercept), the preparatory work is likewise proceeding according to plan, and thus phase III clinical trials should likewise be in a position to begin in mid-2020. It was also noted that the worldwide marketing rights for FYB203 have now been internally shifted within the Santo Group from Santo Holding (Deutschland) GmbH to another Santo entity, Klinge Biopharma GmbH. FORMYCON continues to build and expand its biosimilar project pipeline. As to other announced biosimilar candidates, **FYB206** is currently in the preclinical phase, with relevant intellectual property (IP) rights already established.

Also in **May**, FORMYCON released its **financial results for fiscal year 2019**. For the year ending December 31, 2019, total consolidated sales revenue was € 33.2 million. With EBITDA of € 1.4 million and an annual net loss of € 2.3 million, the full-year figures were in line with expectations. FORMYCON Group closed the year with cash and liquid resources of € 22.4 million and an equity ratio in excess of 90%, which is well above average.

JUN

In **June**, FORMYCON announced its **results for the first quarter of 2020**, pointing to a strong start for the new fiscal year. Thanks to its rapid reaction and aggressive implementation of appropriate measures to protect staff amid the COVID-19 pandemic, FORMYCON announced that had so far been able to adapt well to the prevailing situation, so that the Company's operational development activities were continuing in line with plan. For the quarter ending March 31, 2020, consolidated revenue (including other income) was € 7.2 million, with EBITDA of € 0.4 million and first-quarter net income of € 0.2 million. For the year as a whole, FORMYCON Group announced that it anticipated consolidated revenue in the range of € 35 to 40 million.

AUG

With the administration of the first patient dosage in **August 2020**, FORMYCON AG and Bioeq GmbH announced the **kick-off of phase III clinical trials for FYB203**, the candidate biosimilar to Eylea®. The randomized, double-blind, multi-center phase III trials (MAGELLAN-AMD study) is examining the comparability of FORMYCON's biosimilar candidate FYB203 to reference product Eylea® in terms of efficacy, safety and immunogenicity in patients with neovascular age-related macular degeneration (nAMD). The study was designed in consultation with the U.S. FDA, the European Medicines Agency (EMA) and the Japanese Pharmaceuticals and Medical Devices Agency (PMDA) with the aim of facilitating regulatory approval in each of these key regions.

SEP

H1

The **Company's 2020 half-year report** was released in **September**, with key financial figures in line with plan. Consolidated sales revenue for the first six months ending June 30, 2020 was € 16.5 million, producing EBITDA of € 0.9 million. The consolidated operating profit (EBIT) for the period was € 1.4 million compared to € 0.7 million in the first half of 2019, with net losses for the respective periods almost exactly the same as EBIT. As of the reporting date, FORMYCON Group had cash and liquid resources, including short-term receivables, of € 26.2 million.

OCT

In **October 2020**, strategic investor Active Ownership Group subscribed to a **cash capital increase of € 25.75 million** arranged as a private placement transaction. Through a partial utilization of already authorized capital, FORMYCON AG increased its registered capital (*Grundkapital*) from € 10,000,000.00 to € 11,000,000.00 through the issuance against cash contribution of 1,000,000 new bearer shares without par value but with an imputed nominal value of € 1.00 per share, and issued at a price of € 25.75 per share. The cash proceeds of € 25,750,000.00 will be primarily used for the expansion and further development of the Company's pipeline of proprietary product candidates. The additional liquidity will thus open up new opportunities for FORMYCON to develop high-potential projects through to more advanced stages, thereby creating significant new potential for value growth.

In the same month, FORMYCON received a **state grant in the amount of € 290,000** from the **Bavarian Research Foundation** (*Bayerische Forschungsstiftung*) in support of its COVID-19 drug research, specifically for "characterization of ACE2-IgG constructs".

NOV

Against the backdrop of the ongoing COVID-19 pandemic, for which no end was anywhere near in sight, and in conformity with government hygiene regulations in the state of Bavaria as well as the Company's aim of protecting its staff and stakeholders, the Company finally announced on **November 2, 2020**, through the legally required invitation in electronic Federal Gazette (*Bundesanzeiger*), that the delayed **Annual General Meeting** would be held in **virtual format**.

In **November**, FORMYCON AG and its license partner Bioeq AG announced **improvements** to their **strategy for resubmitting the biologics license application** (BLA) for Lucentis® biosimilar candidate **FYB201**. Under the revised strategy, the re-filing of the BLA with the U.S. FDA, now planned for the first half of 2021, will already encompass large-scale commercial production, thereby simplifying the approval process. These changes to the approval strategy in conjunction with optimizations being made to the commercial supply chain are not expected to have any impact on the anticipated launch of FYB201 in the U.S. and EU markets.

Shortly afterwards, the Company announced the **start of phase III clinical trials (the VESPUCCI study) for FYB202**, the candidate biosimilar to Stelara®, thereby marking the third successful transfer of a FORMYCON biosimilar candidate to phase III trials. The study aims to demonstrate the comparability of FYB202 to reference product Stelara® in patients with moderate to severe psoriasis vulgaris (plaque psoriasis) in terms of efficacy, safety and immunogenicity. With the VESPUCCI study, FORMYCON and its license partner Bioeq were one of the world's first to initiate phase III trials of a Stelara® biosimilar.

Following the end of the Company's third quarter on September 30, 2020, FORMYCON AG announced **nine-month financial results**, with year-to-date consolidated sales and other income of € 23.5 million and consolidated EBITDA of € 2.0 million. Consolidated operating profit (EBIT) for the period was € 2.7 million, with the net loss for the nine-month period almost exactly the same, in line with expectations. As of September 30, 2020, FORMYCON Group held cash and liquid resources (including current trade receivables and other assets) of € 23.6 million. (This figure does not include gross issuance proceeds of € 25.75 million from the cash capital increase transaction announced in October 2020, as this was after the close of the quarter.)

Q3

In **November**, FORMYCON AG announced the decision of the Supervisory Board to extend the appointment of **Chief Operating Officer (COO) Dr. Stefan Glombitza** for a **further four-year term** ending December 31, 2024. Through this vote of confidence, the Supervisory Board recognizes the excellent work of Dr. Glombitza, who has been leading the Company's operational development activities since October 1, 2016 and playing a central and guiding role in the impressive progress of FORMYCON's development projects.

DEC

Together with its renowned academic partners at the Technical University of Munich, Prof. Dr. Ulrike Protzer, Chair of Virology, and Prof. Dr. Johannes Buchner, Chair of Biotechnology, FORMYCON AG **published results in December 2020 of preclinical testing of its COVID-19 drug candidate (FYB207)**. Through the in vitro study, FORMYCON was able to demonstrate that its ACE2 antibody fusion protein (FYB207) is able to effectively bind with SARS coronaviruses, specifically including isolates of SARS-CoV-2 as well as the original SARS-CoV from 2003, thereby completely blocking cell infection.

Summary

FORMYCON continues to strategically position itself as a leading and independent developer of biosimilar medicines. As a pioneer in the creation and engineering of these follow-on biopharmaceuticals, particularly within the rapidly growing therapeutic areas such as ophthalmology and inflammatory skin and intestinal diseases, the Company is now focused on achieving regulatory approval in the highly regulated markets of the European Union, the United States, Japan, Canada and Australia and on positioning itself as a potential partner for major pharmaceutical corporations and generic drug producers. In this way, FORMYCON seeks to make a significant contribution to serving patients throughout the world with access to vital and affordable biopharmaceuticals, to providing urgently needed cost savings to healthcare systems, and thus to making highly effective healthcare more sustainable.

Shares and the capital markets

General stock market environment and performance of FORMYCON shares

No event has ever before impacted the equity markets with quite such speed as the coronavirus pandemic. Within a span of just 28 days, the DAX German stock market index lost a full 40 percentage points, marking this plunge as the most rapid and abrupt stock market crash in Germany's history to the present date. The market crash of 1987 was of a similar order of magnitude but took more than three times as long: Only after 102 days had the DAX dropped by more than 37%, finally reaching its low-water mark of 44.5% only after 207 days.[33] Even as it was clear that the coronavirus crisis would drag on even longer than initially feared, despite draconian restrictions to prevent the spread of infection, the storm in the markets passed quickly. Following the historically rapid market plunge in March, there was an equally unprecedented market recovery, with the German DAX benchmark index recovering 30 percentage points by the end of April and even closing the year at a new record high of 13,800 points (as of December 28, 2020). While the year's gain was less than the average of the past eleven years, it was nevertheless, except for the extreme volatility, a good year for the stock market. Thus, while the world's real economy plunged into crisis, the stock markets rose to new highs. The reasons for this must certainly include the trillion-dollar support packages from central banks, which flooded the markets with money, creating a glut of liquidity which continues to the present day. As in any crisis, there have been numerous winners and losers. Among the biggest winners were technology corporations uniquely able to meet the needs of businesses and consumers under lockdown conditions, and demand from online retailers skyrocketed, as well as in other technology segments such as communication platforms and enterprise cloud solutions. Analysts speak of a surge in digitization that, absent the pandemic, would otherwise have taken several years to transpire. On the other side, few industries have suffered more from the pandemic than the travel industry, which will probably need years to return to the revenue levels of 2019.[34]

Shares of FORMYCON AG began 2020 within a narrow trading range between € 30.10 and € 32.50 before dropping significantly upon the Company's ad hoc announcement on February 4, 2020 regarding the FYB201 approval process. As part of a preliminary review of the biologics license application (BLA) submitted by Bioeq in December 2019 for FYB201, the candidate biosimilar to Lucentis®, the U.S. Food and Drug Administration (FDA) requested additional data. The stock price reacted significantly, recording a drop of some 24% for the month of February. Moreover, with the emergence of the coronavirus pandemic and the associated financial uncertainties which broadly dragged down world markets, shares of FORMYCON were further negatively impacted by the general panic-like investor behavior during the month of March, suffering a further drop of an additional 18%.

33 cf. Der Spiegel, "Der schnellste Börsencrash der Geschichte" (German only)
34 cf. Neue Züricher Zeitung, "Warum 2020 ein Börsenjahr der Extreme war" (German only)

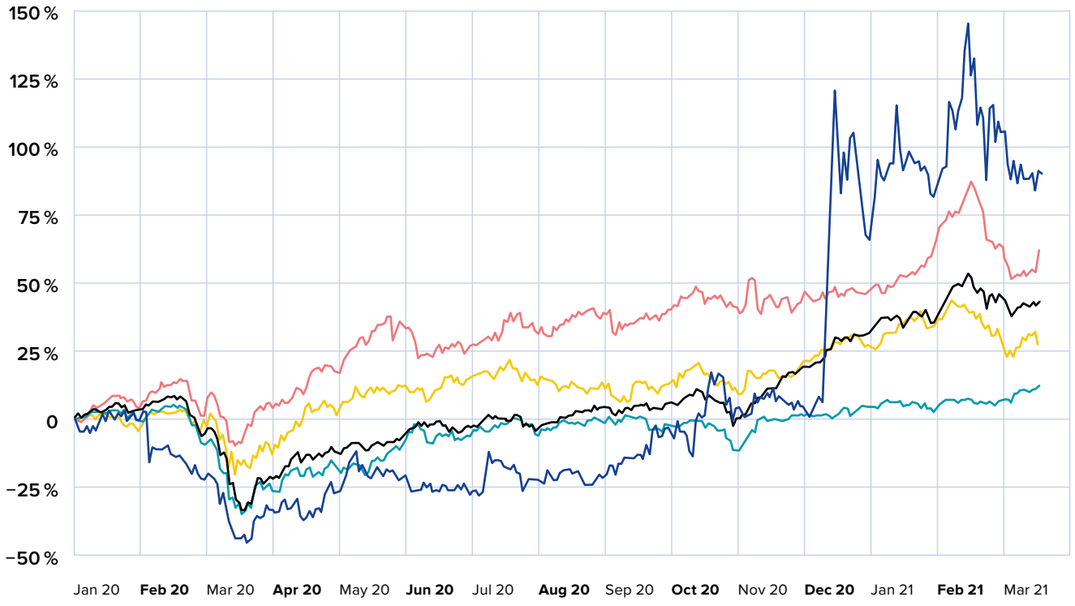


Figure 7: FORMYCON AG Shares DE000A1EWVY8

On March 20, the day upon which Germany's first hard lockdown restrictions were announced in the state of Bavaria, FORMYCON shares reached a low with a Xetra day closing price of € 16.90. In the further course of the spring months, the Company's stock price recovered in line with broader benchmark indexes and by the middle of May was once again just under the € 30.00 mark. Despite positive news flow, shares traded within the range of € 22.00 to € 27.00 until mid-September, then moved back above the € 30.00 threshold in October with the announcement of FORMYCON's cash capital increase through a private placement to a strategic investor. The Company's share price reached a new interim peak of € 37.00 on October 19, its highest since May of 2018. Although FORMYCON shares were unable to break back above the € 35.00 mark in the course of November, the market price remained solidly above the € 30.00 mark, trading between € 32.00 and € 34.00. With the press release of December 9, 2020, announcing the successful preclinical results of FORMYCON's innovative SARS-CoV-2 blocker, the share price responded accordingly. Within a few days, the price of FORMYCON shares in Xetra trading rose from € 33.60 (December 8, 2020) to an all-time high of € 70.60

(December 14, 2020). Along with this price gain of 110%, trading volumes likewise soared over this period, with more than 2.8 million shares changing hands (across all trading venues, 1,033,494 of which in Xetra trading). FORMYCON shares yielded to profit-taking pressure in late December, closing Xetra trading on December 30, 2020 at € 53.00, for a significantly above-average full-year price gain of roughly 66%.

During fiscal year 2020, the total number of FORMYCON shares traded across all trading venues was 7,834,601, almost three times (291%) more than during the prior fiscal year 2019 (2,005,812 shares), and corresponding to a daily average trading volume of 30,845 shares (prior year: 7,991 shares). Alone in December 2020, some 4.5 million shares changed hands, or roughly 58% of the annual total. Of this total, approx. 48% of the shares were traded on the Xetra trading system, 4% on the Frankfurt Stock Exchange, and 48% on other stock exchanges (of which approx. 87% via Tradegate).

FORMYCON shares: Basic information

Ticker symbol	FYB
German securities identifier (WKN)	A1EWVY
ISIN	DE000A1EWVY8
Listed exchange Market segment	Frankfurt Stock Exchange Scale (Open Market)
Trading venues	Xetra, Berlin, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart, Tradegate
Designated Sponsors	Wolfgang Steubing AG mwb fairtrade Wertpapierhandelsbank AG

FORMYCON shares: Performance information[35]

In €	2020	2019
Opening price at start of year (Xetra)	31.40	26.10
Closing price at end of year (Xetra)	53.00	31.90
Average price (Xetra closing prices)	28.57	30.97
in shares		
Total shares traded (on all trading venues)	7,834,601	2,005,812
Daily average shares traded (on all trading venues)	30,845	7,991
Total shares issued as of December 31	11,000,000	10,000,000

35 Historical share prices FORMYCON AG (Xetra)

Shareholder structure

If certain voting rights thresholds are exceeded, the relevant shareholders are required, under German law, to file a notification thereof with the respective issuing company as well as with the German Federal Financial Supervisory Authority (BaFin). According to sec. 33 para. 4 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), however, this provision regarding voting rights thresholds does not apply to all domestic issuers. The term "issuer" is restricted to those issuing companies whose shares are listed on an organized market within the meaning of sec. 2 para. 11 of the Act. Thus, these provisions of the Securities Trading Act do not extend to companies which, like FORMYCON, are listed in the unofficial regulated market (*Freiverkehr*), or "Open Market",[36] as these companies are not legally considered to be listed on an official exchange.

As of the financial statement closing date of December 31, 2020, the Company had received no such notifications that any such voting rights thresholds had been exceeded. Nevertheless, as part of its targeted investor relations activities, FORMYCON strives to ascertain its shareholder structure to the greatest extent possible.

With some 35% of shares in the hands of family offices and another 15% held by institutional investors, the shareholder structure of FORMYCON AG remained stable. Founders and management held approx. 15% of shares, with the remaining 35% in free float. As of December 31, 2020, Peter Wendeln, anchor shareholder and long-time FORMYCON supervisory board member, held a total of 21.74% of the Company's outstanding shares (previously 23.91%, diluted through an increase in the Company's registered capital from € 10,000,000.00 to € 11,000,000.00 through a cash capital increase registered in the Company's commercial register as of October 22, 2020) by way of asset management company Wendeln & Cie. KG and other entities under the control of Mr. Wendeln. This holding is included within the aforementioned figure for family office holdings. Through the capital increase transaction of October 22, 2020, the Active Ownership Group acquired 1,000,000 shares and thereby held a 9.09% stake in FORMYCON AG as of the reporting date.

Reporting of securities transactions by company executives (directors' dealings)

During fiscal year 2020, no members of the Executive Board or Supervisory Board conducted any securities transactions subject to reporting requirements under article 19 of the Market Abuse Regulation (MAR).

Scale (Open Market) market segment

The Company's shares have, since March 1, 2017, been listed in the Frankfurt Stock Exchange's "Scale" segment for small- to medium-sized companies. The initial listing requirements and ongoing obligations of this Open Market (unofficial regulated)

[36] cf. German Federal Financial Supervisory Authority (BaFin), "General principles for filing notifications under sections 33, 38 and 39 of the WpHG"

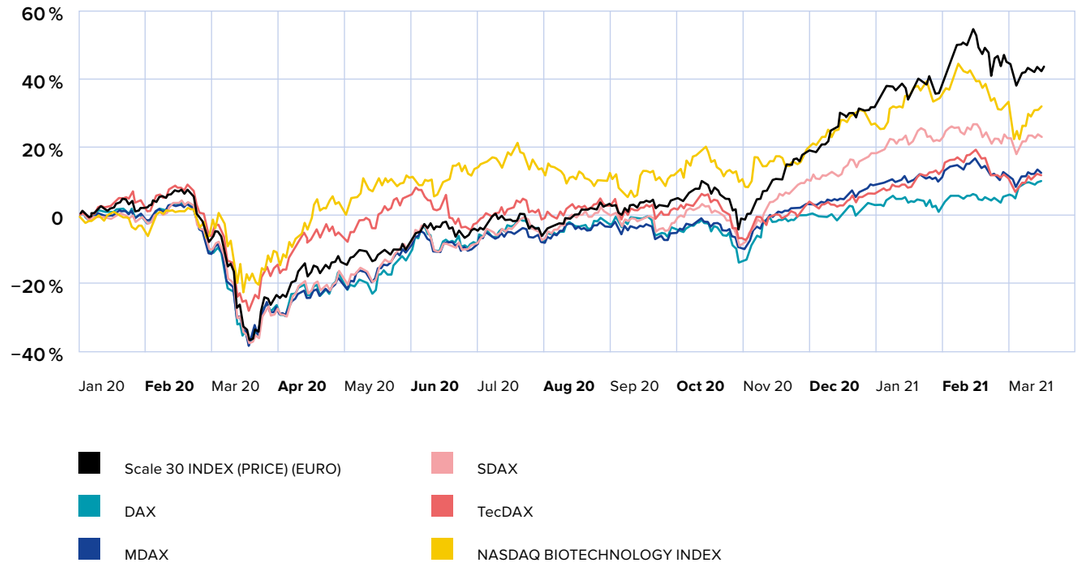


Figure 8: SCALE 30 Price EUR Index

segment are designed to facilitate capital raising for small- to medium-sized companies and to provide access to German and international investors. FORMYCON shares were added to the Deutsche Börse's "Scale 30 Index" of the 30 most liquid shares within the Exchange's Scale segment in February 2018, soon after the launch of this new market index of Germany's most actively traded small- to medium-sized companies at the start of 2018. The inclusion of FORMYCON within the Scale 30 Index was based primarily upon order book turnover on the Xetra and Frankfurt Stock Exchange trading venues as well as its market capitalization. The composition of the Scale 30 Index is regularly adjusted. The index is calculated in real time, is denominated in euros, and is available in both price and performance variants. Since the creation of this select index of the most traded stocks in the Scale segment, these stocks have been gaining greater visibility among investors. The Scale 30 Index serves as a complement to Deutsche Börse's "Scale All Share Index", which tracks the entirety of stocks in the Scale segment. Particularly since the autumn of 2020, Germany's Scale segment has lived up to its name as a growth market, leaving the German DAX and MDAX stock market indexes far behind. From February 2020 to February 2021, the Scale 30 Index gained 44%, while the broader Scale All Share Index rose an ever greater 51%. In contrast, the MDAX index increased 13% and the DAX index of German blue-chip stocks gained just 3%[37] (see Figure 8).

[37] Frankfurt Stock Exchange, Scale Market Report

FORMYCON has, since its introduction throughout the EU in July 2016, been subject to the requirements of the Market Abuse Regulation, replacing key parts of the German Securities Trading Act with the stated goal of promoting the integrity of the financial markets by improving transparency. Under the MAR, the Company is obligated to publicly release ad hoc announcements of information relevant to its share price, to report securities transactions by its executives (directors' dealings), and to maintain a registry of Company insiders. FORMYCON has implemented these requirements, integrating appropriate compliance processes into its existing risk management system as necessary.

Subscribed capital

Through a partial utilization of already authorized capital, FORMYCON AG increased its registered capital (*Grundkapital*) from € 10,000,000.00 to € 11,000,000.00 through the issuance against cash contribution of 1,000,000 new bearer shares without par value but with an imputed nominal value of € 1.00 per share, with effect from entry of the capital increase in the Company's commercial register on October 22, 2020. Active Ownership Group acquired all 1,000,000 new shares of FORMYCON AG, arranged as a private placement transaction and under exclusion of shareholder subscription rights as provided under sec. 4 para. 3. of the Company's articles of association (*Satzung*). The issuance price of the new shares was set at € 25.75 per share, resulting in gross proceeds from the capital increase of € 25,750,000.00.

Annual General Meeting and election of Supervisory Board

In May 2020, the Executive and Supervisory Boards of FORMYCON AG resolved to postpone the Annual General Meeting, originally planned for June 30, 2020, until December 10, 2020. This decision was made under careful consideration of the ongoing coronavirus pandemic and with the aim of protecting shareholders, FORMYCON staff and the various service providers involved in this large event. Through this action, FORMYCON acted in line with the decree imposed by the German federal government in mid-April 2020 banning all major public events through August 31, 2020, and in accordance with the law passed by the German legislature to mitigate the consequences of the COVID-19 pandemic, which allows annual general meetings to be held beyond the usual eight-month period (per section 175 para. 1 sentence 2 of the German Stock Corporation Act, *Aktiengesetz*). Through this postponement of the Annual General Meeting to the end of the year, the hope at the time was that FORMYCON might be able to to provide its shareholders with the opportunity to fully participate in a face-to-face event in Munich. In view of the ongoing COVID-19 pandemic crisis and related government regulations in the state of Bavaria as well as the Company's aim of protecting its staff and stakeholders, the Executive Board decided in November 2020, with the concurrence of the Supervisory Board, to hold the Company's Annual General Meeting (AGM) on December 10, 2020 in virtual format. In this way, shareholders were able to follow the proceedings of the virtual AGM by way of live audio-visual streaming through a specially established AGM portal.

The participating shareholders followed the various proposals presented by the Executive Board and Supervisory Board, approving all resolutions proposed by management with large voting majorities. Shareholders were also able to exercise their voting rights before or during the virtual AGM through postal voting or authorized proxy voting. The candidates proposed for election to the Supervisory Board – Dr. Olaf Stiller, Peter Wendeln and Klaus Röhrig – were re-elected, or in the case of Mr. Röhrig newly elected, with large majorities. In a constitutive meeting following the AGM, the Supervisory Board elected Dr. Stiller as Chairman and Mr. Wendeln as Deputy Chairman. Both are now serving their third terms on the Supervisory Board. Hermann Vogt, who had been serving as Deputy Chairman of the Supervisory Board since 2013, did not stand for re-election for a further term.

Investor relations

Professional dialogue with investors and with the international capital markets forms an important component of FORMYCON's corporate strategy. As a result of the ongoing coronavirus pandemic, a number of planned conferences and events have been cancelled over recent months, while others have been held in virtual form. During fiscal year 2020, FORMYCON's senior management presented the Company at selected investor conferences, such as the Kepler Life Science Day, the German Equity Capital Forum, and the Metzler Small & Mid Cap Conference. Through such conferences as well as other outreach activities, notably including virtual non-deal roadshows, the Company has strived to maintain active contact with existing and potential investors and to increase its visibility on the capital markets. As of December 31, 2020, six analysts were regularly providing equity research coverage on FORMYCON AG.

The following analysts published research studies on FORMYCON during 2020:

Bank or research provider	Analyst
B. Metzler seel. Sohn & Co. KGaA	Tom Diedrich
Edison Investment Research Limited	Dr. John Savin
First Berlin Equity Research GmbH	Simon Scholes
Hauck & Aufhäuser Privatbankiers AG	Aliaksandr Halista
Kepler Cheuvreux	Damien Choplain
SRH AlsterResearch AG	Oliver Drebing

More information about FORMYCON and its investor relations activities may be found in the "Investors" section of the Company's website (www.formycon.com/en/investor-relations/shares/). FORMYCON believes in open dialogue with its investors and with the capital markets, as an integral part of its corporate philosophy.

In this spirit, the Investor Relations department of FORMYCON AG stands ready to respond to any questions or suggestions:

FORMYCON AG	
Contact Person	Sabrina Müller Senior Manager Corporate Communications & Investor Relations
Street address	Fraunhoferstr. 15, 82152 Martinsried/Planegg, Germany
Phone	+49 89 864 667 149
Email	ir@formycon.com
Web	https://www.formycon.com/en/investor-relations/shares/

Staffing, organizational structure, and corporate social responsibility

The business success of FORMYCON depends, among other factors, on the expertise of highly educated and skilled professional staff whose behavior in their decisions and business dealings is built upon a foundation of responsibility and ethical principles. This foundation is specifically defined through FORMYCON's Code of Conduct, with which all staff are expected to fully comply. In its corporate and management culture, FORMYCON attaches particular importance to a spirit of mutual trust, thereby encouraging a free and open exchange of views spanning the entire organization, across all levels. FORMYCON views this open and candid work environment as crucial for shared success. By participating in this open dialogue and actively participating in the company, each and every employee can make decisive contributions to the company's success.

As of December 31, 2020, FORMYCON had a total of 131 employees (prior year: 113). The average staffing during fiscal year 2020 and the prior-year period is shown below, divided by functional area, and expressed in terms of full-time equivalents (FTEs) to more meaningfully reflect part-time staff:

Average staffing during the period by function
(in FTE, rounded, excluding Executive Board members)

	2020	2019
Research & development	89	72
General & administrative	12	8
Total	**101**	**90**

The scientific areas of protein analytics and drug product were, in particular, strengthened over the period in order to have the resources in place needed for the extensive work efforts entailed in the Company's existing and new biosimilar projects. The Company's regulatory affairs department was also further expanded in order to have sufficient expertise and capacity to produce regulatory approval documents of the highest quality standards and to interface with regulatory approval authorities internationally. FORMYCON also boosted its staffing in its business operations, which

is responsible, among other things, for the further development of the Company's purchasing capabilities and its digitization efforts. As to the latter, numerous digitization measures were put into place over the past year and several larger projects initiated in order to take into account both existing and future requirements as fully as possible while ensuring maximum digital adaptability of the growing organization.

Staff expenses during fiscal year 2020 were € 10,031,796 (prior year: € 9,094,672), with the increase due primarily to the greater average number of employees.

Among FORMYCON's key success factors is the recruiting and retention of highly educated and skilled employees with extraordinary abilities. FORMYCON recruits its staff without regard to gender, nationality or age. Our corporate culture is characterized by an affirmative attitude towards integration, respect for diversity and equal opportunities. Despite the particular challenges created by the COVID-19 pandemic, FORMYCON has been able to recruit outstanding talent and to successfully integrate new staff into the organization.

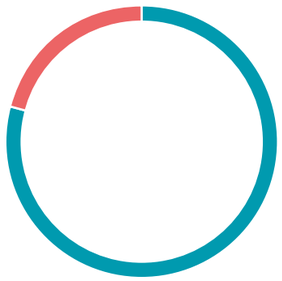
81% of the Company's total employees have a university degree, and 41% a doctorate. In terms of gender, 63% are female and 37% male. The average employee age as of December 31, 2020 was 39 years. The percentage of women within the second management level (director level) is 40%. FORMYCON is proud of the stable organization and diverse workforce that it has built over the years, with employees from 15 different countries (Austria, China, Colombia, Croatia, Cyprus, Germany, India, Iran, Italy, Macedonia, Montenegro, Nepal, Poland, Romania, UK).

To further these efforts to attract and retain talent, the Company has implemented an employee referral program which offers incentives to staff who contribute to the recruitment process by recommending suitable candidates.

In order to maximize the attraction and retention of talent which is so vital to the Company, FORMYCON pursues a strategy of actively fostering long-term loyalty of its staff throughout the Company's various functional areas. In order to further this strategic aim, FORMYCON offers individual opportunities for advanced training, not only for present job responsibilities but also to prepare staff for future career progression. During fiscal year 2020, the Company established a "scientific career path" for its research staff as well as a "managerial career path" program for staff in the regulatory affairs, quality management and project management areas, thereby fostering career planning within the Company. In addition to offering such specific benefits as flexible working hours, a company pension scheme, health and wellness programs, and teambuilding events, FORMYCON places great importance on overall employee satisfaction, which is – along with technical excellence – essential to the Company's ultimate success. In order to objectively measure the overall satisfaction of its workforce, FORMYCON regularly conducts anonymous surveys using an external service provider, focusing in particular on any psychological issues which might present a risk to the Company.

Full-Time vs. Part-Time Staff

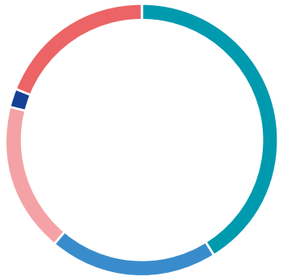
as of Dec. 31, 2020



79 % full-time
21 % part-time

Educational Level of Staff

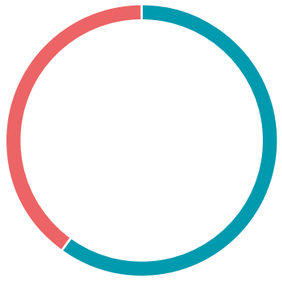
as of Dec. 31, 2020



41 % PhD
20 % Diplom (equiv. Master's)
18 % Master's
2 % Bachelor's
19 % Vocational training

Percentage of Total Staff by Gender

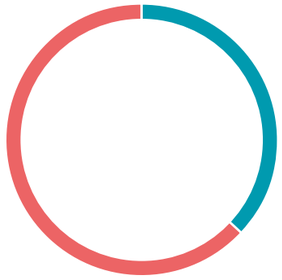
as of Dec. 31, 2020



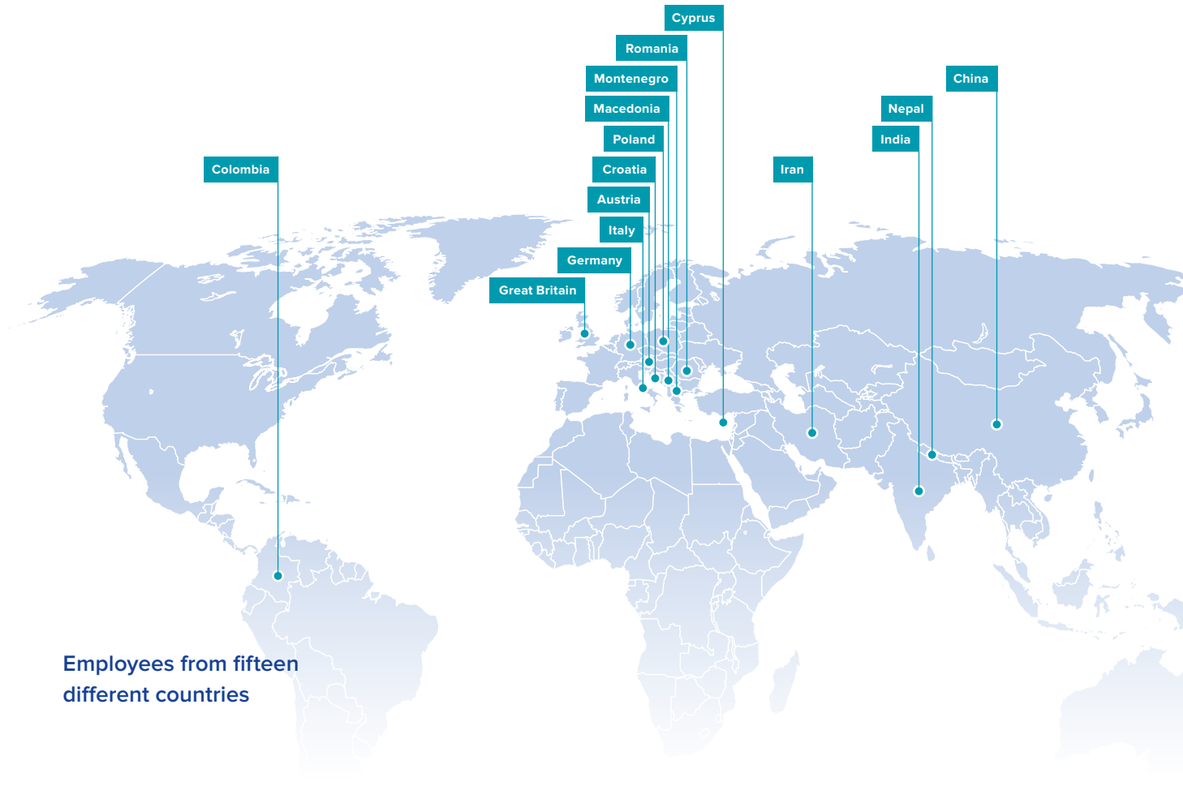
63 % female
37 % male

Percentage of Second Management Level by Gender

as of Dec. 31, 2020



40 % female
60 % male



Employees from fifteen different countries

The survey thus includes specific questions not only about the employee's satisfaction with the Company but also about psychological stresses within the workplace. The company also offers individual health assessments to its employees, along with coaching on relevant health topics. Through all of these measures, the Company strives to achieve and maintain the highest possible levels of employee satisfaction and loyalty.

Against the backdrop of the ongoing COVID-19 pandemic, FORMYCON promptly took extensive measures to protect its staff from infection to the maximum possible extent. At a very early stage, and even before the COVID-19 crisis fully reached Germany, FORMYCON took proactive measures by decentralizing its organization. By responding with maximum flexibility, and by adjusting working hours and models around the needs of staff, FORMYCON was able to meet the requirements of the extraordinary situation while ensuring operational continuity. In order to help our staff reconcile the demands of their work and private lives, even beyond the immediate COVID-19 crisis, we are developing a new and forward-looking work concept which will better balance today's needs and lifestyles in terms of working hours, place of work, and means and methods of working. Finally, and needless to say, the entire FORMYCON workforce was also promptly equipped with vital protective equipment such as medical-grade mouth and nose protection as well as disinfectants. We would like to take this opportunity to thank the entire FORMYCON team for their excellent cooperation as we have navigated together through this public health crisis.

Research and development

The Group's activities during 2020, as in prior years, were substantially comprised of research and development activities.

The consolidated expenditures for these Group activities may be broken down as follows:

In €	Fiscal year
Cost of raw materials, consumables and supplies	3,278,083
Third-party services	22,772,097
Staff expenses	10,031,796
Depreciation and amortization	915,220
Other	3,950,929
	40,948,125

As of the close of 2020, 113 staff members (FTE) worked in research and development (prior year: 97). Expenditures during the period totaled € 40,948,125, and these were all were charged as current expense. No research and development expenditures were capitalized, although certain expenses for the FYB206 project, such as reference material, were capitalized. In the area of patent protection, the Group continued to push forward with the international phase of its pending patent applications. Product development activities are proceeding on schedule, and thus prospects for the success of these development activities remain strong.

Financial performance

The financial results herein are reported for the fiscal year from January 1, 2020 to December 31, 2020. Because of rounding errors, it is possible that the figures cited do not precisely add up to the stated total, or that percentages do not precisely correspond to the absolute figures.

a. Results of operations

During the reporting period, **FORMYCON Group** generated consolidated revenue of € 34,227K, compared to € 33,157K in the prior fiscal year, resulting in an annual consolidated net loss of € 5,926K (prior year: net loss of € 2,293K). Cost of materials for the year was € 26,050K (prior year: € 21,346K), yielding consolidated gross profit from € 9,171K (prior year: € 11,731K).

During fiscal year 2020, **FORMYCON AG** continued to drive forward with the development of its four biosimilar projects according to its defined business model. As a result of the out-licensing deals for FYB201 signed in late 2013 and for FYB203 in 2015, the Company continued to post significant sales revenue. Under the terms of these deals, FORMYCON AG received ongoing payments for its product development services provided on behalf of the licensee.

As part of the creation of a new joint venture with Aristo Pharma GmbH in 2017, FORMYCON transferred its intellectual property rights in its FYB202 biosimilar project to the joint venture entities, FYB 202 GmbH & Co. KG and its subsidiary FYB 202 Project GmbH. FORMYCON holds a 24.9% stake in the joint venture with Aristo Pharma GmbH and bears a pro rata share of accumulated project investments and further development costs. FORMYCON AG also receives ongoing remuneration for the development services which it provides to the joint venture. The full-year net loss for FORMYCON AG (parent company only) was thus € 5,733K on revenue of € 25,097K.

b. Financial position

The financial position of both FORMYCON AG and FORMYCON Group remains stable, with key liquidity ratios significantly above average, as in prior years. Current assets totaled € 50,507K, compared to total current liabilities of € 7,563K. The Company did not have any bank loans or long-term loans during the period.

As of the period closing date, consolidated cash and equivalents amounted to € 42,009K, while marketable securities, also included in cash and liquid resources in the following Statements of Cash Flows, totaled € 238K. Return on sales (annual net income/loss divided by sales revenue) for the period was –17.3%, while EBIT (operating profit/loss) was € 5,727K and EBITDA (operating profit/loss plus depreciation and amortization) was € 4,812K.

The Company did not have any financial debts. Its cash flows during the period are summarized in the following Statements of Cash Flows:

Consolidated Statement of Cash Flows

per German Accounting Standard (DRS) 21

		2020	2019	Change	
		€K	€K	€K	%
	Net income/loss	−5,926	−2,293	−3,632	158
+/−	Depreciation, amortization, writedowns (impairments) and write-ups of fixed assets	915	912	3	0
+/−	Additions to/subtractions from provisions and reserves	269	−704	973	−138
+/−	Other non-cash expenses/income	30	0	30	
−/+	Gain/loss resulting from disposals of fixed assets	37	8	29	380
−/+	Changes to inventories and trade receivables, as well as other assets not included among investing and financing activities	−2,483	907	−3,390	−374
+/−	Changes to trade payables, as well as other liabilities not included among investing and financing activities	1,950	−335	2,285	−681
+/−	Interest expense/interest income	104	26	78	305
=	**Cash flow from operating activities**	**−5,104**	**−1,481**	**−3,623**	**245**
−	Payments for investments in intangible assets	−92	−90	−2	2
−	Payments for investments in property, plant and equipment	−558	−923	365	−40
−	Payments for investments in financial assets	0	−4,700	4,700	−100
+	Interest received	2	3	−1	−28
=	**Cash flow from investing activities**	**−648**	**−5,710**	**5,062**	**−89**
+	Proceeds from shareholders for additions to equity capital	25,750	17,264	8,486	49
−	Interest paid	−106	−28	−77	273
=	**Cash flow from financing activities**	**25,644**	**17,236**	**8,409**	**49**
	Total changes in cash and liquid resources from cash flows	19,893	10,046	9,847	98
+	Cash and liquid resources at the beginning of the period	22,354	12,308	10,046	82
=	**Cash and liquid resources at the end of the period***	**42,247**	**22,354**	**19,893**	**89**

* Cash and liquid resources includes cash and cash equivalents as well as short-term marketable securities available for sale.

Statement of Cash Flows (parent company only)

per German Accounting Standard (DRS) 21

		2020	2019
		€K	€K
	Net income/loss	−5,733	−2,197
+/−	Depreciation, amortization, writedowns (impairments) and write-ups of fixed assets	915	912
+/−	Additions to/subtractions from provisions and reserves	−348	2
+/−	Other non-cash expenses/income	30	0
−/+	Gain/loss resulting from disposals of fixed assets	37	8
−/+	Changes to inventories and trade receivables, as well as other assets not included among investing and financing activities	−244	−1,495
+/−	Changes to trade payables, as well as other liabilities not included among investing and financing activities	767	432
+/−	Interest expense/interest income	41	26
=	**Cash flow from operating activities**	**−4,535**	**−2,313**
−	Payments for investments in intangible assets	−92	−90
−	Payments for investments in property, plant and equipment	−558	−923
−	Payments for investments in financial assets	−423	−4,700
+	Interest received	57	3
=	**Cash flow from investing activities**	**−1,016**	**−5,710**
+	Proceeds from shareholders for additions to equity capital	25,750	17,264
−	Interest paid	−98	−28
=	**Cash flow from financing activities**	**25,652**	**17,236**
	Total changes in cash and liquid resources from cash flows	20,101	9,213
+	Cash and liquid resources at the beginning of the period	19,327	10,113
=	**Cash and liquid resources at the end of the period***	**39,428**	**19,327**

* Cash and liquid resources includes cash and cash equivalents as well as short-term marketable securities available for sale.

c. Net assets

As of the close of the fiscal year, the Group's equity capital ratio remained unchanged from the prior fiscal year at 90.0%, thereby continuing at its above-average level. Non-current assets, which rose as a result of investing activities, continued to be completely covered by equity capital, suggesting a healthy balance sheet structure.

The Group's current assets consist almost completely of cash and marketable, highly liquid securities and thus involve negligible risks.

Financial and non-financial performance indicators

Because FORMYCON remains in the product development phase, the informative value of customary financial indicators is necessarily limited. The performance indicators of importance to the Group are those which measure its long-term, sustainable financial strength.

Cash flow from operating activities was € 5,104K (prior year: € 1,481K), in line with forecast. Cash flow from investing activities was € 648K (prior year: € 5,710K)

As expected, return on equity (annual net income(loss)/average equity) and total return on capital (annual net income(loss)/average total capital) were both negative for the fiscal year. As to non-financial performance indicators, please refer to the above "Research and development" section of this report.

FORMYCON undertakes development for selected clients who see themselves as partners of FORMYCON and whose interests as to successful product development and subsequent market launch are fully aligned. The cooperative partnership arrangements and congruent objectives suggest a relatively low conflict potential. The Company's staff works primarily in research and development.

III Report on Subsequent Events

Since the end of the reporting period, there have been no subsequent events at FORMYCON of accounting significance.

IV Report on Outlook

Development pipeline

Over the past year, FORMYCON has successfully gone through various phases of its development as a business and as an organization, culminating in the Company's significantly increased capitalization and initiation of multiple biosimilar drug development projects. The focus of fiscal year 2021 is on continuing to execute on the Company's defined strategy and, in particular, driving forward with the further development of its biosimilar candidates and COVID-19 drug (FYB207). In addition to these existing pipeline projects, FORMYCON is working hard to steadily expand its future development pipeline. With the anticipated and rapidly approaching market launch of its first product in 2022, FORMYCON is drawing closer to its next phase as a company, whereby it will be able to finance new growth opportunities from existing cash flows. In this way, marketing revenues already being brought in by late-stage biosimilar candidates will enable the Company to financing its own development pipeline from its own resources through to a more advanced stage, making it possible to delay out-licensing or joint venture deals until this later stage, meaning that FORMYCON will be in a position to retain a substantially greater share in the projects, thereby reaping far more of their potential for value creation. As the Company grows and matures, FORMYCON is also looking into the prospect of uplisting to a more visible and regulated stock exchange segment, or potentially even pursuing a listing on the American NASDAQ market with the aim of broadening its investor base. Whatever the outcome, FORMYCON will work to further strengthen its maturing organization and to ensure that the organizational framework for IFRS financial reporting is in place in parallel with the Company's existing German statutory (HGB) accounting.

FYB201 – candidate biosimilar to Lucentis®

FYB201, FORMYCON's candidate biosimilar to ophthalmic blockbuster drug ranibizumab (reference product: Lucentis®), is the furthest advanced development project within the product pipeline. Together with our license partner Bioeq AG, we are working hand in hand towards the successful launch of our first product. Due to the COVID-19 pandemic and associated government-imposed restrictions, some segments of the pharmaceutical market have been affected by the resulting decline in non-COVID hospital stays and doctor visits, which has at times been impacting, among other things, the demand for routine diagnostics and drug prescriptions. The overall market for Lucentis®, which according to the manufacturer was just under USD 4 billion in 2019, fell to roughly USD 3.5 billion in 2020. Because of modifications being made to the original submission strategy, including improvements to simplify the approval process and facilitate optimization of the commercial supply chain, the biologics license application (BLA) for FYB201 will be re-submitted the U.S. Food and Drug Administration (FDA) during the first half of 2021, as planned. Through pre-BLA consultations with the FDA, the additional data requested by the authorities have

already been verified and the further approval procedure agreed. Submission to the European Medicines Agency (EMA) should take place immediately upon re-submission to the FDA. U.S. biosimilar specialist Coherus BioSciences, Inc. has been selected as exclusive distributor of our Lucentis® biosimilar candidate FYB201 in the U.S. market. While our choice of European distribution partner has not yet been announced, the selection process, for which our license partner Bioeq AG is responsible, is at an advanced stage. In addition to regulatory approval in the United States and in the countries of the European Union, FORMYCON and Bioeq are also seeking regulatory approval of their candidate biosimilar to Lucentis® (ranibizumab) in other highly regulated marketing including Canada, Australia, the UK and Switzerland.

FYB202 – candidate biosimilar to Stelara®

FYB202, FORMYCON's candidate biosimilar to reference product Stelara® (active ingredient: ustekinumab), targets multiple indications for the treatment of serious inflammatory diseases. With the transfer of the FYB202 project into a joint venture (24.9% participation) with Aristo Pharma GmbH, FORMYCON created a strong basis to drive forward with the remaining development work. Thus far, FORMYCON has invested some € 21 million into the FYB202 project. Under current planning, FORMYCON will be able to fund its remaining pro rata obligations to the joint venture from its available liquidity resources. The manufacturing process for the active ingredient has already now been scaled up to a commercial production level. The start of phase I clinical trials was announced in October of 2019. Phase III clinical trials (the VESPUCCI study) were launched in November 2020, marking the third FORMYCON biosimilar candidate to be successfully moved into phase III clinical trials, with the aim here of demonstrating the comparability of FYB202 to reference product Stelara® in patients with moderate to severe psoriasis vulgaris (plaque psoriasis) in terms of efficacy, safety and immunogenicity. With the VESPUCCI study, FORMYCON and its license partner Bioeq were one of the world's first to initiate phase III trials of a Stelara® biosimilar. As to the overall market for Stelara®, the growth dynamics are extremely encouraging: According to the manufacturer, full-year 2020 sales grew by 22% over the prior year to approx. USD 7.7 billion, with this growth partly fueled by the regulatory approval during 2019 of ulcerative colitis as an additional treatment indication.

FYB203 – candidate biosimilar to Eylea®

FYB203, a candidate biosimilar to Eylea® (active ingredient: aflibercept), is – like Lucentis® above – used in the treatment of neovascular age-related macular degeneration (nAMD) along with other serious eye diseases. In 2015, FORMYCON signed a deal to license out FYB203 to cooperation partner Santo Holding (Deutschland) GmbH. In this drug development project as well, the manufacturing process for FYB203's active ingredient has already been scaled up to a commercial production level. In August of 2020, FORMYCON AG and Bioeq GmbH, sponsor of the phase III clinical study, announced the kick-off of phase III trials for FYB203 (the MAGELLAN-AMD study).

The randomized, double-blind, multi-center phase III trials are examining the comparability of FORMYCON's biosimilar candidate FYB203 to reference product Eylea® in terms of efficacy, safety and immunogenicity in patients with nAMD. The study was designed in consultation with the U.S. FDA, the European Medicines Agency (EMA) and the Japanese Pharmaceuticals and Medical Devices Agency (PMDA) with the aim of facilitating regulatory approval in each of these key regions. The worldwide marketing rights were more recently shifted internally within the Santo Group to another Santo entity, Klinge Biopharma GmbH. Despite the COVID-19 pandemic, reference drug Eylea® posted a rise in sales during 2020: With full-year revenue of some USD 8 billion, the manufacturer announced 7% growth over the prior year.

FYB206 – biosimilar candidate not yet announced

Details of FYB206, an early-phase project in the Company's development pipeline, have not yet been publicly announced. Development efforts for the biosimilar medicine candidate are currently in the pre-clinical phase, and intellectual property (IP) rights specific to the project have been established. Beyond this specific project, several other potential biosimilar candidates are under active evaluation.

FYB207 – development of an antibody-based COVID-19 drug

Building upon on FORMYCON's extensive and clinically validated experience with antibodies and antibody fusion proteins, the company launched development of an innovative COVID-19 drug (FYB207) in March 2020, promptly following the outbreak of the COVID-19 pandemic in Europe. In addition to vaccines, as well as conventional pharmaceuticals produced through chemical synthesis, SARS-CoV-2 blocking antiviral biopharmaceuticals will also play a critical role in the fight to contain the COVID-19 pandemic and treat infected patients. With its FYB207 project, FORMYCON is, together with its renowned academic partners at the Technical University of Munich, Prof. Dr. Ulrike Protzer, Chair of Virology, and Prof. Dr. Johannes Buchner, Chair of Biotechnology, working to develop an efficient antiviral SARS-CoV-2 blocker based on a long-acting ACE2-immunoglobulin fusion protein. SARS-CoV-2 and other coronaviruses exploit ACE2 on the surface of human cells as a gateway for infection of the respiratory tract. Drawing upon this scientific knowledge, FORMYCON has linked the human ACE2 protein with the constant portion of human immunoglobulin G4 (IgG4) using computer-aided structural design techniques in order to create a highly effective SARS-CoV-2 blocker which has been shown in vitro to completely prevent the infection of cells. Through its scientific advice procedure, the Paul-Ehrlich-Institute (PEI), an agency of the German Federal Ministry of Health, granted pre-approval to FORMYCON in February 2021 for the Company's proposed development concept, thus marking official support of the country's Federal Institute for Vaccines and Biomedicines for FORMYCON's planned development of FYB207. The consultation with PEI specifically included analysis, process development, production (particularly the chemistry, manufacturing and control, or "CMC", components), preclinical development and the design

of phase I and II clinical trials, including the associated bioanalytical strategy. Review of FORMYCON's applications for clinical trials will be carried out under an accelerated procedure. All pre-clinical activities and preparations for launching clinical trials of FYB207, scheduled to begin in the fourth quarter of 2021, are proceeding according to plan. In addition, FORMYCON is preparing for a scientific advice meeting with the U.S. FDA and has already secured GMP-compliant production capacity for FYB207 from an experienced German biopharmaceutical manufacturer.

Financial profile and organization of FORMYCON Group

With its financial soundness and its strong portfolio of capabilities, FORMYCON Group is well positioned in the market. As in the past, FORMYCON will continue to invest a large part of these resources into the development of new biosimilar medicines. No significant changes in the Company's balance sheet structure are anticipated. Provided that the development of its current biosimilar candidates proceeds as planned, FORMYCON could enter the royalty phase starting from 2022. Exchange rate or inflation risks are not currently viewed as relevant factors.

FORMYCON has been able to successfully cope with the coronavirus pandemic by taking prompt and proactive measures to protect its staff. The Company's emergency task force established for this purpose quickly worked to develop a comprehensive pandemic policy for the entire organization and remains in regular working contact with senior management as well as the relevant department heads to review the emergency measures taken so far and to improve and strengthen them as necessary. The early-stage decentralization of the FORMYCON organization by quickly putting into place a new work model focused on flexibility and mobility has proven to be extremely practical as well as effective in ensuring operational continuity. Nevertheless, it must be recognized that the risk of an infection spreading within or otherwise impacting the Company cannot be entirely eliminated and that such an event could have an impact on the Company's business operations, potentially hindering development activities of its biosimilar candidates. In order to counter this risk, the task force team is working on longer-term improvements to protect the health of our staff. For a further discussion of potential risks relating to the ongoing coronavirus pandemic, please refer to the following section (V. Report on opportunities and risks).

Sales revenue for fiscal year 2020 was in line with forecast. EBIT and EBITDA were, as expected, negative for both FORMYCON Group and FORMYCON AG.

As a result of the continuing rise in the number of staff beyond fiscal year 2020, as well as additional investments into new development programs and the COVID-19 project, the Company expects a significant further rise in expenses for fiscal year 2021, and thus negative reported earnings are likewise expected.

All of us at FORMYCON feel a great responsibility for the work we are doing. Through our biosimilar medicines, we aim to make a significant contribution to broadening access to vital medications so that as many patients as possible may receive effective treatment and, through the development of our new COVID-19 drug, to make a contribution to the fight against the coronavirus pandemic. FORMYCON is aware of its social responsibilities and strives to live up to them in every possible way.

FORMYCON has since 2019 been a member of the UN Global Compact, one of the world's largest and most important initiatives for responsible corporate governance, which has set itself the goal of an inclusive and sustainable global economy, supporting companies in aligning their strategies and activities with social and sustainability goals. In addition to the protection of human rights, these also include the elimination of all forms of forced labor, the abolition of child labor, the elimination of discrimination in hiring and employment, and protection of the environment, with a focus on a precautionary approach, the promotion of environmental awareness, and the development and diffusion of environmentally friendly technologies. FORMYCON stands firmly for global action with responsibility and will maintain this principled commitment long into the future. On a final note, the "Social Day" which had been planned for 2020, and through which FORMYCON and its staff will have the opportunity to further demonstrate their social commitment through various environmental and societal initiatives, has regrettably been postponed to 2021 due to the prevailing coronavirus pandemic. Building on this commitment based on our beliefs, FORMYCON will continue to involve itself in other important environmental, social and governance (ESG) initiatives and to steadily integrate the goals of sustainability and social responsibility into the principles of its corporate governance.

V Report on Opportunities and Risks

Opportunities

Last year, the COVID-19 pandemic, more commonly known as the “corona crisis”, initially put certain vaccine developers at the center of attention of the world’s governments, media and general public. As the pandemic continued to rage, however, it quickly became apparent that vaccines alone would not be enough to overcome this global health crisis because already infected people also need to be treated, especially if their symptoms are severe or life-threatening.

Recognizing this critical need at an early stage, FORMYCON promptly applied its vast expertise in biopharmaceutical development to launch, together with renowned university experts, the development of a new drug based on a long-acting ACE2-IgG fusion protein. Through this project, internally designated as FYB207, FORMYCON is breaking new ground, not only in terms of scientific research but also in its development as a drug company, as this marks the first-ever innovative biopharmaceutical candidate to enter the Company’s product pipeline.

As a matter of principle, however, FORMYCON’s core business continues to be the development of high-quality biosimilar medicines for the world’s most stringently regulated markets. In this global market, FORMYCON seeks growth through the expansion of its product portfolio, not only in terms of the number of biosimilar candidates under development but also, and at least as importantly, through their quality and the market opportunity which they represent. Possible strategic collaborations may significantly contribute toward maximizing these opportunities.

Biosimilar medicines have the advantage over their reference products of more cost-effective development because of procedures which are, for the most part, already scientifically proven and development processes which are largely well established. Because the similarity and comparability of a biosimilar to its reference product must already be demonstrated analytically, the likelihood that the development of the biosimilar will fail in one of the subsequent clinical phases is generally far lower than in the case of innovative biopharmaceuticals.

At the same time, the level of competition in the area of biosimilar development is generally, with few exceptions, modest compared to the market for conventional generic drugs due to the comparatively high barriers to market entry, in particular the complexity of producing biopharmaceuticals and the specialized expertise required. FORMYCON is able to overcome these considerable barriers through the long and proven experience of its staff, the innovative concepts and the reliability of the scientific processes which the Company applies for its biosimilar development projects, the stringent selection of strong and reliable partners, and finally the quality and scientific expertise of the service providers and advisors on which FORMYCON additionally relies.

Within this business area and market, FORMYCON continues to see a favorable future outlook:

Firstly, demographic trends, particularly in Western countries, point to a continued increase in the proportion of the population over 55 years of age. This demographic segment has a higher incidence of requiring intensive medical treatment. In addition, the life expectancy is increasing around the world, meaning that long-term treatments, in particular recurring drug administrations, are often possible or even medically necessary over longer remaining lifespans.

Finally, anticipated and now recently implemented regulatory changes in the today’s most important biopharmaceutical markets, the U.S. and Europe, have been reinforcing the broad expectation that the conditions for the growing biosimilar market in these countries will continue to improve in the future. In addition to taking share in existing markets where their reference products are already being sold, biosimilar medicines may, because of their lower price, be able to unlock new markets where the more expensive reference products are not currently available or accessible to patients.

FORMYCON established its position in the highly promising market for biosimilars development at an early stage and, with its comprehensive expertise, is able to exploit the potential of this fast-growing market. FORMYCON’s business model is scalable. The continued growth of both the market environment and the Company itself shows that FORMYCON is on the right path with its corporate strategy.

Risks

Principles

FORMYCON, one of the few independent developers of biosimilar medicines, operates in a global market with many different participants and influencers. Business success is determined by the identification of profit opportunities, along with the best possible assessment of the many and varied risks associated with these. In order to ensure that this happens, the entire staff of FORMYCON, up to and including the Executive Board, must adhere to the Company’s established risk management system, thereby aiming to ensure that that these risks are handled optimally while at the same time providing the necessary entrepreneurial and operational flexibility. Regular reviews of this system further ensure that it is constantly improved and that, as circumstances change, changes are likewise made to the system promptly and in accordance with evolving needs. Towards this end, individual risks are identified across all relevant business areas and projects and are categorized according to the probability of occurrence as well as to their potential harmfulness. Where changes in these individual risks occur, or structural changes, these are then reevaluated through periodic reviews. This process aims to ensure that the Company steers clear of such risks to the extent possible, or if they arise, that their consequences are managed as effectively and expeditiously as possible.

Strategic risks

Compared to the development of an entirely new biopharmaceutical, the financial investment required for the development of a biosimilar drug is considerably less. Nevertheless, the development of a biosimilar may cost in the range of USD 100 to 200 million, requiring cost-intensive analytical, preclinical and clinical studies to demonstrate its comparability to the reference product in terms of quality, safety and efficacy. Because of these complex requirements, the development of a biosimilar also requires a relatively long development timeframe of six to eight years.

The prospects for the future commercial success of a biosimilar development project are largely determined by the selection of product candidates at the start of the process. With its FYB201 and FYB203 projects, FORMYCON is focusing on ophthalmic preparations, while its FYB202 project is targeted at immunological disorders. The intended therapeutic applications of the Company's other biosimilar development projects have not yet been announced.

The future size and growth trajectory of these markets may be derived from existing sales statistics for the respective reference products. Declining sales of a reference product could, however, result in a potential future market size for a biosimilar under development by FORMYCON which is significantly smaller than originally assumed. This could, in the worst case, lead to future product sales inadequate to make the biosimilar development effort profitable. At present, FORMYCON is developing biosimilars to compete with three of the world's best-selling biopharmaceuticals set to lose their patent protection following the year 2020, so that – provided that their development reaches successful completion – the profitability of the projects would seem assured.

Through its established out-licensing partnerships as well as its joint venture with Aristo Pharma GmbH, FORMYCON has the benefit of reliable partners with great expertise, who have already been working closely with FORMYCON for years. While the potential unplanned termination of such a partnership constitutes a significant strategic risk as a matter of principle, the likelihood of such event occurring is viewed as minimal.

Industry and market risks

From the standpoint of FORMYCON, conditions in the healthcare sector remain favorable. Demographic trends around the globe are also playing a key role as populations continue to age and live longer. Older people require more extensive medical care, regardless of economic cycles and consumer purchasing power.

Moreover, advances in medical technology have been enabling the treatment of diseases which a few decades or even years ago were regarded as untreatable or only poorly treatable. Biopharmaceuticals, in particular, have been a significant driver of these treatment advances. Of the world's best-selling drugs, most are biopharmaceuticals. Specifically within Germany, biopharmaceuticals comprised 28.7% of the total drug market in 2019, equal to € 12.7 billion in sales revenue[38] – and the trend is continuing upward.

At the same time, however, the high cost of these powerful treatments, which in some cases may cost € 100,000 per patient per year or more, is a major burden on healthcare system costs. The political will to act as a result of these cost pressures could also, by increasing the pressure on biopharmaceutical prices, impact FORMYCON's business environment.

Controlling

Through its internal control system, FORMYCON ensures the correctness of its accounts and accounting processes, including the correctness and reliability of its financial reporting as this appears in its consolidated financial statements and group management report. In this, FORMYCON relies upon the standards established by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland*, IDW) for accounting-related internal control systems and risk management systems.

Environmental protection, health protection, and workplace safety

Workplace safety and health, as well as the protection of employees and the environment, is a top priority for FORMYCON. FORMYCON therefore places great importance not only on the fulfillment of statutory and regulatory requirements but also on the regular training and further qualification of all of its staff in the relevant aspects of workplace safety. In addition to our biological safety officer, our designated project manager as required under the German Genetic Engineering Act (*Gentechnikgesetz*) and our trained safety specialist, FORMYCON has designated several other experienced employees with specific responsibilities in the area of workplace safety and protection. A company doctor regularly conducts preventive examinations and advises employees and senior management on medical matters. FORMYCON holds all permits and approvals required for its operations. Compliance with all regulatory requirements regarded safety and the protection of employees and the environment is monitored internally on an ongoing basis.

Special risks relating to the COVID-19 pandemic

The proactive measures taken by FORMYCON in the very early stages of the COVID-19 pandemic to protect its workforce and avoid infection have proven their worth: FORMYCON's staff has been able to continue to work on a largely decentralized basis and with minimal disruption. A comprehensive hygiene concept was developed in cooperation with the company doctor and introduced as company policy, through

[38] cf. BCG & Biotechnology Section of the German Association of Research-Based Pharmaceutical Companies (vfa bio), "Biotech-Report: Medizinische Biotechnologie in Deutschland 2020"

which FORMYCON also fully complies with applicable government regulations and occupational medical requirements. Where cases of suspected or potential COVID-19 infection have arisen, these have been promptly identified and tested, with no influence thus far on the course of business. Nevertheless, the possibility cannot be ruled out that, despite these far-reaching protective measures, an infection within the Company's workforce could arise with a potentially considerable impact on business operations, projects and/or timelines. There is likewise the possibility that, despite all these measures taken within FORMYCON, one of its partners or suppliers could be impacted by a COVID-19 outbreak, thereby indirectly impacting the Company.

Financing and liquidity risks

FORMYCON's liquidity situation and equity capitalization is stable, and the Company's liquidity position is particularly strong for a company whose products are still in the development stage. Irrespective of this, conditions within the Company's operating business may change, giving rise to financial risks. As none of the Company's product candidates has yet obtained regulatory approval, it cannot be ruled out that one or more such approvals could come later than anticipated, or that the scope of approval could be different than planned, or that approval could be denied. Moreover, the required financial outlays for product development, regulatory approval and market launch could substantially exceed planned budgets. There is also the possibility that future license income, even subsequent to regulatory approval, could be less than anticipated.

In order to mitigate such financial risks in its ongoing operating business, FORMYCON undertakes highly detailed and long-term planning, drawing also on outside expertise. The financial risks of project development, which FORMYCON bears entirely by itself during the initial development phase, have been significantly reduced in the case of the FYB201 and FYB203 projects through the successful out-licensing deals and in the case of FYB202 through the establishment of a joint venture partnership.

The possibility cannot be excluded, however, that such one or more development partnerships could be terminated for reasons not under FORMYCON's control. Such an event could have a material adverse impact on the Company's profit and loss accounts as well as on its financial planning. At the present time, FORMYCON assesses this risk as very low.

FORMYCON will continue to fund its future development pipeline projects from its own financial resources, with the aim of moving these into attractive partnership arrangements starting from a certain product development stage.

Risks to the Company's future financial performance could arise from the general economic environment, in which potential bank insolvencies cannot be ruled out. FORMYCON invests its liquid assets exclusively with financial institutions with strong and stable ratings and which can be regarded as relatively safe in the event of a financial crisis.

With its strong financial footing, FORMYCON is well positioned to overcome future financial risks as these may arise. The Company's existing financial resources should be sufficient to cover its short- to medium-term capital needs. This, however, cannot be used to infer any sort of assurance as to the availability of long-term financial resources. There are, at present, no identifiable fundamental risks which would jeopardize the Company's continued existence.

Organizational risks

FORMYCON's operating activities depend upon the proper functioning of its laboratories and IT infrastructure. Various risks can be identified which might impair or interrupt the availability of these critical resources, temporarily or even over an extended period. To the extent possible, the financial risks which might result from such events are insured. In addition, FORMYCON employs state-of-the-art security technology to eliminate or mitigate such risks – for example, relating to cyberattacks or data loss. The Company also regularly conducts maintenance and inspections of its critical equipment by trained personnel or specialized service providers, making changes to equipment as necessary to ensure that it remains at the state of the art.

Patent risks

The possibility of patent infringements, even if only alleged, is an inherent risk in biosimilar development because of the large number of potentially relevant patents which must be considered. Disputes with competitors or other patent owners, or defense against lawsuits claiming patent infringement, may pose a considerable financial burden. Particularly in the U.S., such legal actions generally involve very high costs. In the worst case, such a dispute could result in restrictions on, or even the prohibition of, the marketing of one or more products on one or more relevant markets, and/or the imposition of sizable fines. Such a legal action could also make it necessary to cease the development, launch, or ongoing marketing of one or more products.

In order to avoid infringements upon the intellectual property rights of others, FORMYCON conducts exhaustive patent searches already at the time that project candidates are selected, then continues to closely monitor the relevant patent environment over the course of the development of its biosimilar candidates. Nevertheless, the possibility cannot be excluded that FORMYCON could be the subject of patent litigation, even if such litigation is unjustified.

Staff risks

The expertise and many years of experience of its employees are key pillars of FORMYCON's success. In particular, the development of a biosimilar drug, from early-

stage analysis through to regulatory approval, requires highly qualified specialists. Over recent years, FORMYCON has been able to recruit numerous highly qualified scientists and managers. This demonstrates that the Company is a highly attractive employer, able to successfully fill these critical positions, even in a fiercely competitive labor market. For a growing organization, staff turnover is relatively low. The loss of key staff would constitute a significant risk. To keep this risk as low as possible, the Company has implemented a number of staff motivation and retention initiatives, along with talent planning to ensure that future succession is in place. It is also impossible to rule out the risk of staff absences due to illness. The rate of sick leave at FORMYCON is, compared to other industries in Germany, very low. FORMYCON has, nevertheless, established a health management system to mitigate the impact of staff absences resulting from illness.

Risks associated with product development

The quality, comparability, efficacy and safety of a biosimilar medicine must be comprehensively demonstrated to the regulatory authorities through analytical and preclinical studies along with clinical trials. 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. There is, moreover, the risk that final regulatory approval of a biosimilar candidate might take longer than planned, or that the drug might not be approved at all.

In its biosimilar development work, FORMYCON relies in part upon external partners. Should an external partner fail to provide the required resources, or fail to provide them within the required timeframe, or should the timeframe in which such resources are made available be shifted for other reasons, this could lead to delays in the Company's development projects.

With this in mind, FORMYCON plans all steps of product development with the greatest possible care and, to the extent feasible, with reasonable time allowances for delays that might arise. Preclinical and clinical studies as well as the extensive program of analytical characterization take place in close consultation with the respective authorities and with assistance and expert advice from outside specialists. Notwithstanding this, the precise results or outcome of any such study cannot be completely predicted in advance.

It cannot be ruled out that particular stages of a product development program might need to be repeated, that one or more such studies might not reach successful conclusion, or that a development program might fail in its entirety. Within the scope of the Company's development activities, the production of active ingredients and finished products by third-party producers represents a substantial cost component. It should be specifically noted here, in the context of risks that might arise, that such production capacities must typically be planned and arranged with lead times of one to two years and that, for this reason, short-term changes to the project cycle could result in additional waiting periods along with substantial cancellation fees.

Another risk is that such outside partners might not be able to comply with the stringent regulatory requirements which apply to gaining regulatory approval of a biosimilar drug. Should such an event arise, regulatory approval could be delayed or completely denied. In addition, difficulties arising in the recruitment of patients for clinical trials, for example as the result of the ongoing coronavirus pandemic, could have an impact on these trials and thus also adversely affect the timeline and/or profitability of a drug development project or even jeopardize the project in its entirety.

The above risks apply not only to the development of a biosimilar candidate but also, and to a very substantial degree, to the development of a new and innovative COVID-19 drug under the FYB207 development project.

Legal risks

FORMYCON does business in an international environment and in highly regulated markets. There is thus the possibility that FORMYCON could be drawn into legal disputes which might even be unjustified or frivolous, based upon patent law, competitive or antitrust law, tax law or environmental law, or arising from other contractual claims. The possibility cannot be excluded that such legal actions might, whether through court judgements, binding arbitration or regulatory or other official decisions, result in financial burdens which are, for example, not covered by insurance or only partially insured. In particular, it appears likely that the producer of the reference drug will pursue legal avenues available to it with regards to the regulatory approval of FYB201 in the United States. While the possibility cannot be excluded that FORMYCON might be drawn into such a legal dispute, the Company is prepared for this contingency. At the present time, no other legal conflicts of material relevance are identifiable.

Additional risks arise from the Company's compliance obligations. Actions or inactions by the Company could, for example, be legally contested, inadequate or untimely financial communications could result in fines, or improperly conducted shareholder meetings or shareholder resolutions could be disputed. With these risks in mind, FORMYCON assesses and monitors all of its relevant processes, procedures and decisions from a legal standpoint, using in house and/or outside expertise as necessary.

Regulatory and political risks

The requirements and conditions for the regulatory approval of drugs by the relevant authorities are subject to constant change. The risk cannot be excluded that these 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 market. Moreover, the political and public policy environment, particularly in the European Union 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 the permitted choice of prescription drug, the eligibility of biosimilars for reimbursement, and/or their interchangeability with the originator drug may an impact on competition or pricing, and thus have a significant impact on sales revenue for the biosimilar market as a whole and on future FORMYCON products in particular. Furthermore, the possibility cannot be ruled out, particularly in the U.S., that a partial or complete government shutdown could lead to delays in the regulatory approval process.

Competitive risks

The current aim of FORMYCON is to launch its products, through its respective partners, upon expiry of patent protection on the reference product in the respective market. In each such market, FORMYCON must compete not only with the manufacturer of the reference drug, who might attempt to defend its market position and establish barriers to market entry (e.g. through life-cycle management), but also with other biosimilar producers. The competition situation in each specific case will depend upon the pricing of the reference drug as well as the pricing of any new competitors in the market. It is, in addition, entirely possible that the manufacturer of the originator product might reduce its pricing upon patent expiry, or seek to enter into discount agreements with health insurers or other major buyers over extended contractually binding periods, in order to retain market share. This would improve its defensive competitive position against a new biosimilar entry and make it more difficult for the biosimilar to take share.

Through the experience and expertise of its staff and its strategic partners, the strategic positioning of its product development portfolio, and its strong financial footing, FORMYCON strives to face these competitive challenges. Nevertheless, it cannot be excluded that competitors might, in an unexpected or unpredictable way, find themselves in an advantageous competitive position relative to, and to the detriment of, FORMYCON.

Summary assessment of risks

While there is always a possibility that one or more of FORMYCON's biosimilar development projects could fail partially or completely for any of various scientific, technological, regulatory, economic or other reasons, this risk is inherently far lower than in the case of the development of an entirely new and innovative biopharmaceutical. The FYB207 project is, in contrast, an innovative project, and thus the associated risks are fundamentally those of any such innovative biopharmaceutical development project.

In particular areas, FORMYCON must draw upon the services of outside partners and providers, which necessarily entails dependencies. Risks could thus potentially also arise within areas over which FORMYCON has no direct management control.

It must, moreover, be fundamentally recognized that the Company faces not only various known and identifiable risks but also unknown risks and uncertainties. These include, but are not limited to, risks associated with research and development, the regulatory approval process, the workings of regulatory and other authorities, the results of clinical trials, changes in laws and regulations, product quality, patient safety and patent disputes. With regards to projects in its pipeline, FORMYCON AG provides no representations, warranties or other guarantees that these will receive the regulatory or other related approvals required for market entry, or that these will be profitable and/or successful.

The ongoing coronavirus crisis has demanded that FORMYCON make rapid and significant changes to its organization and work processes, which the Company has been able to successfully achieve – thanks in no small part to the excellent cooperation and support from its staff. Up until the present, there has been no indication of any circumstances arising as a result of the coronavirus crisis, neither within the organization nor externally, which would significantly impair the Company's business activities. However, the possibility cannot be ruled out that the infection statistics in Germany might rise, and/or measures be imposed in other areas, in such a way as to significantly and adversely impact work activities at FORMYCON.

Overall assessment

Compared to the previous year, there has been no fundamental change in the risks facing the Company as these relate to its biosimilar development business activities. The risks with regard to FYB207 as an innovative project are comparable to those of any such innovative biopharmaceutical development project.

At present, no risks can be identified which might endanger the Company's continued existence. Through the use of internal control mechanisms, the Company is in a position to identify changes in its risk exposure at an early stage and to take appropriate action. Furthermore, in view of its financial stability, the Company is well equipped to deal with potential future risks.

The measures made necessary by the coronavirus crisis have, of course, affected the organizational functioning and day-to-day activities at FORMYCON, and great care has been taken to put these changes into place within the respective organizational areas in the best way possible. That being said, it must be recognized that the risks which the ongoing coronavirus pandemic continue to present can only be countered under the prevailing medical guidance and government emergency measures, as well as to the best of our ability and current understanding.

As with so many other companies and industries, the COVID-19 pandemic has presented FORMYCON with an array of completely new challenges. As a biotechnological company with extensive expertise in antibody development, FORMYCON has been striving to turn these challenges into an opportunity by applying its scientific know-how and specialized resources to the FYB207 project, thus rising to the moment as it reaches beyond its core business of biosimilar development.

VI Report on Risks Relating to the Use of Financial Instruments

The financial instruments currently used by FORMYCON Group to any significant extent are receivables, liabilities and bank balances. Liabilities are settled within the stipulated period. Potential currency risks, which could have a negative effect on the Group's asset situation, financial position and profitability, are mitigated by avoiding the accumulation of significant foreign-currency positions.

The Group's most significant foreign-currency exposure arises from purchases of third-party services in Swiss francs (CHF) and U.S. dollars, which are paid promptly in order to minimize currency risks.

FORMYCON's risk management policy is fundamentally to protect against financial risks of all kinds.

In managing its financial position, the Group follows a conservative risk policy. To the extent that payment default or other credit risks are identifiable with regard to financial assets, these risks are reflected through value adjustments.

No risks are foreseen which might endanger the Company as a going concern.

VII Report on Branches

The Company does not currently maintain any branches.

Martinsried/Planegg, Germany,
March 5, 2021

Dr. Carsten Brockmeyer

Dr. Nicolas Combé

Dr. Stefan Glombitza

C

Formycon Group
Consolidated Financial Statements

Consolidated Balance Sheet – Assets

as of December 31, 2020

In €	Fiscal year	Prior year
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	223,476.09	198,217.10
2. Goodwill	275,835.00	433,455.00
	499,311.09	**631,672.10**
II. Property, plant and equipment		
1. Land and buildings, including property-like rights and buildings on third-party land	152,403.51	74,685.53
2. Technical equipment and machinery	2,818,191.59	3,233,310.27
3. Other plant, production equipment and office equipment	530,202.82	392,873.64
	3,500,797.92	**3,700,869.44**
III. Financial assets		
Investment participations	20,673,249.00	20,673,249.00
	20,673,249.00	**20,673,249.00**
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	239,782.47	199,374.83
2. Unfinished products and services	755,000.00	171,182.00
3. Advance payments	240,607.57	36,131.37
	1,235,390.04	**406,688.20**
II. Receivables and other assets		
1. Trade accounts receivable	6,894,321.67	4,920,107.68
2. Other assets	130,273.40	379,224.81
	7,024,595.07	**5,299,332.49**
III. Securities		
Other securities	237,878.65	238,250.00
	237,878.65	**238,250.00**
IV. Cash and cash equivalents	**42,008,839.45**	**22,115,843.98**
C. Prepaid expenses and deferred items	**138,351.49**	**119,418.68**
D. Deferred tax asset	**280,000.00**	**370,000.00**
	75,598,412.71	**53,555,323.89**

Consolidated Balance Sheet – Liabilities and Equity

as of December 31, 2020

In €	Fiscal year	Prior year
A. Equity		
I. Subscribed capital[1]	11,000,000.00	10,000,000.00
II. Capital reserve	76,988,527.64	52,238,527.64
III. Accumulated loss carryforward	–19,953,512.20	–14,027,807.15
	68,035,015.44	**48,210,720.49**
B. Provisions		
1. Tax provisions	0.00	519,700.00
2. Other provisions	2,146,979.00	1,358,147.80
	2,146,979.00	**1,877,847.80**
C. Liabilities		
1. Trade accounts payable	4,483,833.31	2,211,539.47
of which due within one year € 4,483,833.31 (prior year: € 2,211,539.47)		
2. Other liabilities	932,584.96	1,255,216.13
of which due within one year € 534,796.90 (prior year: € 553,542.44)		
of which due in more than one year € 397,788.06 (prior year: € 701,673.69)		
of which from taxes € 165,192.79 (prior year: € 162,140.83)		
of which relating to social security € 212.00 (prior year: € 2,977.46)		
	5,416,418.27	**3,466,755.60**
	75,598,412.71	**53,555,323.89**

[1] Conditional Capital 2020: € 724,000
Conditional Capital 2019: € 4,284,740
Conditional Capital 2015: € 376,000

Consolidated Income Statement

for the period from January 1, 2020 to December 31, 2020

In €		Fiscal year	Prior year
1.	Sales revenue	34,226,939.61	33,157,175.84
2.	Increase or decrease in inventories of finished and unfinished products	583,818.00	−842,018.00
3.	Other operating income	410,232.35	762,122.88
	of which income attributable to foreign currency translation € 64,893.04 (prior year: € 58,746.59)		
4.	Cost of materials		
	a. Cost of raw materials, consumables and supplies and of purchased goods	3,278,083.02	2,340,228.37
	b. Cost of purchased services	22,772,096.50	19,005,901.53
		26,050,179.52	21,346,129.90
5.	Staff expenses		
	a. Wages and salaries	8,555,250.28	7,808,727.70
	b. Social contributions and costs for retirement benefits and for support benefits	1,476,545.93	1,285,944.32
	of which for retirement benefits € 135,660.66 (prior year: € 128,193.61)		
		10,031,796.21	9,094,672.02
6.	Depreciation, amortization and writedowns of intangible assets and on property plant and equipment	915,220.34	911,913.43
7.	Other operating expenses	3,950,929.48	3,997,357.47
	of which expense arising from foreign currency translation € 53,098.01 (prior year: € 60,521.67)		
8.	Other interest and similar income	1,933.14	2,675.45
9.	Writedowns of financial assets and of securities held in current assets	2,780.00	855.30
10.	Interest and similar expense	105,590.01	28,250.73
11.	Taxes on income	89,604.59	−8,550.00
12.	**Income after tax**	**−5,923,177.05**	**−2,290,672.68**
13.	Other taxes	2,528.00	2,615.00
14.	**Annual net loss**	**5,925,705.05**	**2,293,287.68**
15.	Loss carryforward from prior year	14,027,807.15	11,734,519.47
16.	**Accumulated loss to balance sheet**	**19,953,512.20**	**14,027,807.15**

Notes to the Consolidated Financial Statements for the Fiscal Year From January 1, 2020 to December 31, 2020

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 Consolidated Financial Statements

The Consolidated Financial Statements and Group Management Report, 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 sec. 298 para. 1 and sec. 265 para. 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 sec. 298 para. 1 and sec. 266 para. 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, 2020, 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 sec. 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 sec. 303 and sec. 305 of the Commercial Code.

The elimination of intermediate results in accordance with sec. 304 para. 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 sec. 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, 2020.

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 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. The depreciation of all moveable assets is linear, with depreciation in the year of acquisition on a pro rata 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 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 expenses and deferred items

Prepaid expenses and deferred items are posted in accordance with sec. 250 of the Commercial Code.

Deferred taxes

The calculation of **deferred taxes**, 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. 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 €)	Tax rate (in %)	Deferred taxes (in €)
Valuation of participation in FYB 202 GmbH & Co. KG	17,282,424	15.8	−2,734,944
Deferred tax asset from loss carryforward		26.7	3,021,197
Deferred tax assets to balance sheet			286,254
Deferred tax assets to balance sheet (rounded)			280,000
Prior year			370,000
Reduction in deferred tax assets			90,000

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 capital

Changes to consolidated equity are presented in the **Consolidated 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 registered capital (*Grundkapital*) of € 11,000,000, which is divided into 11,000,000 bearer shares without par value.

Approved capital

By resolution of the Annual General Meeting of June 27, 2019, the Executive 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 € 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 Executive 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 sec. 186 para. 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 sec. 186 para. 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 Executive 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 sec. § 192 para. 2 no. 1 of the Stock Corporation Act

Conditional Capital 2019

The Company's registered capital has been conditionally increased by a maximum of € 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 Executive 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 Executive 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 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 € 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 Executive 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 Executive 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 Executive 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 376,000 stock options were issued thereunder and not either expired or exercised.

Conditional Capital 2020

The Company's registered capital has been conditionally increased by a maximum of € 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 Executive Board and Company employees, as5 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 Executive 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 Executive 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 €	Fiscal year	Prior year
Bonuses	981,423	788,080
Unpaid invoices	776,900	191,983
Accrued vacation	180,586	152,884
Safekeeping obligations	135,600	115,300
Audit and advisory costs	61,200	58,250
Occupational cooperative and other social expenses	6,300	20,600
Miscellaneous staff provisions	4,970	6,051
Costs of litigation	0	25,000

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 sec. 314 para. 2 no. 2a of the Commercial Code, results from contractual obligations for ongoing performance. For obligations up to one year, the total amount is € 754,471, for obligations between one and five years € 1,150,956, and for obligations beyond five years, € 0.

VI Additional Notes to the Consolidated Income Statement

Sales revenue of € 34,226,940 during the fiscal year was entirely attributable to development services.

Total research and development costs during the fiscal year were € 40,948,126.

VII Other Information

Number of staff

Sec. 314 para. 1 no. 4 of the Commercial Code requires the following information regarding the average number of staff during the fiscal year:

Average number of staff

	Fiscal year
Administration	13
Research & development	105
Total company staff	**118**

Information on the Executive Board and Supervisory Board

Information on members of the Executive Board per sec. 285 no. 10 of the Commercial Code:

- **Dr. Carsten Brockmeyer**, residing in Marzling, Chief Executive Officer
- **Dr. Nicolas Combé**, residing in Munich, Chief Financial Officer
- **Dr. Stefan Glombitza**, residing in Holzkirchen, Chief Operating Officer

Information on members of the Supervisory Board per sec. 285 no. 10 of the Commercial Code:

- **Dr. Olaf Stiller**, residing in Marburg (Chairman)
  Member of the executive board of Paedi Protect AG
- **Peter Wendeln**, residing in Oldenburg (Deputy Chairman)
  Managing partner of Wendeln & Cie. Asset Management GmbH
- Until December 10, 2020: **Hermann Vogt**, residing in Dieburg (Deputy Chairman)
  Independent management consultant and financial advisor
- Since December 10, 2020: **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
- **Hermann Vogt**: Member of supervisory board, Cumerius AG

Remuneration

During the fiscal year, the members of the Supervisory Board received total remuneration of € 127,340, while total remuneration to members of the Executive Board, within the meaning of sec. 285 no. 9 of the Commercial Code, was € 1,684,033 (of which € 637,500 was success-based), along with 22,500 stock options with a current fair value of € 257,175.

Information on shareholdings per sec. 313 para. 2 no. 1–8 of the Commercial Code

The following subsidiary companies were included within these Consolidated Financial Statements in accordance with sec. 313 para. 2 no. 1 of the Commercial Code:

	Share of capital (in %)	Equity (in €)	Annual net income/loss (in €)
FORMYCON Project 201 GmbH Martinsried/Planegg	100	–124,274	–59,915
FORMYCON Project 203 GmbH Martinsried/Planegg	100	–1,978,455	–132,524
FYB 202 GmbH & Co. KG Berlin	24.9	13,617,773	–29,783,371

Information on auditor fees per sec. 314 para. 1 no. 9 of the Commercial Code

in €	Fiscal year
Audit services	81,813
Tax advisory and other services	3,921
Total	**85,735**

Number of subscription rights per sec. § 192 para. 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, FORMYCON 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.

Appropriation of profit or loss

The Executive Board proposes to carry forward the annual net loss to the nextfiscal year.

Martinsried/Planegg, Germany,
March 5, 2021

Dr. Carsten Brockmeyer

Dr. Nicolas Combé

Dr. Stefan Glombitza

Consolidated Schedule of Fixed Assets

Attachment 1

for the fiscal year from Jan. 1, 2020 to Dec. 31, 2020

In €	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, 2019	Additions	Rebookings	Historical cost of disposals	Historical cost of acquisition or production at Dec. 31, 2020	Accumulated depreciation & amortization at Dec. 31, 2019	Current-year depreciation & amortization	Depreciation & write-downs on disposals	Accumulated depreciation & amortization at Dec. 31, 2020	Net book value at Dec. 31, 2019	Net book value of disposals	Net book value at Dec. 31, 2020
Intangible assets												
Concessions, commercial property rights, and similar rights and assets, as well as licenses for such rights and assets	579,125.40	91,721.10	0.00	0.00	670,846.50	380,908.30	66,462.11	0.00	447,370.41	198,217.10	0.00	223,476.09
Goodwill	1,576,200.00	0.00	0.00	0.00	1,576,200.00	1,142,745.00	157,620.00	0.00	1,300,365.00	433,455.00	0.00	275,835.00
Property, plant and equipment												
Land and buildings, including property-like rights and buildings on third-party land	504,046.99	90,508.78	18,538.70	0.00	613,094.47	429,361.46	31,329.50	0.00	460,690.96	74,685.53	0.00	152,403.51
Technical equipment and machinery	5,999,475.19	105,437.78	0.00	324,535.02	5,780,377.95	2,766,164.92	483,618.45	287,597.01	2,962,186.36	3,233,310.27	36,938.01	2,818,191.59
Other plant, production equipment and office equipment	1,209,540.33	332,058.16	−18,538.70	−24,998.92	1,548,058.71	816,666.72	176,190.28	−24,998.89	1,017,855.89	392,873.61	−0.03	530,202.82
Financial assets												
Investment participations	20,673,249.00	0.00	0.00	0.00	20,673,249.00	0.00	0.00	0.00	0.00	20,673,249.00	0.00	20,673,249.00
Total	**30,541,636.91**	**619,725.82**	**0.00**	**299,536.10**	**30,861,826.63**	**5,535,846.40**	**915,220.34**	**262,598.12**	**6,188,468.62**	**25,005,790.51**	**36,937.98**	**24,673,358.01**

Consolidated Schedule of Receivables

Attachment 2

for the fiscal year from Jan. 1, 2020 to Dec. 31, 2020

in €K	Dec. 31, 2020	of which due in more than one year
Trade accounts receivable	6,894	0 (prior year: 0)
Other assets	130	0 (prior year: 0)
Total	**7,025**	**0 (prior year: 0)**

Consolidated Schedule of Liabilities

Attachment 3

for the fiscal year from Jan. 1, 2020 to Dec. 31, 2020

In €K	Dec. 31, 2020	of which due within one year	of which due in one to five years	of which due in more than five years	of which pledged as security	Type and form of security
Trade accounts payable	4,484	4,484 (prior year: 2,212)	0 (prior year: 0)	0 (prior year: 0)	0	
Other liabilities	933	398 (prior year: 553)	553 (prior year: 702)	0 (prior year: 0)	702	Industry-customaryconditional retention of title
Total	**5,417**	**4,882 (prior year: 2,765)**	**5,536 (prior year: 702)**	**0 (prior year: 0)**	**702**	

Consolidated Schedule of Changes in Equity

Attachment 4

In €K	Subscribed capital	Capital reserves	Profit reserves	Profit (loss) carryforward	Adjustments for capital consolidation	Adjustments for foreign currency translation	Consolidated net income (loss)	Minority interests in group equity	Consolidated equity
as of Dec. 31, 2019	**10,000**	**52,239**	**0**	**–11,735**	**0**	**0**	**–2,293**	**0**	**48,211**
Additions to equity	1,000	24,750	0	0	0	0	0	0	**25,750**
Appropriation of prior-year profit	0	0	0	–2,293	0	0	2,293	0	**0**
Annual consolidated net income (loss)	0	0	0	0	0	0	–5,926	0	**–5,926**
as of Dec. 31, 2020	**11,000**	**76,989**	**0**	**–14,028**	**0**	**0**	**–5,926**	**0**	**68,035**

Consolidated Statement of Cash Flows

Attachment 5

per German Accounting Standard (DRS) 21

		2020	2019	Change	
		€K	€K	€K	%
	Net income/loss	−5,926	−2,293	−3,632	158
+/−	Depreciation, amortization, writedowns (impairments) and write-ups of fixed assets	915	912	3	0
+/−	Additions to/subtractions from provisions and reserves	269	−704	973	−138
+/−	Other non-cash expenses/income	30	0	30	
−/+	Gain/loss resulting from disposals of fixed assets	37	8	29	380
−/+	Changes to inventories and trade receivables, as well as other assets not included among investing and financing activities	−2,483	907	−3,390	−374
+/−	Changes to trade payables, as well as other liabilities not included among investing and financing activities	1,950	−335	2,285	−681
+/−	Interest expense/interest income	104	26	78	305
=	**Cash flow from operating activities**	**−5,104**	**−1,481**	**−3,623**	**245**
−	Payments for investments in intangible assets	−92	−90	−2	2
−	Payments for investments in property, plant and equipment	−558	−923	365	−40
−	Payments for investments in financial assets	0	−4,700	4,700	−100
+	Interest received	2	3	−1	−28
=	**Cash flow from investing activities**	**−648**	**−5,710**	**5,062**	**−89**
+	Proceeds from shareholders for additions to equity capital	25,750	17,264	8,486	49
−	Interest paid	−106	−28	−77	273
=	**Cash flow from financing activities**	**25,644**	**17,236**	**8,409**	**49**
	Total changes in cash and liquid resources from cash flows	19,893	10,046	9,847	98
+	Cash and liquid resources at the beginning of the period	22,354	12,308	10,046	82
=	**Cash and liquid resources at the end of the period***	**42,247**	**22,354**	**19,893**	**89**

* Cash and liquid resources includes cash and cash equivalents as well as short-term marketable securities available for sale.

Report of Independent Auditor

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, 2020, and the consolidated income statement, consolidated schedule of changes in equity and consolidated statement of cash flows for the fiscal year from January 1 to December 31, 2020, along with the notes to the consolidated financial statements, including the presentation of the accounting policies employed. We have, in addition, examined the management report of FORMYCON Group for the fiscal year from January 1 to December 31, 2020.

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, 2020, and of its financial performance for the fiscal year from January 1, to December 31, 2020, in accordance with German principles of proper accounting, and
- the accompanying group 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 sec. 322 para. 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 group management report with legal and accounting requirements

Basis for our audit opinions

We conducted our audit examination of the consolidated financial statements in accordance with sec. 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 group 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 group management report.

Other information

The Company's legal representatives [members of the Executive Board, per sec. 78 of the German Stock Corporation Act] are responsible for other information, including statements regarding development projects (current status, progress, forecasts) as well as regarding the Company's staff policies.

Our audit opinions on the annual financial statements and the 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 responsibility to read this other information and, in doing so, to assess whether the other information

- contains material inconsistencies with the annual financial statements, the 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 group 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 viability 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 group 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 group 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 group 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 management report.

Responsibility of the auditor in its audit examination of the consolidated financial statements and group 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 group 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 group management report.

"Reasonable assurance" is a high level of assurance but is not a guarantee that an audit conducted in accordance with sec. 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.

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 group management report, plan and perform audit procedures responsive to such risks, and obtain audit evidence that is sufficient and appropriate to form a 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 group 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 group 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 group 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 group 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 group 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 16, 2021

PANTAXAUDIT GMBH WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT ★ MÜNCHEN ★ WIRTSCHAFTS-PRÜFUNGS-GESELLSCHAFT SIEGEL

PanTaxAudit GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Rudolf Schmitz
Wirtschaftsprüfer
[German Public Accountant]

Doris Wolff
Wirtschaftsprüferin
[German Public Accountant]

Legal Information

Company name	FORMYCON AG
Legal form	German stock corporation (*Aktiengesellschaft*)
Registered location	Martinsried/Planegg, Germany
Street address	Fraunhoferstr. 15 82152 Martinsried/Planegg, Germany
Company founding and articles of incorporation	The Company was established through its articles of incorporation (*Satzung*) dated 5 May 2010, which were most recently amended on October 11, 2020.
Subject of business	The subject of the Company's business is the development of pharmaceutical and biopharmaceutical products, the development of drug delivery systems, the provision of diagnostic laboratory services and works for third parties, and the carrying out of diagnostic laboratory services.
Commercial register	The Company is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HR B 200801.
Fiscal year	The Company's fiscal year runs from January 1 to December 31 of each year.
Registered capital	11,000,000 €
Executive Board (*Vorstand*)	Dr. Carsten Brockmeyer, Marzling
	Dr. Nicolas Combé, München
	Dr. Stefan Glombitza, Holzkirchen
Supervisory Board (*Aufsichtsrat*):	Dr. Olaf Stiller, residing in Marburg, Chairman
	Peter Wendeln, residing in Oldenburg, Deputy Chairman
	Hermann Vogt, residing in Dieburg, Deputy Chairman, (until December 10, 2020)
	Klaus Röhrig, since December 10, 2020

D

FORMYCON AG
Financial Statements

Balance Sheet – Assets

as of December 31, 2020

In €	Fiscal year	Prior year
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	223,476.09	198,217.10
2. Goodwill	275,835.00	433,455.00
	499,311.09	**631,672.10**
II. Property, plant and equipment		
1. Land and buildings, including property-like rights and buildings on third-party land	152,403.51	74,685.53
2. Technical equipment and machinery	2,818,191.59	3,233,310.27
3. Other plant, production equipment and office equipment	530,202.82	392,873.64
	3,500,797.92	**3,700,869.44**
III. Financial assets		
1. Shares in affiliated companies	50,000.00	50,000.00
2. Loans to affiliated companies	2,000,000.00	1,577,000.00
3. Investment participations	20,673,249.00	20,673,249.00
	22,723,249.00	**22,300,249.00**
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	239,782.47	199,374.83
2. Unfinished products and services	52,000.00	85,382.00
3. Advance payments	240,607.57	36,131.37
	532,390.04	**320,888.20**
II. Receivables and other assets		
1. Trade accounts receivable	2,001,600.14	1,218,073.53
2. Receivables from affiliated companies	5,878,360.94	6,310,210.28
3. Other assets	130,331.40	377,985.99
	8,010,292.48	**7,906,269.80**
III. Securities		
Other securities	237,878.65	238,250.00
	237,878.65	**238,250.00**
IV. Cash and cash equivalents	**39,190,375.50**	**19,087,955.25**
C. Prepaid expenses and deferred items	**138,351.49**	**119,418.68**
D. Deferred tax asset	**280,000.00**	**370,000.00**
	75,112,646.17	**54,675,572.47**

Balance Sheet – Liabilities and Equity

as of December 31, 2020

In €	Fiscal year	Prior year
A. Equity		
I. Subscribed capital[1]	11,000,000.00	10,000,000.00
II. Capital reserve	76,988,527.64	52,238,527.64
III. Accumulated loss carryforward	– 17,800,782.98	– 12,067,516.44
	70,187,744.66	**50,171,011.20**
B. Provisions		
1. Tax provisions	0.00	519,700.00
2. Other provisions	1,426,379.00	1,254,797.80
	1,426,379.00	**1,774,497.80**
C. Liabilities		
1. Trade accounts payable	2,565,824.13	1,475,010.53
of which due within one year € 2,565,824.13 (prior year: € 1,475,010.53)		
2. Liabilities toward affiliated companies	0.00	5.88
of which due within one year € 0.00 (prior year: € 5.88)		
3. Other liabilities	932,698.38	1,255,047.06
of which from taxes € 165,192.97 (prior year: € 162,140.83)		
of which relating to social security € 212.00 (prior year: € 2,977.46)		
of which due within one year € 397,788.06 (prior year: € 553,373.37)		
of which due in more than one year € 534,910.32 (prior year: € 701,673.69)		
	3,498,522.51	**2,730,063.47**
	75,112,646.17	**54,675,572.47**

[1] Conditional Capital 2020: € 724.000,00
Conditional Capital 2019: € 4.284.740,00
Conditional Capital 2015: € 376.000,00

Income Statement

for the period from January 1, 2020 to December 31, 2020

In €		Fiscal year	Prior year
1.	Sales revenue	25,097,151.32	21,037,705.94
2.	Increase or decrease in inventories of finished and unfinished products	33,382.00	15,018.00
3.	Other operating income	402,222.21	135,867.85
	of which income attributable to foreign currency translation € 57,076.55 (prior year: € 14,555.39)		
4.	Cost of materials		
	a. Cost of raw materials, consumables and supplies and of purchased goods	3,278,083.02	2,340,228.37
	b. Cost of purchased services	12,926,266.80	6,940,458.82
		16,204,349.82	9,280,687.19
5.	Staff expenses		
	a. Wages and salaries	8,555,250.28	7,808,727.70
	b. Social contributions and costs for retirement benefits and for support benefits	1,476,545.93	1,285,944.32
		10,031,796.21	9,094,672.02
	of which for retirement benefits € 135,660.66 (prior year: € 128,193.61)		
6.	Depreciation, amortization and writedowns of intangible assets and on property plant and equipment	915,220.34	911,913.43
7.	Other operating expenses	3,911,557.96	3,927,904.54
	of which expense arising from foreign currency translation € 40,030.51 (prior year: € 22,079.58)		
8.	Other interest and similar income	56,823.41	2,532.57
	of which from affiliated companies € 54,978.03 (prior year: € 0.00)		
9.	Writedowns of financial assets and of securities held in current assets	2,780.00	855.30
10.	Interest and similar expense	98,244.56	28,228.40
11.	Taxes on income	89,604.59	–8,550.00
12.	**Income after tax**	**–5,730,738.54**	**–2,194,622.52**
13.	Other taxes	2,528.00	2,615.00
14.	**Annual net loss**	**5,733,266.54**	**2,197,237.52**
15.	Loss carryforward from prior year	12,067,516.44	9,870,278.92
16.	**Accumulated loss to balance sheet**	**17,800,782.98**	**12,067,516.44**

Notes to the Financial Statements for the Fiscal Year From January 1, 2020 to December 31, 2020

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 medicines, 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 the German Stock Corporation Act (*Aktiengesetz*, AktG).

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.

The Company's fiscal year corresponds to the calendar year.

III Balance Sheet Presentation and Valuation Methods

General

The valuation methods used were selected in conformity with the general stipulations listed in sec. 252 of the Commercial Code and applied in observance of the principles of balance sheet continuity, going concern, individual valuation and prudent business judgment.

The Balance Sheet was structured in accordance with the provisions of Section 266 of the German Commercial Code and Section 152 of the German Stock Corporation Act, organized into fixed assets, current assets, equity, liabilities, and deferred and prepaid items.

The accounting and valuation methods applied to balance sheet and income statement items in the prior year were retained.

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, 2020.

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** (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. The depreciation of all moveable assets is linear, with depreciation in the year of acquisition on a pro rata 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 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 expenses and deferred items

Prepaid expenses and deferred items are posted in accordance with sec. 250 of the Commercial Code.

Deferred taxes

The calculation of **deferred taxes**, 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. 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 €)	Tax rate (in %)	Deferred taxes (in €)
Valuation of participation in FYB 202 GmbH & Co. KG	17,282,424	15.8	−2,734,944
Deferred tax asset from loss carryforward		26.7	3,021,197
Deferred tax assets to balance sheet			286,254
Deferred tax assets to balance sheet (rounded)			280,000
Prior year			370,000
Reduction in deferred tax assets			90,000

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.

IV 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 capital

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 registered capital (*Grundkapital*) of € 11,000,000, which is divided into 11,000,000 bearer shares without par value.

Approved capital

By resolution of the Annual General Meeting of June 27, 2019, the Executive 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 € 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 Executive 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 sec. 186 para. 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 sec. 186 para. 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 Executive 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 sec. § 192 para. 2 no. 1 of the Stock Corporation Act

Conditional Capital 2019

The Company's registered capital has been conditionally increased by a maximum of € 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 Executive 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 Executive 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 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 € 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 Executive 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 Executive 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 Executive 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 376,000 stock options were issued thereunder and not either expired or exercised.

Conditional Capital 2020

The Company's registered capital has been conditionally increased by a maximum of € 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 Executive 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 Executive 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 Executive 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 €	Fiscal year	Prior year
Bonuses	981,423	788,080
Accrued vacation	180,586	152,884
Safekeeping obligations	134,800	114,500
Unpaid invoices	73,900	106,183
Audit and advisory costs	44,400	41,500
Costs of litigation	0	25,000
Occupational cooperative and other social expenses	6,300	20,600
Miscellaneous staff provisions	4,970	6,051

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 **Schedule of Liabilities** included as Attachment 3 to these Notes.

Contingent liabilities

The Company has issued a letter of comfort (*Patronatserklärung*) in support 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 thereunder 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 ongoing performance. For obligations up to one year, the total amount is € 754,471, for obligations between one and five years € 1,150,956, and for obligations beyond five years, € 0.

Additional notes to the Income Statement

Total research and development costs during the fiscal year were € 31,062,924.

V 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 fiscal year:

Average number of staff

	Fiscal year
Administration	13
Research & development	105
Total company staff	**118**

Information on the Executive Board and Supervisory Board

Information on members of the Executive Board per sec. 285 no. 10 of the Commercial Code:

- **Dr. Carsten Brockmeyer**, residing in Marzling, Chief Executive Officer
- **Dr. Nicolas Combé**, residing in Munich, Chief Financial Officer
- **Dr. Stefan Glombitza**, residing in Holzkirchen, Chief Operating Officer

Information on members of the Supervisory Board per sec. 285 no. 10 of the Commercial Code:

- **Dr. Olaf Stiller**, residing in Marburg (Chairman)
  Member of the executive board of Paedi Protect AG
- **Peter Wendeln**, residing in Oldenburg (Deputy Chairman)
  Managing partner of Wendeln & Cie. Asset Management GmbH
- Until December 10, 2020: **Hermann Vogt**, residing in Dieburg (Deputy Chairman)
  Independent management consultant and financial advisor
- Since December 10, 2020: **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
- **Hermann Vogt**: Member of supervisory board, Cumerius AG

Remuneration

During the fiscal year, the members of the Supervisory Board received total remuneration of € 127,340, while total remuneration to members of the Executive Board, within the meaning of sec. 285 no. 9 of the Commercial Code, was € 1,684,033 (of which € 637,500 was success-based), along with 22,500 stock options with a current fair value of € 257,175.

Information on shareholdings per sec. 285 no. 11 of the Commercial Code

	Share of capital (in %)	Equity (in €)	Annual net income/loss (in €)
FORMYCON Project 201 GmbH Martinsried/Planegg	100	−124,274	−59,915
FORMYCON Project 203 GmbH Martinsried/Planegg	100	−1,978,455	−132,524
FYB 202 GmbH & Co. KG Berlin	24.9	13,617,773	−29,783,371

Information on auditor fees per sec. 285 no. 17 of the Commercial Code

in €	Fiscal year
Audit services	54,935
Tax advisory and other services	940
Total	**55,875**

Number of subscription rights per sec. § 192 para. 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 Financial Statements.

With regard to the ongoing COVID-19 pandemic, FORMYCON 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.

Appropriation of profit or loss

The Executive Board proposes to carry forward the annual net loss to the next fiscal year.

Martinsried/Planegg, Germany
March 5, 2021

Dr. Carsten Brockmeyer

Dr. Nicolas Combé

Dr. Stefan Glombitza

Schedule of Fixed Assets

Attachment 1

for the fiscal year from Jan. 1, 2020 to Dec. 31, 2020

In €	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, 2019	Additions	Rebookings	Historical cost of disposals	Historical cost of acquisition or production at Dec. 31, 2020	Accumulated depreciation & amortization at Dec. 31, 2019	Current-year depreciation & amortization	Depreciation & write-downs on disposals	Accumulated depreciation & amortization at Dec. 31, 2020	Net book value at Dec. 31, 2019	Net book value of disposals	Net book value at Dec. 31, 2020
Intangible assets												
Concessions, commercial property rights, and similar rights and assets, as well as licenses for such rights and assets	579,125.40	91,721.10	0.00	0.00	670,846.50	380,908.30	66,462.11	0.00	447,370.41	198,217.10	0.00	223,476.09
Goodwill	1,576,200.00	0.00	0.00	0.00	1,576,200.00	1,142,745.00	157,620.00	0.00	1,300,365.00	433,455.00	0.00	275,835.00
Property, plant and equipment												
Land and buildings, including property-like rights and buildings on third-party land	504,046.99	90,508.78	18,538.70	0.00	613,094.47	429,361.46	31,329.50	0.00	460,690.96	74,685.53	0.00	152,403.51
Technical equipment and machinery	5,999,475.19	105,437.78	0.00	324,535.02	5,780,377.95	2,766,164.92	483,618.45	287,597.01	2,962,186.36	3,233,310.27	36,938.01	2,818,191.59
Other plant, production equipment and office equipment	1,209,540.33	332,058.16	−18,538.70	−24,998.92	1,548,058.71	816,666.72	176,190.28	−24,998.89	1,017,855.89	392,873.61	−0.03	530,202.82
Financial assets												
Shares in affiliated companies	50,000.00	0.00	0.00	0.00	50,000.00	0.00	0.00	0.00	0.00	50,000.00	0.00	50,000.00
Loans to affiliated companies	1,577,000.00	423,000.00	0.00	0.00	2,000,000.00	0.00	0.00	0.00	0.00	1,577,000.00	0.00	2,000,000.00
Investment participations	20,673,249.00	0.00	0.00	0.00	20,673,249.00	0.00	0.00	0.00	0.00	20,673,249.00	0.00	20,673,249.00
Total	**32,168,636.91**	**1,042,725.82**	**0.00**	**299,536.10**	**32,911,826.63**	**5,535,846.40**	**915,220.34**	**262,598.12**	**6,188,468.62**	**26,632,790.51**	**36,937.98**	**26,723,358.01**

Schedule of Receivables

Attachment 2

for the fiscal year from Jan. 1, 2020 to Dec. 31, 2020

In €K	Dec. 31, 2020	of which due in more than one year
Trade accounts receivable	2,002	0 (prior year: 0)
Receivables from affiliated companies	5,878	0 (prior year: 0)
Receivables from companies in which an ownership interest exists	0	0 (prior year: 0)
Other assets	130	0 (prior year: 0)
Total	**8,010**	**0 (prior year: 0)**

Schedule of Liabilities

Attachment 3

for the fiscal year from Jan. 1, 2020 to Dec. 31, 2020

In €K	Dec. 31, 2020	of which due within one year	of which due in on to five years	of which due in more than five years	of which pledged as security	Type and form of security
Trade accounts payable	2,566	2,566 (prior year: 1,475)	0 (prior year: 0)	0 (prior year: 0)	0	
Liabilities toward affiliated companies	0	0 (prior year: 6)	0 (prior year: 0)	0 (prior year: 0)	0	
Other liabilities	933	398 (prior year: 553)	535 (prior year: 702)	0 (prior year: 702)	702	Industry-customary conditional retention of title
Total	**3,499**	**2,964 (prior year: 2,028)**	**535 (prior year: 702)**	**0 (prior year: 702)**	**702**	

Schedule of Changes in Equity

Attachment 4

for the fiscal year from Jan. 1, 2020 to Dec. 31, 2020

In €K	Subscribed capital	Capital reserves	Profit reserves	Loss carryforward	Net income	Equity
as of Dec. 31, 2019	**10,000**	**52,239**	**0**	**−9,870**	**−2,197**	**50,171**
Capital increases	1,000	0	0	0	0	1,000
Additions to capital reserves	0	24,750	0	0	0	24,750
Appropriation of prior-year profit	0	0	0	−2,197	2,197	0
Annual net income (loss)	0	0	0	0	−5,733	−5,733
as of Dec. 31, 2020	**11,000**	**76,989**	**0**	**−12,068**	**−5,733**	**70,188**

Report of Independent Auditor

To Formycon AG:

Audit opinions

We have examined the annual financial statements of Formycon AG (the "Company"), consisting of the balance sheet as of December 31, 2020, and the income statement, schedule of changes in equity and statement of cash flows for the fiscal year from January 1 to December 31, 2020, along with the notes to the financial statements, including the presentation of the accounting policies employed. We have, in addition, examined the management report of Formycon AG for the fiscal year from January 1 to December 31, 2020.

In our opinion, on the basis of the findings of our audit examination,

— the accompanying 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 Company as of December 31, 2020, and of its financial performance for the fiscal year from January 1, to December 31, 2020, in accordance with German principles of proper accounting, and

— the accompanying management report as a whole provides an accurate picture of the Company's position, is consistent in all material respects with the financial statements, complies with German legal requirements, and suitably presents the opportunities and risks relating to future development.

Pursuant to sec. 322 para. 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 financial statements and management report with legal and accounting requirements.

Basis for our audit opinions

We conducted our audit examination of the annual financial statements in accordance with sec. 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 financial statements and 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 Company 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 financial statements and management report.

Other information

The Company's legal representatives [members of the Executive Board, per sec. 78 of the German Stock Corporation Act] are responsible for other information, including statements regarding development projects (current status, progress, forecasts) as well as regarding the Company's staff policies.

Our audit opinions on the annual financial statements and the 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 responsibility to read this other information and, in doing so, to assess whether the other information

— contains material inconsistencies with the annual financial statements, the 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 financial statements and management report

The Company's legal representatives are responsible for the preparation of the annual 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 Company 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 financial statements that are free from material misstatement, whether intentional or unintentional.

In preparing the financial statements, the Company's legal representatives are responsible for assessing the Company's continued viability as a going concern, as well as for disclosing, as applicable, any information relevant to the Company'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 management report which, as a whole, provides an accurate picture of the Company's position, is consistent in all material respects with the 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 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 management report.

The Company's supervisory board is responsible for oversight of the accounting processes used by the Company in its preparation of the annual financial statements and management report.

Responsibility of the auditor in its audit examination of the annual financial statements and management report

The objective of our audit examination is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether intentional or unintentional, and as to whether the management report as a whole provides an accurate picture of the Company's position, is consistent in all material respects with the 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 annual financial statements and management report.

"Reasonable assurance" is a high level of assurance but is not a guarantee that an audit conducted in accordance with sec. 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 financial statements.

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 annual financial statements and management report, plan and perform audit procedures responsive to such risks, and obtain audit evidence that is sufficient and appropriate to form a 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 financial statements, and of the Company's procedures and precautionary measures relevant to our audit examination of the 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 Company'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 annual financial statements and 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 Company to cease being able to continue as a going concern.

— assess the overall presentation, structure and content of the annual financial statements, including related disclosures, and determine whether the financial statements present the underlying transactions and events in such a way that the financial statements provide a true and fair view of the assets, liabilities, financial position and financial performance of the Company in accordance with German principles of proper accounting.

— assess the consistency of the management report with the annual financial statements, its conformity with German law, and the picture it conveys of the Company's position.

— conduct audit examinations of forward-looking statements made by the Company's legal representatives in the 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 16, 2021

PANTAXAUDIT GMBH WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT ★ MÜNCHEN ★
WIRTSCHAFTS-PRÜFUNGS-GESELLSCHAFT
SIEGEL

PanTaxAudit GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Rudolf Schmitz
Wirtschaftsprüfer
[German Public Accountant]

Doris Wolff
Wirtschaftsprüferin
[German Public Accountant]

Legal Information

Company name	FORMYCON AG
Legal form	German stock corporation (*Aktiengesellschaft*)
Registered location	Martinsried/Planegg, Germany
Street address	Fraunhoferstr. 15 82152 Martinsried/Planegg, Germany
Company founding and articles of incorporation	The Company was established through its articles of incorporation (*Satzung*) dated 5 May 2010, which were most recently amended on October 11, 2020.
Subject of business	The subject of the Company's business is the development of pharmaceutical and biopharmaceutical products, the development of drug delivery systems, the provision of diagnostic laboratory services and works for third parties, and the carrying out of diagnostic laboratory services.
Commercial register	The Company is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HR B 200801.
Fiscal year	The Company's fiscal year runs from January 1 to December 31 of each year.
Registered capital	11,000,000 €
Executive Board (*Vorstand*):	Dr. Carsten Brockmeyer
	Dr. Nicolas Combé
	Dr. Stefan Glombitza
Supervisory Board (*Aufsichtsrat*)	Dr. Olaf Stiller, residing in Marburg, Chairman
	Peter Wendeln, residing in Oldenburg, Deputy Chairman
	Hermann Vogt, residing in Dieburg, Deputy Chairman, (until December 10, 2020)
	Klaus Röhrig, since December 10, 2020

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