formycon®


**Formycon. The Biosimilar Experts.**
Annual Report 2024

# Formycon Group
## *key financial figures*

*This English version*
*is a translation of the legally*
*definitive German version*

| | 2024 | 2023 |
|---|---|---|
| **Revenue** in € Million | **69.7** | 77.7 |
| **EBITDA** in € Million | **-13.7** | 1.5 |
| **Adjusted EBITDA** in € Million | **-1.6** | 13.3 |
| **Working Capital** in € Million | **55.1** | 38.9 |

# Highlights 2024

**FYB201**
so far launched in **20 Countries worldwide**

**FYB202**
approved in **US** and **EU**

**FYB210**
Development start of new Biosimilar-Project

Formycon - uplisted to **PRIME STANDARD** of Deutsche Börse

**FYB203**
approved in **US**...
... and as of January 2025 also in the EU

**FYB206**
Start of clinical development

Formycon joins the **SDAX** of Deutsche Börse

January 2025 ...
Formycon joins the **TECDAX** of Deutsche Börse

**More about our biosimilar projects from page 37**


DEUTSCHE BÖRSE
DAX-Werte
09:09 Uhr
XETRA
DAX® Deutsche Börse 12.11.2024 09:09:24
Vortag Erster Höchst Tiefst Letzter Veränderung
19448.60 19260.58 19278.52 19244.35 19274.78 -173.82
09:08:59 09:06:21 09:09:24 -0.89 %
19450
19397
19345
19292
19240
09:00 10:05 11:10 12:15 13:20 14:25 15:30 16:35 17:40
DAX-Werte
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XETRA
Formycon
IM STARKEN WACHSTUMSMARKT
BIOSIMILARS ZUHAUSE – UND JETZT
AUCH IM PRIME STA
Zertifikate
/Baader Trading

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# To our shareholders

# *An interview with our* **Executive Board**

***From left to right:*** *Enno Spillner (CFO), Dr. Stefan Glombitza (CEO), Nicola Mikulcik (CBO), Dr. Andreas Seidl (CSO)*

***Three drug approvals, multiple product launches, the start of clinical trials for Formycon's next major candidate, and the expansion of your development pipeline with yet another new biosimilar project – plus on the Frankfurt Stock Exchange, your company not only uplisted to the Prime Standard segment but was also added in record time to the SDAX market index and subsequently the TecDAX. Would you say that everything went according to plan in 2024?***

**Dr. Stefan Glombitza, Chief Executive Officer:** "It's incredible progress, but all of this follows our clear plan. We have long emphasized that 2024 would be a pivotal year in which we would lay the operational foundations for our next growth phase. This played out superbly, and we are not only extremely

satisfied with how 2024 went but also sincerely proud of our *#TeamFormycon*, whose tireless commitment and tremendous know-how played the key role in ensuring that we were able to reach all of these milestones on schedule."

### *Milestones such as the drug approvals you obtained from the FDA and European Commission?*

**Dr. Stefan Glombitza:** "We brought FYB202, our biosimilar to Stelara®, and FYB203, our biosimilar to Eylea®, across the regulatory finish line in the United States and now also in the EU within very competitive, timeframes – significantly, faster than the industry average. FYB202 has already been launched on the U.S. and EU markets by our partner Fresenius Kabi. With approvals now also in place in Canada and the UK, we're ready for the next market launches. And this isn't the end of the story."

### *With this strong foundation now in place, what happens next?*

**Dr. Stefan Glombitza:** "Let me briefly summarize our company's growth up to this point: Formycon began as a pure biosimilar developer – that's how we started in 2012. In 2022, the market launch of our first biosimilar FYB201 and the ATHOS transaction marked the beginning of our transformation to a commercial biosimilar company. The market launches of FYB202/Otulfi® and of FYB203/Ahzantive® as soon as agreement is reached with the manufacturer of the reference drug Eylea® will further advance our transformation from pure developer to commercial player. That being said, development remains our focus, our driving force. Commercialization through strategic partnerships fuels our development pipeline with the 'energy' required for our continued growth.

Based on our convincing operational successes, especially in the past two years, the perception and reputation of Formycon as partner of choice for key market players has been consolidated and expanded. We are highly confident about our existing and future pipeline and about our ability to attract renowned commercial partners, so that our shared success in these strategic partnerships can enable us to further broaden our project portfolio. Only through such partnerships will we be able to make the most of the numerous available opportunities in the biosimilars market space."

### *What do these commercial partnerships mean for Formycon's individual development projects?*

**Nicola Mikulcik, Chief Business Officer:** "Because Formycon does not itself market the biosimilars which it develops, it's an important goal that we find the right partner for each of our high-quality products with whom we can exploit the commercial potential in the way best way possible. We want our biosimilars to be available to as many patients as possible. And because specific markets for biosimilars can be organized in very specific ways, varying not only by area of application but also because of differing market structures, we have to consider many different factors in choosing the best partner, not only raw monetary factors such as up-front payments or royalty percentages. The focus of our considerations is on the two largest markets, the United States and Europe, but other regions are also becoming increasingly important for the distribution of new biosimilar products. It's this complex set of factors that led us to our decision to enter into a global partnership with Fresenius Kabi for FYB202/Otulfi®, while in the case of FYB203/Ahzantive® we decided that the best course would be a regional partnership with our license partner Klinge Biopharma GmbH."

### *In the case of FYB203, Formycon will now also be responsible for the provision of the finished product, right?*

**Nicola Mikulcik, CBO:** "Yes. As we consider our present and future business model, the establishment of our own launch and supply chain organization is the next logical step. In particular, when we have different partners for Europe, the U.S., Australia, Latin America and the Asia-Pacific region, greater synergies are possible when a single producer manages the entire supply chain and has total responsibility for market supply. Unfortunately, we're not yet able to announce a release date for

the market launch of FYB203 because we're currently involved in patent disputes with Regeneron, the reference drug manufacturer."

***You say that your aim is to provide patients with the best possible care with these highly effective medicines. Can you tell us more?***

**Nicola Mikulcik, CBO:** "With every injection or infusion of one of our biosimilars, the life of a chronically or seriously ill patient can be improved. Since the prices of biosimilars are significantly lower than the prices of the reference products, the same healthcare budget can be used to treat more patients with highly effective biologicals. Based on this compelling financial arithmetic, FYB201 (ranibizumab), Formycon's first biosimilar to gain regulatory approval, has so far been launched in over 20 countries and administered to patients approximately one million times. By ensuring that more biosimilars come onto the market, we are contributing to broader patient care and greater cost efficiency in healthcare systems."

***Since you mentioned cost efficiency, let's talk more about this subject. The development of a biosimilar drug is complex and costs a lot in terms of both time and money. How do you ultimately manage to bring a drug onto the market in a way that actually reduces treatment costs?***

**Dr. Andreas Seidl, Chief Scientific Officer:** "There are a number of reasons why treatment with biologicals tends to be so expensive, and one of these is the immense cost of creating an entirely new drug. The development of an innovative biological can cost up to USD 3 billion. In direct comparison, developing a biosimilar costs at most one tenth of this. In addition, we're often able to use more modern and efficient methods for commercial production. And last but not least, the development of a biosimilar means, on average, a far higher probability from the outset that development will ultimate lead to approval."

***Don't many innovative drug development projects fail in clinical trials?***

**Dr. Andreas Seidl:** "That's true. And clinical trials are a development step involving enormous costs. In the case of a biosimilar candidate, the success rate for subsequent approval measured from the start of the clinical trial stage is more than 80%. In addition, it's usually sufficient to conduct these clinical trials for a single sensitive indication. If this trial is successful, the indications can then generally be expanded to include the entire spectrum of the reference drug."

***In the case of FYB206, your candidate biosimilar to Keytruda, Formycon is now focusing exclusively on phase I clinical trials, right?***

**Dr. Andreas Seidl:** "Yes, and the FDA supports this approach. The rationale for this is that we're sure we can collect all the clinical data necessary for approval by way of the phase I study, particularly as these data are augmented by the extensive analytical data we have collected. Some of these results were already published in the September 2024 issue of 'Drugs in R&D', an international peer-reviewed journal."

***This sure sounds like a very efficient approach. Does it save much on the required investment?***

**Enno Spillner, Chief Financial Officer:** "Absolutely. In fact, the resulting savings from waiving the phase III trial are considerable over the next four years. This frees up money for us to invest even more aggressively into our attractive early-stage development pipeline, currently including our biosimilar candidates FYB208, FYB209 and FYB210. With this new approach, Formycon is pioneering the way for a biosimilar development process which saves even more time and money. In this way, we're able to further increase access to this enormously important class of pharmaceuticals, which is an essential part of our strategy."

***Formycon has recently had to make downward revisions to its U.S. sales expectations for FYB201 and FYB202. Can you tell us more about this?***

**Enno Spillner:** "We have to acknowledge that the U.S. market, as it currently stands, is falling well short of expectations and is opening up much more slowly in the pharmacy benefit segment than we and many others had predicted. This means a lot of hard work for biosimilars now coming onto the U.S. market to gain acceptance in this segment. It's absolutely terrible for the healthcare system and the patients because it means that immense savings potential is being wasted. However, we can see that change processes have already been initiated here – but for the moment, we just have to be patient."

***What impact is this having on Formycon's detailed planning, particularly with regard to profitability?***

**Enno Spillner:** "Needless to say, we're laser-focused on this last point. Profitability remains our medium-term goal. A two-year horizon seems feasible. First, our two new commercial products FYB202 and FYB203 must gain footholds in their markets, and that will take some time. In the case of FYB203, the way must also be legally cleared for us to launch, and that's something we're still working on."

***Finally, let's briefly talk about Formycon's uplisting on the Frankfurt Stock Exchange and inclusion in the SDAX and TecDAX market indexes. Now that the dust has settled, what impact have you been seeing from these changes?***

**Enno Spillner:** "Formycon's visibility has increased significantly, due in no small part by our uplisting to the Prime Standard segment, followed closely by our inclusion in the SDAX and TecDAX. This has not only been evident at international investor conferences but has also been reflected in our increased trading liquidity from the start of the year. The reporting on our company in a wide variety of media also underscores the high level of interest. The thing about this news coverage is that it not only helps Formycon, it also increases attention on the broader topic of biosimilars. Despite their enormous significance for healthcare systems and the treatment of seriously ill patients, the emergence of biosimilars is still completely new to many people, even though biosimilars have been around for almost 20 years now.

With the support of our shareholders, who I would like to thank on behalf of the entire management team, and with the commitment and efforts of our superb staff, we are working to further advance biosimilars and Formycon as a biosimilar player – even and especially in challenging times. Nevertheless, our business model remains sound, and Formycon is on the right path to sustainable growth and profitability."

***Thank you for taking the time to speak with us!***

# Report of the Supervisory Board

# *Dear Shareholders,*

Formycon AG (hereinafter also "Company") can look back on an eventful and successful year 2024. In my capacity as Chair of the Company's Supervisory Board, I am pleased to provide you with this overview of the Supervisory Board's work during the fiscal year 2024.

**Composition of Supervisory Board**

As established by the current Articles of Association (*Satzung*) of the Company, the Supervisory Board consists of five members:

The composition of the Supervisory Board has changed compared to the prior fiscal year. At the Annual General Meeting held physically in Munich on June 12, 2024, Dr. Bodo Coldewey (Managing Director of WEGA Invest GmbH) and Nicholas Haggar (Chief Executive Officer of HealthQube Ltd) were elected as Supervisory Board members by a large majority. The former Supervisory Board members Dr. Olaf Stiller and Peter Wendeln had resigned from their positions with effect from the end of the Annual General Meeting. At this point, I would like to sincerely thank both former supervisory board members for their long-standing and valuable service to Formycon AG. In addition, the Annual General Meeting resolved to increase the number of Supervisory Board members from four to five members, and Colin Bond was elected as a Supervisory Board member with effect from October 1, 2024. In its current composition, the Supervisory Board is very well-equipped with diverse and complementary skills. For potential future members of the Supervisory Board, we will focus on diversity, in particular with respect to the gender quota.

**Composition of Supervisory Board**

| Name | Role | In office since | Elected until the end of the annual general meeting in |
|---|---|---|---|
| Wolfgang Essler | Chair | 2023 | 2027 |
| Colin Bond | Deputy Chair (since October 1, 2024) | 2024 | 2028 |
| Nicholas Haggar | Member (Deputy Chair from June 12, 2024 until September 30, 2024) | 2024 | 2028 |
| Klaus Röhrig | Member | 2020 | 2025 |
| Dr. Bodo Coldewey | Member | 2024 | 2027 |

### Cooperation between Executive Board and Supervisory Board

The Executive Board involved the Supervisory Board at an early stage in all important transactions which were of material importance for the assessment of the Company's situation and development. The Executive Board regularly reported to the Supervisory Board in both written and oral form, providing comprehensive and timely information about all business transactions and events of material importance. These reports fully met the requirements established by the Supervisory Board in terms of both content and scope. Based on these reports, the current development status of the biosimilar candidates, strategic growth options, the Company's uplisting on the capital market, the Company's economic situation and its organizational alignment as well as significant business transactions were discussed. Furthermore, regular consultations were held with the Executive Board on the Company's strategy, financial planning and business performance. The Supervisory Board also closely monitored the Company's risk situation, risk management and its compliance with legal requirements and ethical standards.

In addition, the Chair of the Supervisory Board held regular meetings with the Executive Board to discuss current business developments and key individual topics and decisions. Through this approach, the Supervisory Board was also well-informed between meetings.

The cooperation with the Executive Board was therefore characterized by responsible and focused action in every respect.

### Activities of the Supervisory Board

Throughout the fiscal year, the Supervisory Board duly performed the tasks and duties incumbent upon it in accordance with the law and the Articles of Association. It dealt intensively with the Company's operational and strategic development, regularly advised the Executive Board on the Company's management and continuously monitored the Company's management. The Chair of the Supervisory Board was available to discuss Supervisory Board-related issues with investors. During its meetings, the Supervisory Board dealt with all business transactions and pending decisions that required its approval according to the law and the Articles of Association, and passed the corresponding resolutions.

In the fiscal year 2024, the Supervisory Board held four ordinary meetings and four extraordinary meetings, of which four were held in person, two as hybrid meetings and two via video conference. The Supervisory Board also met without the Executive Board on a regular basis, either in whole or in part, in order to deal with agenda items that either concerned the Executive Board itself or required internal discussion by the Supervisory Board.

The following table contains an overview of attendance at the meetings of the Supervisory Board and its committees:

**Attendance at regular quarterly meetings of the Supervisory Board**

| Member of the Supervisory Board | Supervisory Board plenum | Audit Committee | Nomination and Remuneration Committee |
|---|---|---|---|
| Dr. Olaf Stiller (until June 12, 2024) | 1/2 | 1/2 | - |
| Peter Wendeln (until June 12, 2024) | 2/2 | 2/2 | - |
| Wolfgang Essler | 8/8 | 8/8 | 0/2 |
| Colin Bond (since October 1, 2024) | 3/3 | 3/3 | 1/2 |
| Nicholas Haggar (since June 12, 2024) | 5/6 | 5/6 | 2/2 |
| Klaus Röhrig | 6/8 | 6/8 | - |
| Dr. Bodo Coldewey (since June 12, 2024) | 6/6 | 6/6 | - |

**Main topics of discussion in the fiscal year 2024**

During its meetings in the fiscal year 2024, the Supervisory Board discussed, among other topics, the following regularly recurring agenda items:

— Reports on the biosimilar candidates under development and the commercialization of the already approved biosimilar FYB201, in particular discussion of the approval processes and commercialization opportunities for the biosimilar candidates FYB202 and FYB203 and the initiation of the clinical phase for FYB206;

— Corporate planning, key financial figures and securing the Company's financial resources;

— Discussion of various financing options;

— Discussion of the overall corporate strategy, focus, alignment and vertical vs. horizontal integration along the value chain;

— Current and future development of the business divisions and the market environment;

— Human resources and planning; and

— Executive Board contracts, remuneration, long-term commitment and remuneration programs.

Other key topics of the meetings included securing and enhancing competitiveness and concepts for the Company's future growth.

In addition, further discussion topics of particular importance included:

— the strategic partnership with the Hungarian specialty pharmaceutical company Gedeon Richter, which become a strategic investor of the Company through a capital increase in January 2024;

— strategic growth options, their value creation potential and financing;

— the uplisting of the Company’s shares to the regulated market (Prime Standard) of the Frankfurt Stock Exchange, which was completed in November 2024;

— the extension of the Executive Board service contract with the Chair of the Executive Board, Dr. Stefan Glombitza;

— the structure and review of the agreement on the targets for the Executive Board;

— the increase of the number of Supervisory Board members and partial replacement of Supervisory Board members as well as the formation of a Nomination and Remuneration Committee; and

— the approval of the agenda for the Annual General Meeting.

The Supervisory Board also strengthened the Company's corporate governance. It adopted new rules of procedure for both the Management Board and the Supervisory Board. In addition, the Supervisory Board adopted targets for its composition, including with respect to the competence profile, independence and diversity concept.

### Audit committee

In order to efficiently perform its duties in connection with the audit of the financial statements, the In the fiscal year 2024, the Audit Committee held five meetings, of which one meeting was held in person and four as video conference.

In the presence of the auditor, the Audit Committee dealt with the Company's annual financial statements, the consolidated financial statements and the combined management report. It also discussed the annual report and its review. The Audit Committee discussed with the auditor the assessment of the audit risk, the audit strategy, the audit focus and audit planning as well as the audit results. The Chair of the Audit Committee frequently discussed the progress of the audit with the auditor and reported back to the Audit Committee. The Audit Committee also regularly consulted with the auditor without the Executive Board.

The Audit Committee recommended that the Supervisory Board propose KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, as the auditor for the financial statements and the consolidated financial statements to the Annual General Meeting 2024. The Audit Committee issued the audit mandate to the auditor for the fiscal year 2024 as auditor and group auditor, determined the audit focus and set the auditor's fee.

Supervisory Board formed an Audit Committee consisting of three members:

The Audit Committee also monitored the selection, independence, qualifications and effectiveness of the auditor. It focused particularly on evaluating the quality of the audit process.

Finally, the Audit Committee reviewed the Company's accounting process, financing, and business risks and was regularly informed about compliance matters.

**Composition of Supervisory Board**

| Name | Function |
|---|---|
| Klaus Röhrig | Chair of the Audit Committee (until June 12, 2024) |
| Dr. Olaf Stiller | Member of the Audit Committee (until June 12, 2024) |
| Peter Wendeln | Member of the Audit Committee (until June 12, 2024) |
| Klaus Röhrig | Member of the Audit Committee (June 12, 2024 to ,September 30, 2024) |
| Bodo Coldewey | Chair (June 12, 2024 to September 30, 2024) and Deputy Chair (since October 1, 2024) of the Audit Committee |
| Nicholas Haggar | Member of the Audit Committee (since June 12, 2024) |
| Colin Bond | Chair of the Audit Committee (since October 1, 2024) |

**Nomination and Remuneration Committee**

| Name | Function |
|---|---|
| Nicholas Haggar | Chair of the Nomination and Remuneration Committee |
| Wolfgang Essler | Member of the Audit Committee (until June 12, 2024) |
| Klaus Röhrig | Member of the Audit Committee (until June 12, 2024) |
| Colin Bond | Member of the Audit Committee (June 12, 2024 to September 30, 2024) |

### Nomination and Remuneration Committee

On June 12, 2024, the Supervisory Board resolved to also form a Nomination and Remuneration Committee consisting of three members: In the fiscal year 2024, the Nomination and Remuneration Committee held two meetings, which were held as a video conference.

### Declaration of Conformity with the German Corporate Governance Code

Pursuant to Section 161 para. 1 sentence 1 AktG, the Executive Board and the Supervisory Board must declare annually that the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the Federal Gazette have been and are being complied with or which recommendations have not been or are not being applied and why not (so-called Declaration of Conformity). On April 28, 2022, the Government Commission on the German Corporate Governance Code presented a new version of the German Corporate Governance Code, which was published in the official section of the Federal Gazette on June 27, 2022. In March 2025, the Executive Board and the Supervisory Board published the annual declaration of conformity, which was published on the Company's website *(https://www.formycon.com/en/investor-relations/governance/)*. Further information on the Company's corporate governance can be found in the corporate governance declaration.

### Training and further professional development measures

The Supervisory Board members independently undertook the training and professional development measures necessary for their duties. The Company provided appropriate support to the Supervisory Board members in their training and professional development measures. In the fiscal year 2024, the Nomination and Remuneration Committee held two meetings, which were held as a video conference.

**Audit of annual and consolidated financial statements**

The auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, audited the Company's consolidated financial statements and the annual financial statements as well as the combined management report of the Company and the Formycon Group for the fiscal year 2024 and issued an unqualified audit opinion in each case. The Company's annual financial statements and the combined management report for the Company and the Formycon Group were prepared in accordance with the German statutory accounting provisions of the German Commercial Code (HGB). The Company's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB).

The financial statement documents with the audit reports of the auditor, including the audit opinion on the remuneration report, were sent to the Supervisory Board members in a timely manner. They were thoroughly reviewed and discussed, particularly in terms of legality and correctness, in the presence of the auditor during the Audit Committee meeting on March 21, 2025, and during the Supervisory Board meeting on March 21, 2025, both held at the Company's business premises. The auditor reported on the key findings of the audit, the established audit focus areas, as well as the key audit matters described in the respective audit opinion, and the related audit procedures. The Executive Board and the auditor were available to the Audit Committee and the Supervisory Board for further questions and additional information. After thorough discussion, the Audit Committee decided to recommend to the Supervisory Board that it approves the financial statement documents.

The Supervisory Board agreed with the audit results. Based on the final results of its review, the Supervisory Board found no grounds for objection. In line with the recommendations of the Audit Committee, the Supervisory Board approved the annual financial statements and the consolidated financial statements for the fiscal year 2024, as well as the combined management report of the Company and the Group, in its meeting on March 21, 2025; thus, the annual financial statements for the fiscal year 2024 were adopted.

**Conflicts of interest in the Supervisory Board and Executive Board**

The Chair of the Supervisory Board, Wolfgang Essler, is managing director of Santo Holding (Deutschland) GmbH. The member of the Supervisory Board Klaus Röhrig is a founding partner and Co-Chief Investment Officer at Active Ownership Corporation S.à r.l. Due to a potential conflict of interest resulting from these functions, Wolfgang Essler and Klaus Röhrig did not take part in the resolution on the conclusion of the loan agreement concluded between the Company as borrower and Santo Holding (Deutschland) GmbH and Active Ownership Corporation S.à r.l. acting on behalf of Active Ownership SICAV SIF SCS as lenders as a precautionary measure. Both disclosed the potential conflict of interest to the other members of the Supervisory Board. Wolfgang Essler and Klaus Röhrig agreed to the resolution being passed by the other members of the Supervisory Board.

In addition, no conflicts of interest were reported by members of the Supervisory Board or Executive Board in the fiscal year2024.

**Change in the composition of the Executive Board**

There were no changes to the composition of the Executive Board in the fiscal year 2024.

**Thanks for dedicated services**

On behalf of the entire Supervisory Board, I would like to thank the members of the Executive Board for their excellent cooperation and successful management of the Company in the past challenging fiscal year.

We would also like to thank our employees for their extraordinary commitment and outstanding performance. Thanks to their efforts, Formycon AG's pipeline has continued to mature and expand, and various important milestones have been reached.

We would also like to thank our partners, who have also made a significant contribution to the success of our company.

**Munich, March 21, 2025**

Wolfgang Essler
*Chair of Supervisory Board*

# Formycon
# on the stock market

# *Shares and the capital markets*

**German and international stock market environment**

The prevailing positive trend on the world's stock markets continued into 2024. The MSCI World Index extended its strong performance from 2023, posting a further increase of almost 18% in 2024.[1] Specifically within Germany, the DAX 40 benchmark index achieved an increase of approx. 18.7% during the trading year,[2] with particularly strong performance in the first and fourth quarters, thereby reaching a new all-time high in 2024. In the United States, the three leading equity indexes – the Dow Jones 30, the S&P 500 and the technology-heavy Nasdaq 100 – each continued to post new gains, with the Dow rising by 12.8%,[3] the S&P 500 by 24%,[4] and the NASDAQ 100 by an even more impressive 27%.[5] The continued positive momentum on the equity markets was likely fueled by the easing interest rate policies of major central-banks but also by specific factors such as the boom in the technology sector, particularly in the field of artificial intelligence, and the continued economic resilience of many companies.[6,7] It should be noted, however, that the U.S. Federal Reserve has issued a cautious interest rate outlook for 2025 due to persistently high inflation in the U.S., which could portend a difficult year for the stock market.[8]

The continuing positive equity market performance was seen more broadly in Europe as well, with the Euro Stoxx 50 index of Eurozone stocks extending its gains through a further rise of approx. 8.5%,[9] which can be considered a robust performance in view of challenges in the second, third and fourth quarters triggered by political uncertainties in France and Germany. The positive market trend was broadly supported by factors including interest rate cuts by the European Central Bank, economic resilience, and the technology sector boom.

1 https://www.onvista.de/index/chart/MSCI-WORLD-Index-3193857
2 https://www.onvista.de/index/chart/DAX-Index-20735
3 https://www.onvista.de/index/chart/Dow-Jones-Index-324977
4 https://www.onvista.de/index/chart/S-P-500-Index-4359526
5 https://www.onvista.de/index/chart/NASDAQ-100-Index-325104
6 https://www.tagesschau.de/wirtschaft/finanzen/marktberichte/marktbericht-geldanlage-finanzen-aktien-rendite-konjunktur-inflation-100.html
7 https://www.tagesschau.de/wirtschaft/finanzen/marktberichte/marktbericht-dax-boerse-dollar-dow-jones-100.html
8 https://www.tagesschau.de/wirtschaft/finanzen/marktberichte/marktbericht-dax-boerse-dollar-dow-jones-100.html
9 https://www.onvista.de/index/chart/DAX-Index-20735


**Performance of the Biotechnology sector**

After three years of clear underperformance and a slow start to 2024, the biotech sector began to tentatively show signs of a modest revival over the past year.[10] The Nasdaq Biotechnology Index posted significant gains in the second and third quarters and moved above the important hurdle of 4,350 points, which was seen by chart analysts as a significant technical breakthrough. Despite these hopeful signs, the index closed the year with a loss of almost 3.3%.[11] The DAXsubsector Biotechnology, a specialized equity index which tracks the performance of companies in Germany's biotech sector including Formycon, posted a decline of approx. 16.3% over the course of the year.[12] Among the leading biotech benchmarks, the S&P Biotechnology Index (XBI), which includes only U.S. small- to medium-sized biotech stocks in its equally weighted portfolio, was able to achieve the best performance of the year with a razor-thin loss of 0.1%. Overall, however, the performance is disappointing compared to other indices.

The development of biotechnology stock prices so far this year can be attributed to several factors. Firstly, their underperformance in recent years has put their valuations at more attractive levels. Secondly, the innovative forces in the industry appear to be increasing, not least because of artificial intelligence and other new technologies.[13] Finally, the effects of falling inflation and expectations of potential interest rate cuts are likewise seen to be having a positive impact on this capital-intensive sector. The revived investor interest in biotech stocks could be the combined result of these factors.[14]

On the other hand, the combination of small & mid-cap, life science and non-profitable companies remains an unattractive combination for many investors that does not currently fit their risk profile. This is especially true if other segments or indices continue to perform significantly better.

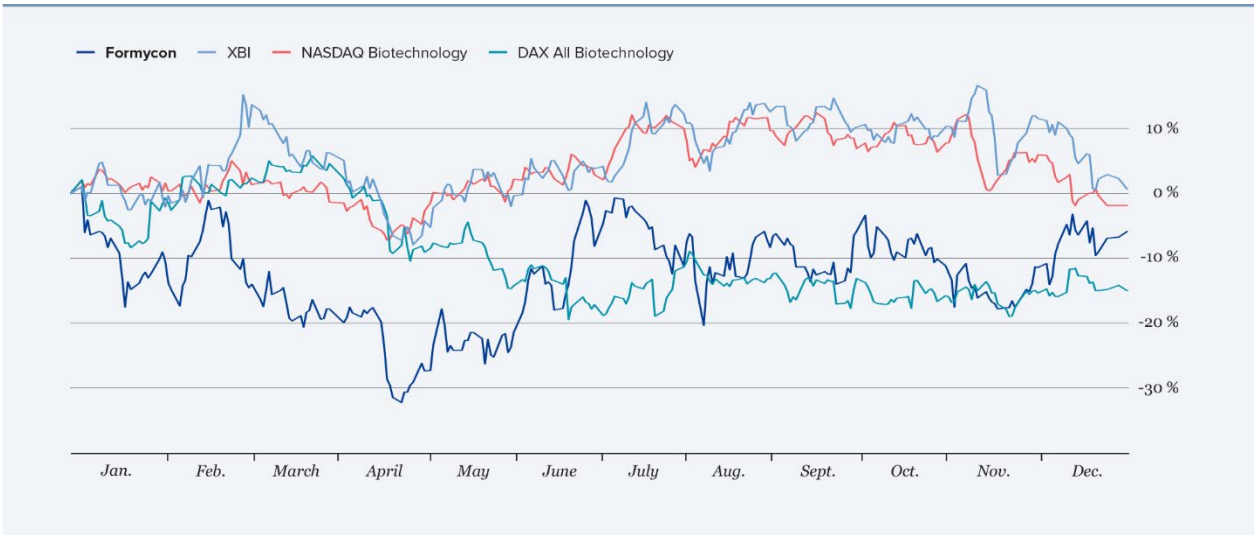
10 https://www.jefferies.com/insights/boardroom-intelligence/healthcares-path-forward-the-key-trends-shaping-2025/

11 https://www.onvista.de/index/chart/NASDAQ-Biotechnology-Index-Index-2569917

12 https://www.onvista.de/index/chart/DAXsubsector-Biotechnology-Performance-Index-6623297

13 https://www.ey.com/en_us/insights/life-sciences/optimism-for-life-sciences-growth-in-2025

14 https://www.ey.com/en_us/life-sciences/biotech-outlook#form




**Performance of Formycon shares**

Formycon shares opened the trading year on January 2, 2024 at a price of € 57.00,[15] which also marked the full-year high. The share price performance was rather mixed through the middle of the second quarter, despite various positive news, and although it temporarily slumped to a year low of € 38.20,[16] it was able to recover almost completely by the end of the second quarter.

In the second half of the year, Formycon shares held in the range of € 45.00 to € 56.00, ending the year at a closing price of € 53.10, representing a full-year decline of 6.8%.[17]

On November 12, 2024, Formycon joined the Frankfurt Stock Exchange's Prime Standard segment.[18] Through this uplisting from the Scale growth segment to the Prime Standard, Formycon now meets the highest transparency requirements of the Deutsche Börse. The Prime All Share Index, into which Formycon was promoted with this uplisting, posted a gain of approx. 16% for the year, while the Scale 30 Index, to which Formycon belonged for most of the year, posted a full-year decline of 2%.[19]

On December 23, 2024, Formycon shares were accepted for inclusion in the SDAX market index. This decision was made by Deutsche Börse as part of the regular index review announced on December 5, 2024 and was primarily based upon the increased value of Formycon's shares in free float, making Formycon one of the 70 largest listed companies in Germany by market capitalization following the 50 companies in the MDAX index. The SDAX posted a small decline during 2024, closing at 13,711 points for a full-year loss of 1.8%. Following a year high of more than 15,300 points in May/June, the index briefly fell below 13,000 points in August before again stabilizing.[20] Compared to the DAX, which gained almost 20%, the SDAX lagged significantly and was characterized by high volatility.

Formycon's average Xetra price for the 254 trading days during the 2024 trading year was € 49.23. The price rose in response to announced operational progress in Formycon's biosimilar projects, including the start of clinical trials for Keytruda® biosimilar candidate FYB206, market approval by the U.S. Food and Drug Administration (FDA) of Eylea® biosimilar FYB203, and the almost simultaneous market approval in the U.S. and Europe of FYB202. The successful uplisting of Formycon shares to the Prime Standard segment was also received

15 https://www.finanzen.net/historische-kurse/formycon

16 https://www.finanzen.net/historische-kurse/formycon

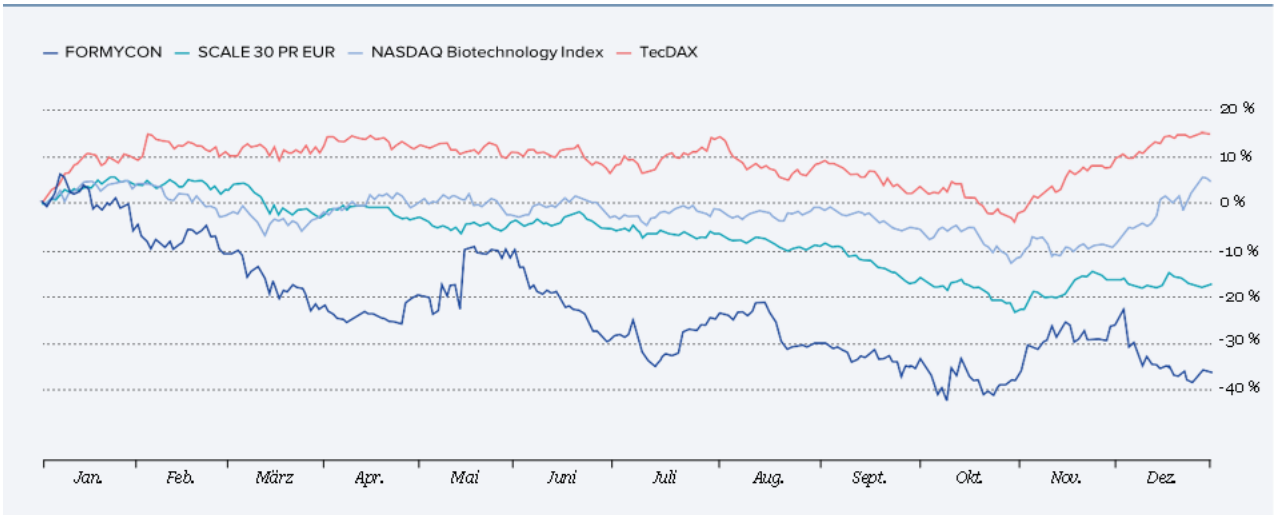
17 https://www.finanzen.net/historische-kurse/formycon

18 https://www.boerse-frankfurt.de/nachrichten/formycon-ag-jetzt-im-prime-standard

19 https://www.onvista.de/index/chart/SCALE-30-PRICE-EUR-Index-201488990

20 https://www.onvista.de/index/chart/SDAX-Index-324724

positively. This sustainably positive news flow stabilized the share price in the second half of the year.



**Formycon shares: Trading information**

| | |
|---|---|
| Ticker symbol | FYB |
| German securities identifier (WKN) | A1EWVY |
| ISIN | DE000A1EWVY8 |
| Listed exchange, Market segment | Frankfurt Stock Exchange<br>until Nov. 11, 2024: Scale (Open Market)<br>since Nov. 12, 2024: Prime Standard<br>since Dec. 23, 2024: SDAX |
| Trading venues | Xetra, Berlin, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart, Tradegate |
| Designated Sponsors | Oddo BHF Corporates & Markets AG<br>M.M. Warburg & Co. |

**Formycon shares: Performance information**

| **in Euro** | **2024** | **2023** |
|---|---|---|
| Opening price (Xetra)<br>on Jan. 2, 2023 / Jan. 3, 2024 | 55.50 | 87.00 |
| Closing price (Xetra)<br>on Dec. 29, 2023 / Dec. 30, 2024 | 53.10 | 56.40 |
| Average price<br>(Xetra closing price) | 49.23 | 67.25 |
| Market capitalization<br>as of Dec. 31 | 937,581,496 | 905,390,610 |
| in shares | | |
| Total shares traded<br>(on all trading venues) | 4,771,509 | 3,815,854 |
| Daily average shares traded<br>(on all trading venues) | 18,785 | 14,964 |
| Total shares issued<br>as of Dec. 31 | 17,656,902 | 16,053,025 |

## Shareholder structure

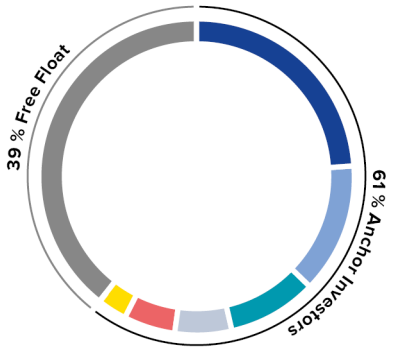
If certain voting rights thresholds are exceeded, the relevant shareholders are required, under German law, to file a notification thereof with the respective issuing company as well as with the German Federal Financial Supervisory Authority (BaFin). Since its uplisting on November 12, 2024 to the Regulated Market and to Frankfurt Stock Exchange's Prime Standard segment, Formycon AG has been subject to the provisions of sec. 33 ff. of the German Securities Trading Act (*Wertpapierhandelsgesetz*), including the resulting notification obligations in case of changes in significant shareholdings. The relevant thresholds under this law are 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 %.

Until this point, the Company had been listed in the Frankfurt Stock Exchange's regulated unofficial market (*Freiverkehr*, or "Open Market") and thus subject only to the more limited notification requirements of sec. 20 of the German Stock Corporation Act (*Aktiengesetz*), under which entities holding more than one fourth (25%) of the shares of a stock corporation with registered offices in Germany are required to report their holdings. Through its entry as part of the 2022 capital increase transaction with a major capital contribution in kind, ATHOS KG acquired and held, through its subsidiary Santo Holding (Deutschland) GmbH, an indirect shareholding of more than 25% of the registered capital of Formycon AG. Through the capital increase transaction against cash in early 2024 and the entry of the Hungarian specialty pharmaceutical company Gedeon Richter Plc. as a new strategic investor, the total shareholding of Santo Holding (Deutschland) GmbH was diluted during the reporting period and fell slightly below the 25% threshold. The corresponding notifications were provided to Formycon and published in the Federal Gazette in accordance with sec. 20 of the Stock Corporation Act.

As of December 31, 2024, a total of 60.79% of the registered capital was held by anchor investors according to the voting rights notifications of the German Securities Trading Act *(Wertpapierhandelsgesetz)* submitted to Formycon. The free float amounted to 39.21%.

Copies of such notifications received from shareholders pursuant to sec. 33 ff. of the Security Trading Act may be found on the Formycon website under https://www.formycon.com/en/investor-relations/votingrights/.

**Shareholder structure as of Dec. 31, 2024**




- **24.04 %** Santo Holding (Deutschland) GmbH
- **13.25 %** Wpart GmbH, Wen.Co Invest GmbH, Peter Wendeln
- **9.08 %** Richter Gedeon Vegyészeti Gyár Nyilvánosan Müködö Rt. (Gedeon Richter)
- **6.04 %** Active Ownership Fund SICAV SIF SCS
- **5.10 %** Detlef und Ursula Spruth
- **3.28 %** Stefan R.
- **39.21 %** Free Float

This overview reflects the voting rights notifications pursuant to §§ 33ff of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

**Directors' Dealings in the 2024 financial year**

| Executive or Supervisory Board Member | Position | Transaction date | Type of transaction | Price | Transaction value |
|---|---|---|---|---|---|
| **Dr. Stefan Glombitza** | CEO | April 22, 2024 | Purchase | € 39.00 | € 91,260 |
| **Dr. Stefan Glombitza** | CEO | April 22, 2024 | Purchase | € 38.65 | € 6,184 |
| **Nicola Mikulcik** | CBO | April 25, 2024 | Purchase | € 40.00 | € 48,000 |

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

During fiscal year 2024, members of the Executive Board or Supervisory Board conducted the above mentioned securities transactions subject to reporting requirements under article 19 of the Market Abuse Regulation (MAR). Further information regarding such transactions may be found on the Formycon website under https://www.formycon.com/en/investor-relations/directors-dealings/.

### Uplisting to Prime Standard segment and inclusion in SDAX and TecDAX market indexes

In November of 2024, Formycon AG applied to the Frankfurt Stock Exchange for admission of its shares to trading within the Prime Standard segment, which along with the General Standard segment constitutes the Exchange's Regulated Market. Trading in this segment began on November 12, 2024. The Prime Standard segment has the Exchange's highest transparency requirements, ongoing obligations which go well beyond the law. Through this uplisting, the Company intends to strengthen its position on the national and international capital markets and improve the tradability of its shares while at the same time raising transparency and attractiveness for investors.

Just a few weeks after the successful uplisting to the Prime Standard segment, Formycon shares were accepted for inclusion in the SDAX market index with effect from December 23, 2024. The inclusion in the renowned Deutsche Börse index family marks Formycon as one of the 70 next largest listed companies in Germany following the DAX and MDAX, measured by the market capitalization of shares in free float.

As part of an unscheduled index adjustment by Deutsche Börse, the Company was included in the TecDAX market index three weeks later, on January 13, 2025. This decision recognizes Formycon as one of the 30 largest listed technology companies in Germany based on trading volume and market capitalization of shares in free.

The inclusion in these two benchmark indexes will inherently have a positive impact on trading volumes because funds and ETFs that replicate the SDAX or TecDAX must purchase shares to match index performance.

### Subscribed capital

As of January 1, 2024, the registered capital (*Grundkapital*) of Formycon AG was € 16,053,025.00, divided into 16,053,025 bearer shares without par value but with an imputed nominal value of € 1.00 per share.

Through a capital increase against cash contribution at the end of January 2024, Formycon's registered capital was increased by € 1,603,877.00 under partial utilization of the Company's Approved

Capital through the issuance of 1,603,877 new no-par-value common bearer shares. The placement price of the shares was € 51.65 per share, thereby generating a total cash inflow of € 82.84 million. The new shares were subscribed exclusively by the Hungarian specialty pharmaceutical company Gedeon Richter Plc. under exclusion of general subscription rights in accordance with sec. 4 para. 3 of the Company's Articles of Incorporation (*Satzung*). At the time of the placement, the new shares corresponded to 9.08% of the Company's outstanding registered capital, which thereby increased to € 17,656,902.00.

In order to provide the company with the legally permitted flexibility to be able to act quickly on the capital markets at any time in the future, the Executive Board and Supervisory Board of Formycon AG proposed in June 2024, and the Annual General Meeting of June 12, 2024 accordingly resolved, to cancel the Approved Capital 2023 and replace it with a new Approved Capital 2024. The new Approved Capital 2024 permits the issuance of new shares up to 50% of existing registered capital. The Executive Board is thus authorized, subject to the approval of the Supervisory Board, to increase the registered capital once or several times until June 11, 2029, by a total of up to € 8,828,451.00 through the issuance of up to 8,828,451 new no-par-value common bearer shares against cash and/or non-cash contributions.

In addition to the cash capital increase of January 2024, a total of 7,525 new shares were subscribed later in the year on the basis of the Conditional Capital 2015/I. The registered capital of Formycon AG thus amounted to a total of € 17,664,427.00 as of December 31, 2024.

**Annual General Meeting**

The Annual General Meeting of Formycon AG was held in Munich on June 12, 2024 in presence form. In its presentation to shareholders, the Executive Board provided detailed information about the company's progress over the year and answered all questions raised in the general Q&A session. Dr. Olaf Stiller, long-time Chair of the Supervisory Board, chaired the Annual General Meeting for the last time and was gratefully applauded for his many successful years of leadership and guidance.

Shareholders representing 62.16% of the Company's share capital followed the proposals of the Executive Board and Supervisory Board by voting in favor of all management-proposed resolutions with large majorities. The actions of members of the Executive and Supervisory Boards during the past fiscal year were ratified with majorities of more than 96% for each individual member, a strong expression of confidence.

In order to provide even greater international representation, industry breadth and financial expertise on the Supervisory Board going forward, new and independent members were elected to the Supervisory Board, which was further expanded by approval of shareholders from four to five members. Dr. Bodo Coldewey, managing director of WEGA Invest GmbH, the family office of the Wendeln family, and Nicholas Haggar, long-time pharmaceutical industry executive and currently chief executive officer of Healthqube Ltd., were elected by large majorities as new successor members of the Supervisory Board. Dr. Coldewey and Mr. Haggar assumed the seats of Dr. Olaf Stiller and Deputy Chair Peter Wendeln, who had submitted their resignations from the Supervisory Board with effect from the end of the Annual General Meeting. In addition, Colin Bond, until now chief financial officer of Sandoz Group AG, was elected by a large majority to the new fifth seat of the Supervisory Board with effect from October 1, 2024. Immediately following the Annual General Meeting, the Supervisory Board was constituted and elected Wolfgang Essler as its new Chair.

**Investor relations**

Professional dialog with investors and with the international capital markets forms an important component of Formycon's investor relations program. During the 2024 fiscal year, Formycon's senior management and investor relations department presented the Company at a number of national and international investor conferences, including the following:

— J.P. Morgan Healthcare Conference, San Francisco

— Oddo BHF Forum (virtual event)

— UniCredit & Kepler Cheuvreux German Corporate Conference, Frankfurt

— Alster Research Pop-up Conference Health Care (virtual event)

— Berenberg EU Opportunities Conference 2024, London

— Jefferies Pan-European Mid-Cap Conference, London

— Metzler Small Cap Days, Frankfurt

— Equity Forum Spring Conference, Frankfurt

— Hauck Aufhäuser Stockpicker Summit, Kitzbühel

— 10th Berenberg European Conference 2024, New York

— mwb Research Roundtable (virtual event)

— Jefferies Global Healthcare Conference, New York

— Warburg Highlights, Hamburg

— Stifel European Healthcare Summit, Lyon

— Montega Hamburger Investorentage (HIT), Hamburg

— H.C. Wainwright Annual Investment Conference, New York

— Pareto Securities Healthcare Conference, Stockholm

— Berenberg & Goldman Sachs German Corporate Conference, Munich

— Jefferies London Healthcare Conference, London

— German Equity Forum, Frankfurt

Beyond these one-on-ones meetings at conferences and roadshows, Formycon has strived to maintain active contact with existing and potential investors and further increased its visibility on the capital markets, such as through publication of company announcements, contact with media representatives, virtual roundtable and fireside chat events.

As of December 31, 2024, 11 national and international analysts were regularly providing equity research coverage with investment recommendations on Formycon AG.

Compared to the prior year, the number of covering analysts rose from seven to eleven, underscoring the strong investment-side interest in Formycon shares.

**During fiscal year 2024, the following banks or other research providers published studies on Formycon:**

| Bank or research provider | Analyst |
|---|---|
| Berenberg | Benjamin Thielmann |
| B. Metzler seel. Sohn & Co. KGaA | Alexander Neuberger |
| First Berlin Equity Research GmbH | Simon Scholes |
| Hauck Aufhäuser Lampe Privatbank AG | Alexander Galitsa |
| H.C. Wainwright | Yi Chen |
| Jefferies | Brian Balchin |
| Kepler Cheuvreux | Nicolas Pauillac |
| mwb Research | Alexander Zienkowicz |
| M.M. Warburg | Dr. Christian Ehmann |
| Oddo BHF | Damien Choplain |
| Royal Bank of Canada | Alistair Campbell |

Further information about Formycon and its investor relations activities may be found in the "Investor relations" section of the Company's website:

*https://www.formycon.com/en/investor-relations/formycon-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**
Sabrina Müller
*Director Investor Relations & Corporate Communications*
phone +49 89 864 667 149
*ir@formycon.com*

# Sustainably improving Access to Biological Medicines – *Products, Strategies and material Topics*

# *Our* Responsibility

The financial burden of noncommunicable diseases (NCDs) on global health systems is steadily increasing. Noncommunicable diseases are responsible for almost 75% of all deaths and although successful treatments exist, the need for innovative therapies for chronic diseases or cancers continues to rise rapidly[1].

Biopharmaceutical or biological drugs (also called biologics) have significantly improved the treatment of many serious diseases and now account for more than a third of the pharmaceutical market in Germany[2]. However, treatment with biologics is usually very cost intensive. For this reason, even in high-income countries such as Germany, patients often only gain access to biopharmaceutical therapy after long waiting times and when all other options have been exhausted.

[1] Generics and Biosimilars Initiative Journal, May 2024, *https://gabi-journal.net/increasing-adoption-of-quality-assured-biosimilars-to-address-access-challenges-in-low-and-middle-income-countries.html*

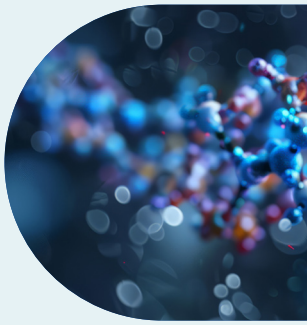
[2] Deutsches Ärzteblatt, Januarary 2024, *https://www.aerzteblatt.de/nachrichten/148389/Biopharmazeutika-machen-mehr-als-ein-Drittel-des-Arzneimittelmarktes-aus*

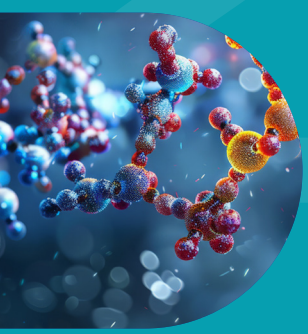
# *Our* Mission

We see it as our mission to improve access to these medicines. To this end, we have specialized in the development of biosimilars. Biosimilars are follow-on prodcucts to biopharmaceutical drugs and equivalent to them in terms of quality, efficay and safety. When biosimilars enter the market after the legal protection period of the reference drug has expired, they create competitive dynamics that increase cost efficiency and thus improve access to therapy. For payers in the healthcare sector, the savings arising by using biosimilars mean that more patients than previously can be treated with highly effective biopharmaceutical drugs.

As a “pure-play” biosimilar company, we are able to cover the technical-pharmaceutical development from the selection of a promising biosimilar candidate, cell line development, comparative analytics, process development, preclinical and clinical development to the preparation of approval documents and management of approval procedures in highly regulated markets. In addition, the configuration and control of the entire supply chain and product logistics are also part of our core expertise.

For the commercialization of our biosimilars, we rely on rely on strong, trustworthy and long-term partnerships.

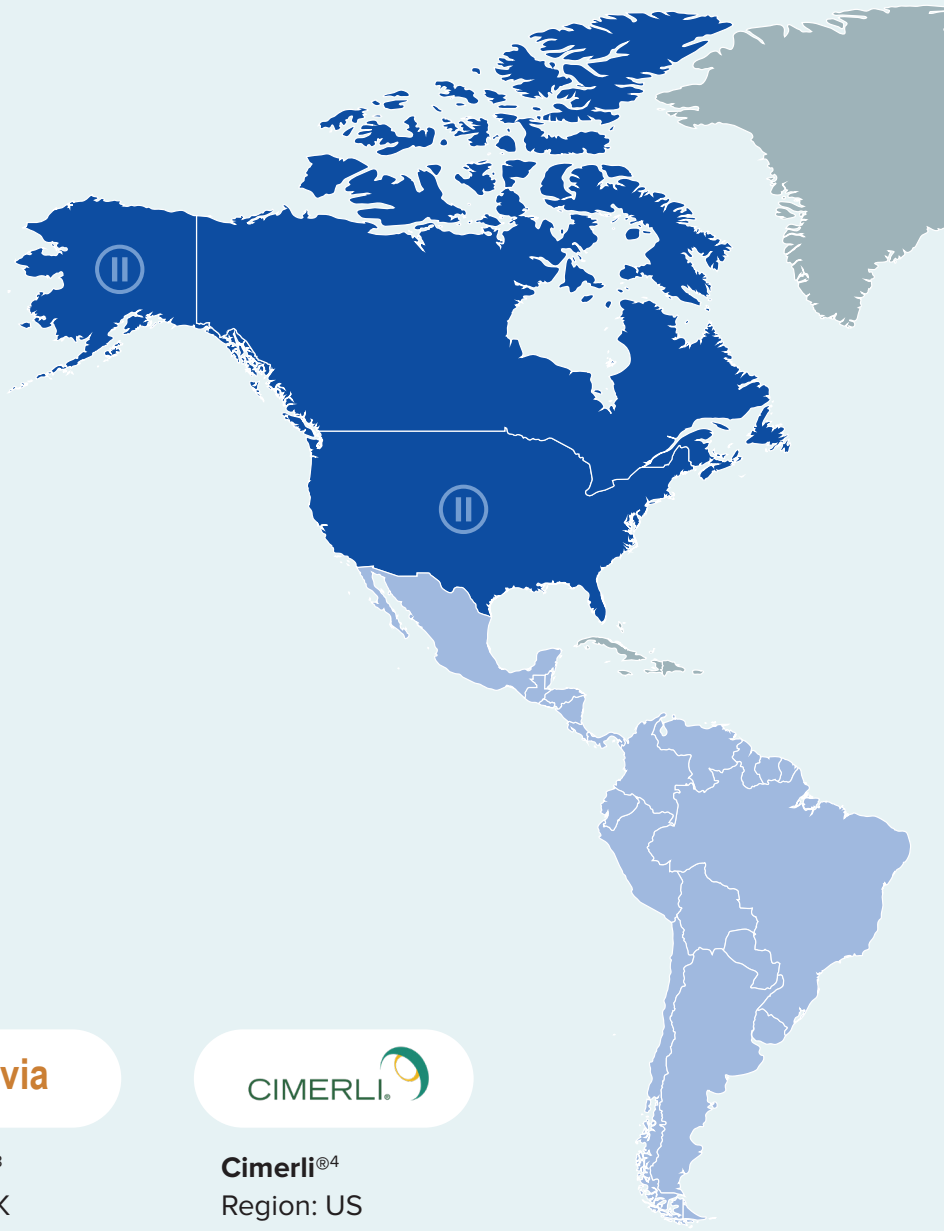




# *Our* Biosimilars

# FYB201
# ranibizumab

Reference Drug:
Lucentis®[1]



## FYB201 Brands

**Ranivisio®**[2]
Region: Europe
Teva

**Ongavia®**[3]
Region: UK
Teva

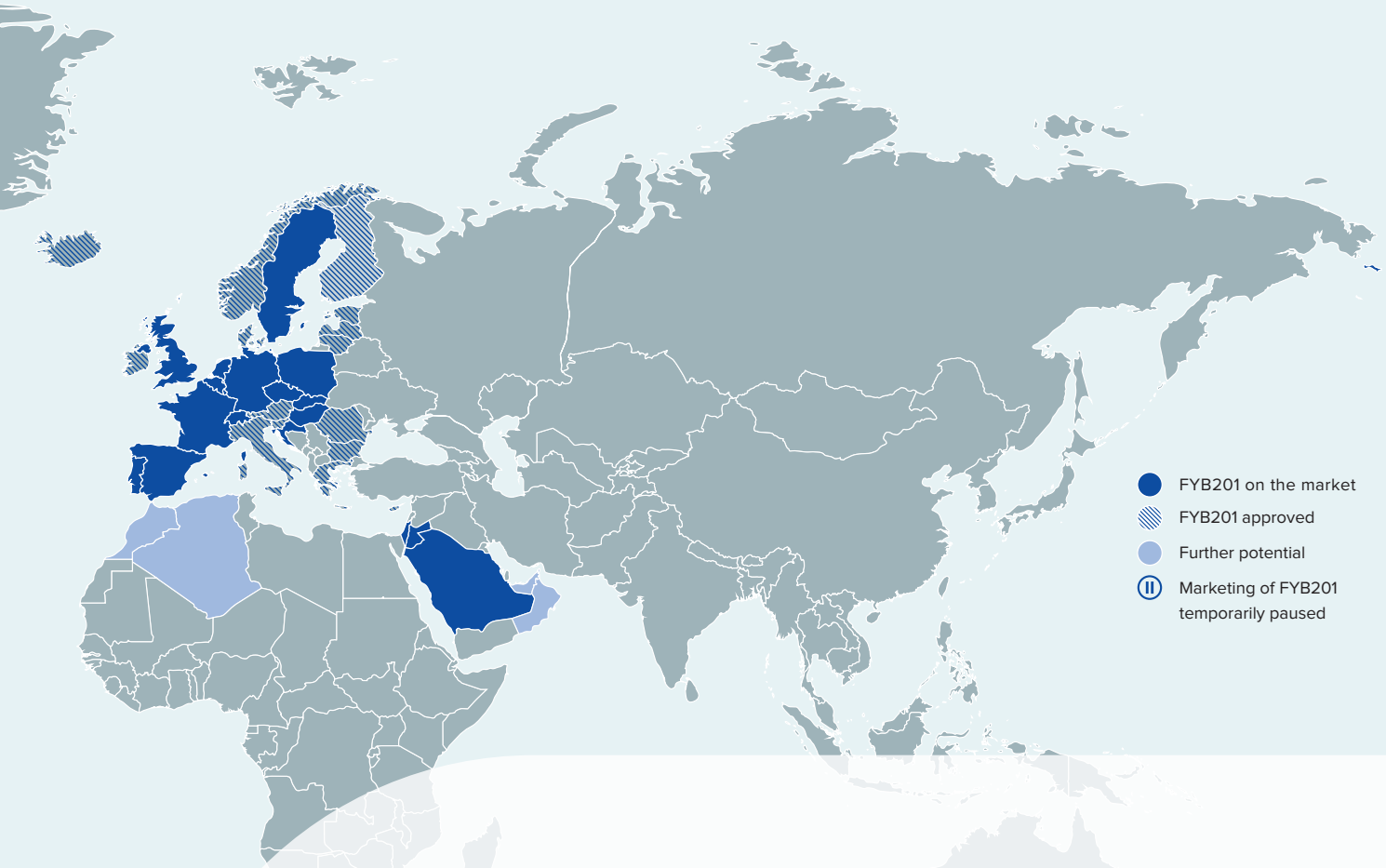
**Cimerli®**[4]
Region: US
Sandoz

**Ranopto™**[5]
Region: Canada
Teva

**Ravegza®**[6]
Region: Saudi Arabia
MS Pharma

**Uptera®**[6]
Region: Jordan
MS Pharma

1 Lucentis® is a registered trademark of Genentech Inc.
2 Ranivisio® is a registered trademark of Bioeq AG
3 Ongavia® is a registered trademark of Teva Pharmaceutical Industries Ltd.
4 Cimerli® is a registered trademark of Coherus BioSciences, Inc.
5 Ranopto™ is a trademark of Teva Canada Limited
6 Ravegza® and Uptera® are registered trademarks of MS Pharma




**Indication Area**
Ophthalmology

**Active Ingredient Group**
VEGF Inhibitor

**Indications of the Reference Drug***
Neovascular ("wet") age-related macular degeneration (nAMD), Diabetic macular edema (DME), Choroidal neovascularization (CNV), Proliferative diabetic retinopathy (PDR), Macular edema following retinal vein occlusion (RVO)

**Business Modell**
50% Formycon project via participation in Bioeq AG (joint venture of Formycon AG 50% and Polpharma Biologics Group B.V. 50%)

**Market Launch**
2022 – 2026
(depending on Region)

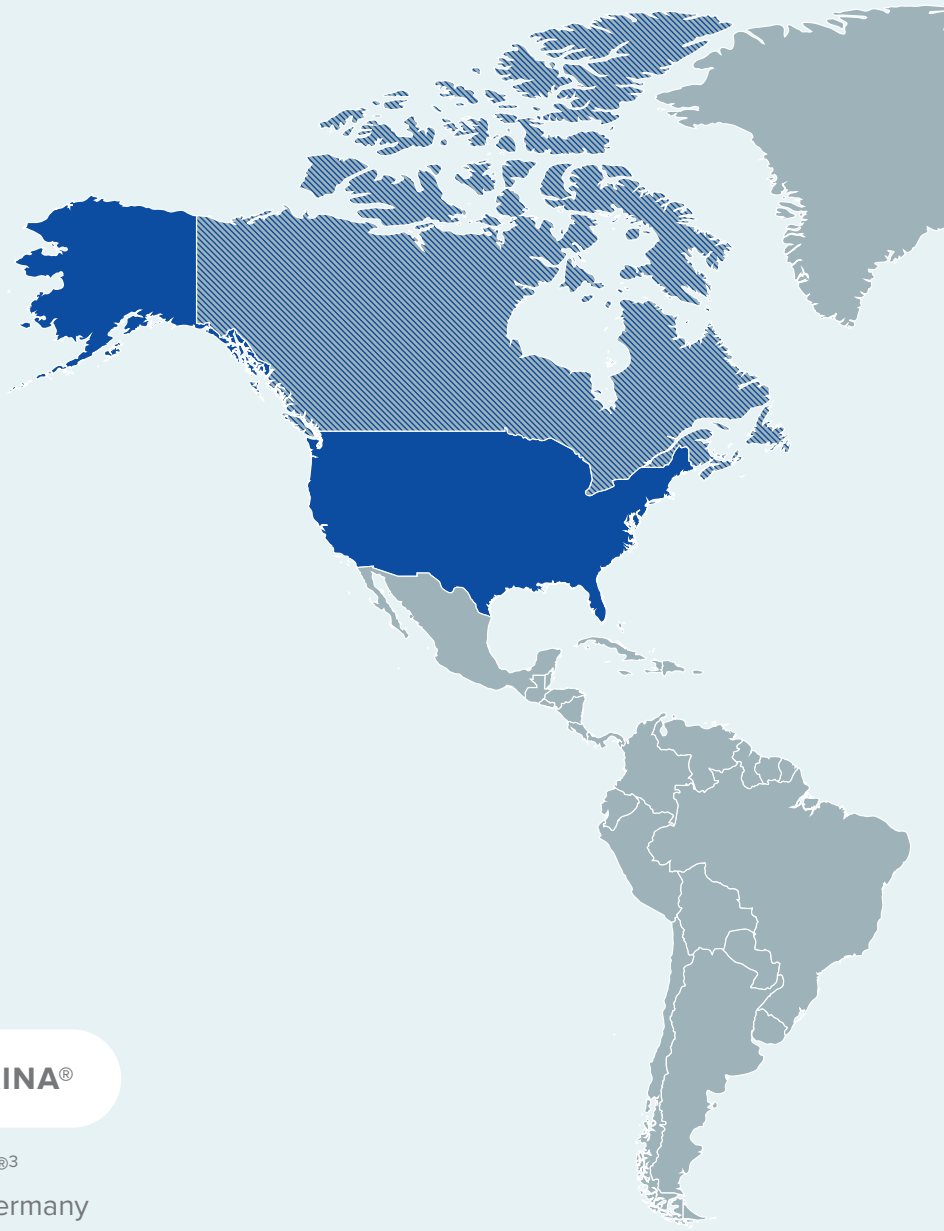
**Ranibizumab Market**
Ranibizumab is among the most widely usedestablished anti-VEGFs today. In 2024, Lucentis® generated global sales of around USD 1.0 billion.

* Indications of the biosimilar depending on legal protection status in the respective regions

**Commercialization partners:** teva | SANDOZ | msPharma

# FYB202
# ustekinumab

Reference Drug:
Stelara®[1]



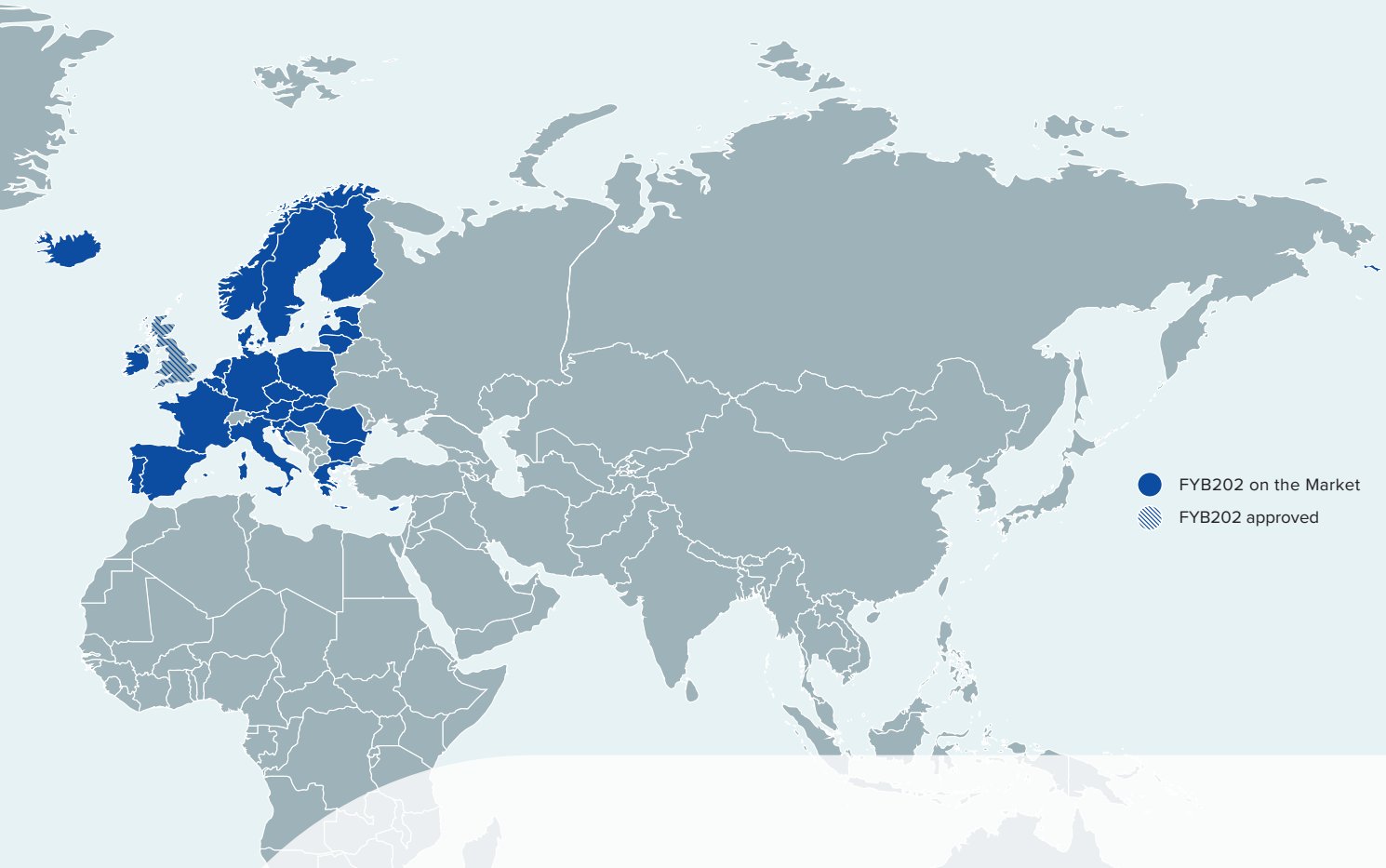
## FYB202 Brands

**Otulfi®[2]**
Region: Key global Markets
Fresenius Kabi

**Fymskina®[3]**
Region: Germany
NN

**Sitovab®[4]**
Region: MENA
MS Pharma

[1] Stelara® is a registered trademark of Johnson & Johnson
[2] Otulfi® is a registered trademark of Fresenius Kabi Deutschland GmbH in selected countries
[3] Fymskina® is a registered trademark of Formycon AG
[4] Sitovab® is a registered trademark of MS Pharma




**Indication Area**
Immunology

**Active ingredient group**
Immuno-suppressants / Interleukin Inhibitors

**Indications of the Reference Drug***
Crohn's Disease, Ulcerative Colitis, Plaque Psoriasis, Psoriatic Arthritis

**Business Modell**
100 % Formycon Project

**Market Launch**
Q1/2025

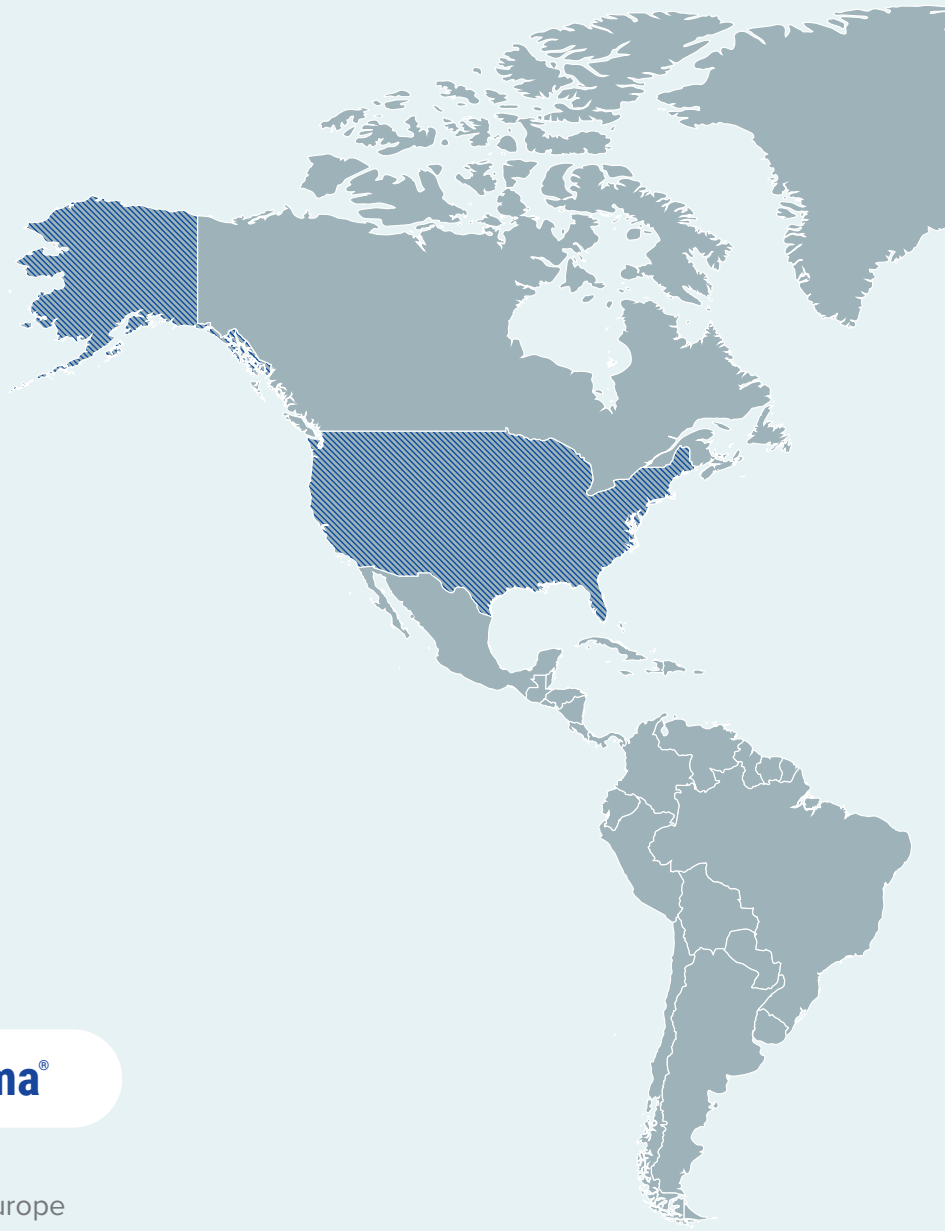
**Ustekinumab Market**
Global sales of the reference drug Stelara® amounted to around USD 10.4 billion in 2024. The possible use of ustekinumab for additional therapeutic indications offers further sales potential.

* Indications of the biosimilar depending on legal protection status in the respective regions

**Commercialization Partners:** FRESENIUS KABI | MSpharma

# FYB203
# aflibercept

Reference Drug:
Eylea®[1]



## FYB203 Brands

AHZANTIVE®

**AHZANTIVE®**[2]
Region: Global
Major parts of Europe,
Israel: Teva
APAC: Lotus

Baiama®

**Baiama®**[2]
Region: Europe
NN

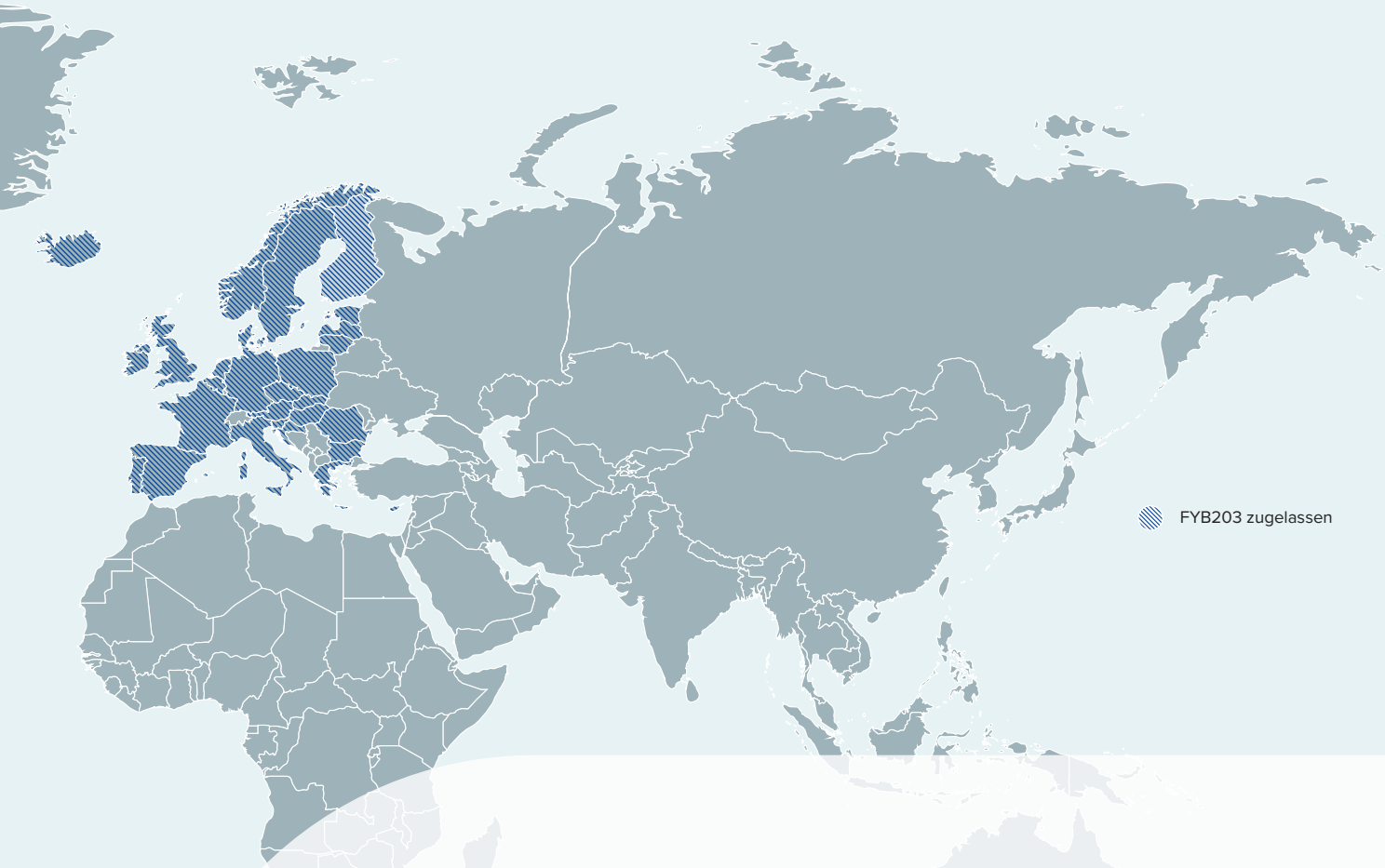
Fovlya®
Aflibercept

**Fovlya®**[4]
Region: MENA
MS Pharma

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

[2] AHZANTIVE® and Baiama® are registered trademarks of Klinge Biopharma GmbH

[4] Fovlya® is a registered trademark of MS Pharma




**Indication Area**
Ophthalmology

**Active Ingredient Group**
VEGF-Inhibitor

**Indications of the Reference Drug***
Neovascular (wet) age-related Macular Degeneration, Diabetic Macular Edema, Choroidal Neovascularization, Proliferative Diabetic Retinopathy, Macular Edema following Retinal Vein Occlusion

**Business Modell**
Out-licensed to Klinge Biopharma GmbH

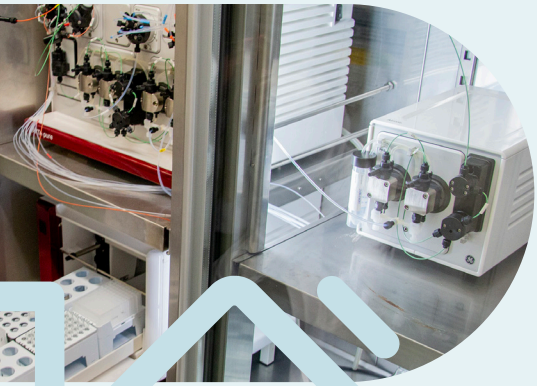
**Market Launch**
Depending on settlement agreement with the rights holder of the reference drug

**Aflibercept Market**
Aflibercept and ranibizumab together account for more than 90 % of the global market for anti-VEGF therapies. In 2024, the reference drug Eylea® in the dosages 2mg and 8mg (high-dose) jointly generated sales of around USD 9.5 billion.

* Indications of the biosimilar depending on legal protection status in the respective regions

**Commercialization Partners:** teva | Lotus | MSpharma

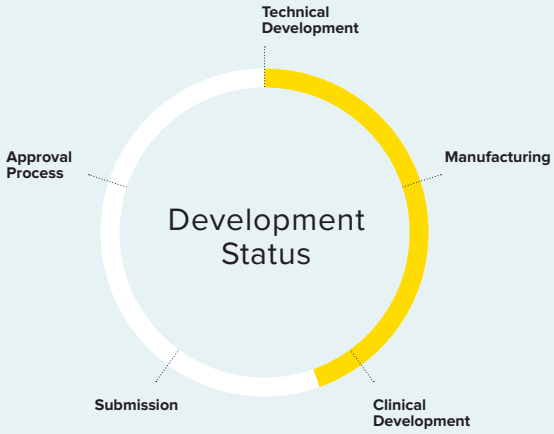

P1000



# *Our* Development Projects

# FYB206
# pembrolizumab

Reference Drug:
Keytruda®[1]




**Indication Area**
Immuno-Oncology

**Active Ingredient Group**
PD1 Inhibitor

**Indications of the Reference Drug***
Advanced melanoma, Non-small cell bronchial carcinoma, Hodgkin's lymphoma, Urothelial carcinomas, Tumors in the head and neck area, other tumor diseases

**Business Modell**
100 % Formycon Project

**Market Launch**
in the United States and the EU after loss of exclusivity of the reference drug

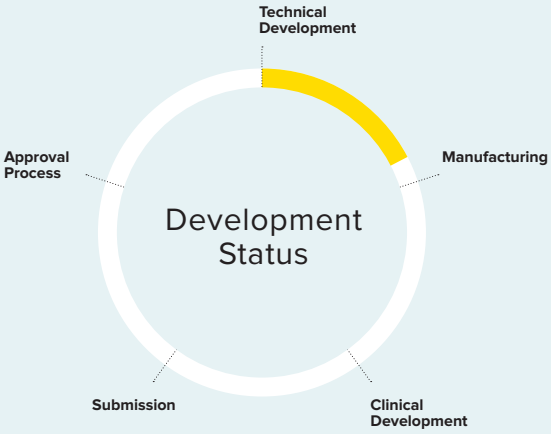
**Pembrolizumab Market**
With its broad range of indications in oncology and sales of USD 29.5 billion in 2024, Keytruda® is one of the best-selling drugs. Due to the increasing number of cancer diagnoses around the world, further sales growth is forecast for the coming years.

* Indications of the biosimilar depending on legal protection status in the respective regions

[1] Keytruda® is a registered trademark of Merck Sharp & Dohme LLC, a subsidiary of Merck & Co, Inc, Rahway, NJ/USA

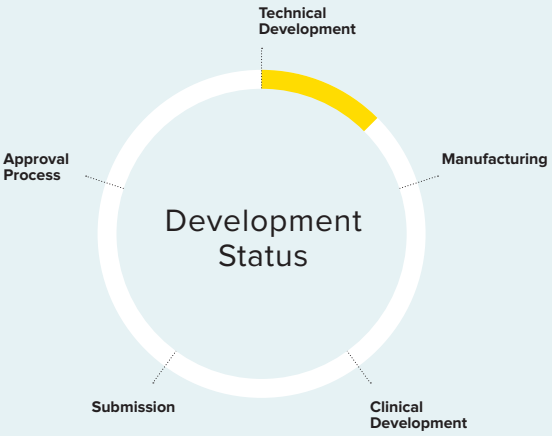
# **FYB208** undisclosed

Indication Area:
Immunology



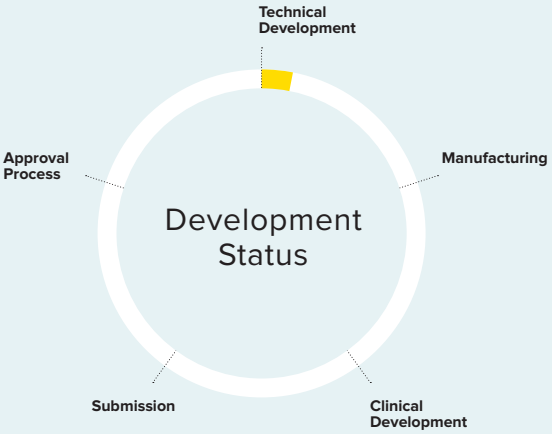

# **FYB209** undisclosed

Indication Area:
Immunology




# **FYB210** undisclosed

Indication Area:
Immunology



# *Our Commitment* to a sustainable development

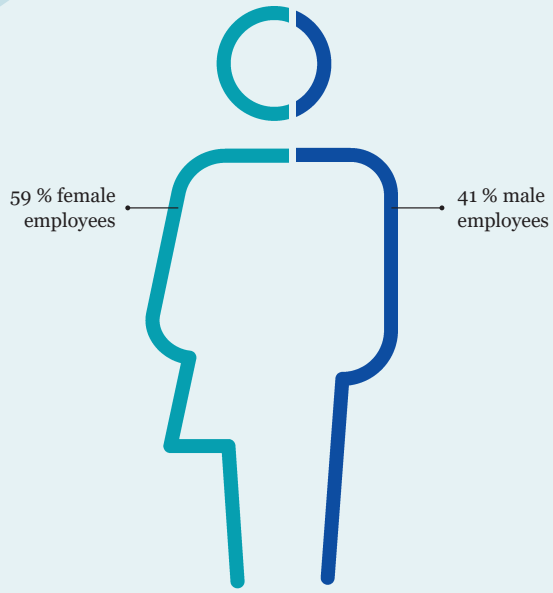
# *Our* Sustainability Strategy

Based on our first materiality analysis in 2023, we have developed a comprehensive sustainability strategy, which addresses our material issues and constitutes the guideline for our actions in the coming years. It describes how we intend to strengthen the positive impact of our business activities, minimise negative impacts and effectively mitigate sustainability-related risks. We focus on five key topics, divided into a total of 19 sub-topics. We have developed goals, measures and key figures for each topic. For the reporting year 2024, we have developed more than 100 individual measures, grouped under strategic and operational goals. Of these measures, 88% could be implemented. Measures that were not implemented were postponed accordingly to the following reporting year 2025.

# *Our* material Topics

**Our employees** — We are #TeamFormycon! Formycon currently employs around 250 dedicated employees from 32 nations, of which around 80% work in research and development. We recognize the power of diversity and promote it wherever we can. We are committed to a world in which every person – regardless of origin, gender, religion or other characteristics – enjoys the same opportunities and rights. With a workforce consisting to 59% of women, considerably more than common in the pharmaceutical industry, Formycon is successful with its promotion of women. At the same time, it is important to us to increasingly fill more management positions with female managers. The proportion of women in the second management level (Vice President, Senior Director, Director and Associate Director) was 40,6% as of December 31, 2024. At the highest management level, the proportion was 25%. Across all management positions, the proportion of women at Formycon is 36.5%. To further increase the proportion of women in management positions, we are planning to implement specific support programs for female talent.

Our daily conduct is based on values such as openness, tolerance, reliability, appreciation and mutual trust. That's why Formycon actively supports the LGBTQIA+ community within the company. Through internal communication channels and events such as joint lunches, an exchange is promoted both within the community and with other employees. A separate LGBTQIA+ podcast series on topics such as diversity or international LGBTQIA+ rights not only educates, but also sensitizes employees and promotes understanding and tolerance. We very much support the exchange across teams and departments and for this purpose, a new, cross-team event format was introduced in the year under review, which was very well received.



*„What I appreciate about Formycon is the company's open and clear stance on diversity. Outside of my actual work, I have the opportunity to contribute my passion for LGBTQIA+ topics independently by organizing meetings and representing queer topics in the company's internal podcast.“*

**Jessica Lorenz**
Scientist

We are very proud of our highly qualified and committed employees and their health and safety have the highest priority. Formycon holds the "Safe with System" seal of approval from the German Employers' Liability Insurance Association for the Raw Materials and Chemical Industry (BG-RCI). As part of the regular voluntary audit,  both the occupational safety management system (AMS) and the effectiveness of the occupational health management system (BGM) are assessed. The main segments of the AMS audit are based on the ISO 45001 management systems for health and safety at work. In the reporting year, the management systems, encompassing all our employees, were again assessed and successfully certified. In the 2024 financial year, one non-critical occupational accident was recorded at Formycon.

To enhance our attractiveness as an employer and increase the motivation of our employees, we offer extensive occupational training opportunities. These are defined in Career Paths and in individual, annual performance reviews. In addition to specialist education and training, we offer further training in areas such as languages, personal coaching, resilience and leadership. We also want to support young talents and plan to offer vocational training and traineeships in the future in several specialist areas in addition to our existing apprenticeships in the field of IT.

Formycon's salary structure is based on the remuneration levels and models common for the biotechnology industry. In addition, we consider macroeconomic developments when reviewing the adjustment of remuneration in our annual salary rounds. In 2024, we reviewed and optimized our employee benefit concept[1] and will offer further extensive corporate benefits in 2025 that will not only benefit our employees, but also equality and the environment.

[1] More about our benefits can be found in the career section of our homepage: *https://www.formycon.com/en/careers/your-benefits/*

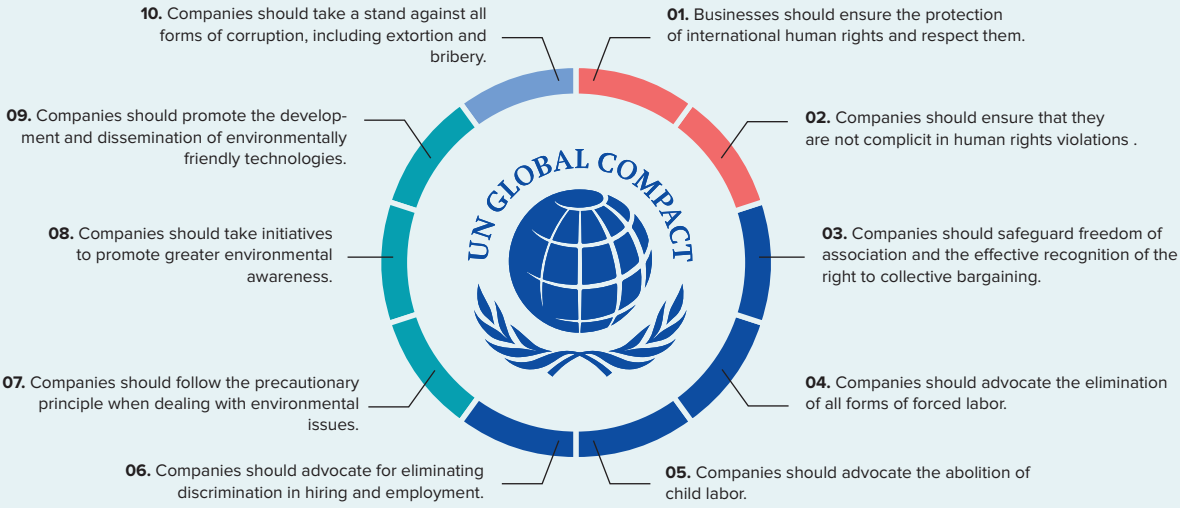
**Mitigation of climate change & sustainable use of scarce resources** — The globally rising greenhouse gas emissions and the associated climate change pose a danger to us all. Formycon wants to contribute to combatting climate change and has, among other things, implemented the ISO 50001 energy management system. In the reporting year, it was successfully certified for Formycon and all our subsidiaries. The management system allows us to identify and pursue energy-saving potential in a structured way. We are also planning to introduce the ISO 14001 environmental management system in 2025. Many of the measures considered within this system, e.g. to reduce pollutants and use resources more efficiently, are already today being implemented in our company. By introducing an environmental management system, we want to provide a framework for all our projects and ensure that the roles and responsibilities for improving our own environmental situation are clearly defined.

We also calculate our greenhouse gas (GHG) emissions, starting with our own emissions in 2024 (Scope 1 & 2). As a development company without own production, over 90% of the GHG emissions of our products are generated along the value chain. For this reason, we will expand our accounting to include these at the beginning of 2025 (Scope 3) to better understand the potential for emission reductions. The results of the GHG accounting will serve as the basis for our climate strategy, which we intend to implement at the latest by 2026.

Further important topics are the preservation of ecological diversity and an improved resource efficiency. To improve in these areas, we have implemented measures at our site to save water and deal more responsibly with our waste, e.g. through waste separation. However, the greatest negative effects are primarily to be found along our value chain – in particular in manufacturing and in the final product phase. That is why we want to enter into a dialogue with our business partners and work on solutions together with them.

*„The energy management team is responsible for the the energy management system since it was introduced and certified in accordance with DIN EN ISO 5001. This has already given us a deeper insight, enabling us to respond more specifically to requirements and implement measures more efficiently.“*

**Bernd Schimkat**
Facility, Environment, Health & Safety




**Impacts along the value chain** — The production of biopharmaceutical products generally requires large amounts of energy and water, as well as chemicals and other raw materials that are used along the value chain. These resources are also needed in the development work at Formycon, but in significantly smaller quantities. To minimize the negative impacts caused by manufacture, Formycon wants to work together with its suppliers and business partners. To this end, we have developed a Supplier Code of Conduct, which we have sent to our strategically most important suppliers, together with a questionnaire on ESG issues.

With our Supplier Code of Conduct, we want to ensure that internationally recognized standards on environmental protection, human rights and non-discrimination are met along our value chain. It defines our values regarding environmental, social and governance aspects, and is based on the 10 principles of the United Nations (UN) Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the conventions of the International Labour Organization (ILO). In the coming years, we intend to increasingly include ESG criteria in the selection of our suppliers and business partners. In doing so, we actively seek the dialogue with our partners so that we can increase transparency in the value chain, minimize the negative impacts on the environment and ensure that human rights are respected.

*"At Formycon, we recognize that strong partnerships with our suppliers are the foundation of our success. Through our strategic collaboration with our partners, we create long-term value, benefiting both our organization and our suppliers while delivering the best results for our customers."*

**Fernando Montini**
Procurement

**Animal welfare** — We are committed to ensuring that our products are safe, effective and efficient.

All our products are developed in compliance with legal standards, and in very rare cases, regional regulatory requirements require our products to be tested on animals before clinical trials can be initiated in humans. Formycon is aware that the implementation of animal studies brings a special responsibility. For this reason, Formycon not only complies with all laws and regulations on animal research, but has also adopted an animal welfare policy to ensure a respectful and ethical treatment of any animals included in a study. It is Formycon's ambition to minimize as much as possible or opt out of animal studies for research by implementing alternative research methodologies like in vitro or ex vivo testing or computer modelling, wherever feasible. Formycon conducts animal studies only when requested by health authorities. In such cases, we engage expertise organisations to carry out the studies on our behalf. In the rare cases where animal studies are required, Formycon always ensures that these studies are conducted with the highest ethical and scientific quality standards of animal welfare, and that the internationally recognized 3R principles are adhered to.

**Fair business practices —** Formycon's corporate success depends, among other things, on the expertise of highly qualified employees, whose conduct is characterized by a sense of responsibility and ethical principles. We attach great importance to a culture of mutual trust and we promote an open and free exchange of opinions at and across all levels of the corporate hierarchy. An open-minded and agile working environment is the basis for our success.

Compliance with the Formycon Code of Conduct is the cornerstone of responsible and lawful behaviour. Management, employees and all those who act on behalf of Formycon are obliged to comply with our Code of Conduct, regardless of where and in which area of activity they work. Formycon does not tolerate violations of the Code of Conduct or applicable law and will investigate any non-compliant incident. Furthermore, Formycon has introduced stringent guidelines for all employees on the topics of corruption and bribery. In addition to these measures, we have also implemented a whistleblowing tool to enable confidential and anonymous reporting of violations of the Code of Conduct or applicable law. The tool helps to create an environment in which ethical behaviour can be promoted and violations can be effectively detected, tracked and dealt with appropriately. The Code, the whistleblowing tool, as well as relevant guidelines and comprehensive training for all employees are all part of our Compliance Management System (CMS), which we implement assertively.

**Patients** — In addition to our mission to improve access to modern and effective therapies for many previously underserved patients, the safety and quality of our medicines is a top priority for us. The development of biosimilars for highly regulated markets requires high standards of safety, quality and efficacy of the drugs. The requirements for quality assurance of the production processes and their environment concerning biopharmaceutical products and active ingredients are laid down by the European Commission in the Principles and Guidelines of Good Manufacturing Practice (GMP) for pharmaceutical products for human use. Formycon's laboratories are managed under these guidelines and periodically inspected and audited by regulatory bodies such as the U.S. Food and Drug Administration (FDA).

The conduct of clinical trials with biopharmaceutical products for human use is also strictly regulated by Good Clinical Practice (GCP) regulations. The GCP Regulation is valid worldwide and serves to protect patients and the integrity and accuracy of the data and findings generated in the course of these studies. We always make sure that all relevant regulations and standards are complied with, not only by us, but also by our business partners.

We apply the highest quality and safety standards to our products for patients now and in the future and are working to make them available globally. In addition, we work to develop a more patient-friendly use of our products.

# *Stakeholder* Dialogue

As a society, we are facing enormous challenges that we can only master together. There is not much time left to solve big problems like climate change and it is therefore of essence that we learn from each other. In order to better understand the expectations on Formycon and to benefit from different viewpoints and expertise, Formycon specifically seeks the exchange with different stakeholder groups.

Our most important stakeholders are our employees, and we promote an open and free exchange of opinions across all hierarchical levels through various formats such as company meetings or "Coffee with your CXO". In addition, we conduct regular, anonymous employee surveys to evaluate employee satisfaction. All employees also have the opportunity to contribute with ideas and improvements. Since 2024, Formycon has a works council that represents our employees in employee affairs. Further stakeholders very important to us are our business partners, suppliers, investors, shareholders, health authorities, and physicians and their patients. We strive to communicate openly and transparently with all stakeholder groups and enter into a dialogue through various channels.

To further increase our transparency, we also participate in various ESG related ratings.

*"As investors, we recognize that sustainability is key to ensuring long-term value creation while improving access to healthcare worldwide. By reducing the environmental impact of Formycon's operations and supply chains, the company is contributing to a healthier planet while increasing efficiency and cost effectiveness. In addition, compliance with increasingly stringent sustainability regulations minimizes risk and strengthens the company's position in a highly regulated industry, fostering stakeholder confidence and ensuring long-term growth."*

**Roxana Budimir**
Head of ESG, Active Ownership Capital S.à r.l.

# Combined Management Report

# *Basic Information about Formycon Group*

*This Combined Management Report covers the reporting period from January 1, 2024 to December 31, 2024 and encompasses the management reports for both Formycon Group (hereinafter also "Formycon" or the "Group") and Formycon AG. Unless otherwise noted, the presentation of business performance and financial figures relevant to corporate management, both actual and forecasted, are for Formycon Group.*

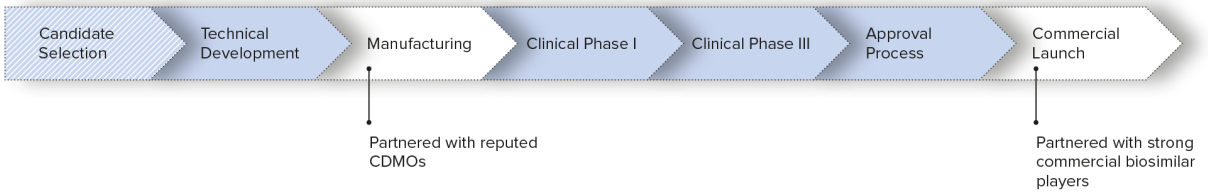
*Information which applies solely to the Formycon AG parent entity is specifically marked as such.*

**Business activities**

Formycon is a globally operating, independent biosimilars specialist with a comprehensive product pipeline and a scalable platform for biosimilar drug development for indications across various areas, including ophthalmology, immunology and immunoncology. Formycon is able to cover all technical stages of the biopharmaceutical development chain starting with the selection of highly promising biosimilar candidates, through cell line development, comparative analysis and process development, into preclinical studies and clinical trials, and all the way through to the preparation of regulatory approval application documents and management of the approval process. Formycon's core expertise also includes beginning-to-end design and coordinated oversight of its supply chain and product logistics. For the commercialization of its biosimilar products, Formycon relies upon strong, trustworthy and long-term partnerships around the world.

With FYB201 (ranibizumab), Formycon already has an approved biosimilar product on the market in the United States and Canada, Europe, the Middle East and North Africa (MENA), and other geographical regions. Two further biosimilars, FYB202 (ustekinumab) and FYB203 (aflibercept) have received regulatory approval in the U.S., the European Union and the UK. An additional four biosimilar candidates are currently in the Group's development pipeline, of which one (FYB206, pembrolizumab) advanced into clinical trials during 2024, while three other as yet unannounced candidates are in the preclinical development stage.
Formycon's long-term and sustainable growth strategy is built upon steady expansion of its product portfolio through the targeted selection of new biosimilar candidates, the development of these projects, and their ultimate commercial success through commercialization partnerships, either partly or in their entirety.

**The biosimilar value chain**



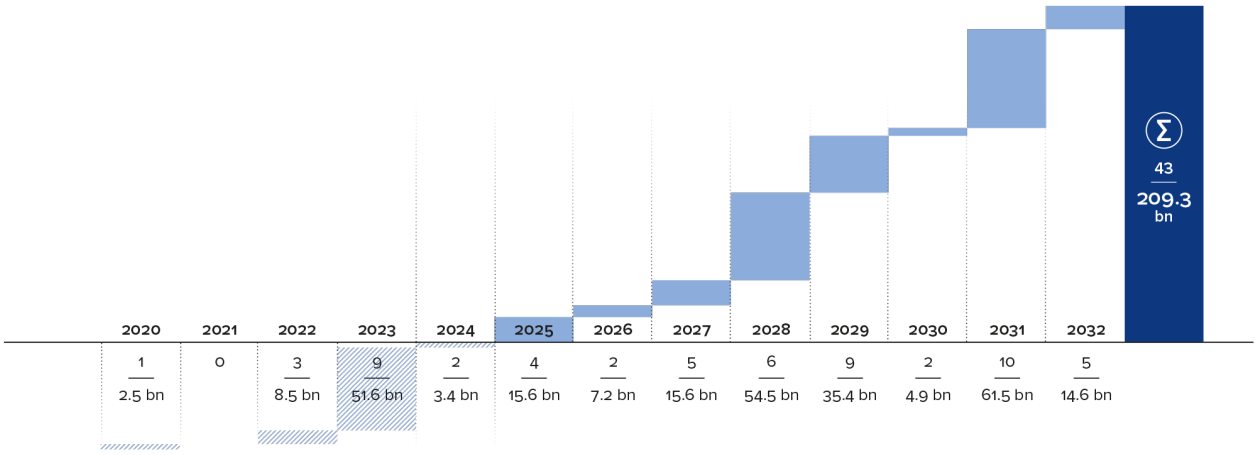

## What are biosimilars?

Since the 1980s, biopharmaceuticals have been revolutionizing the treatment of serious diseases such as cancer, diabetes, rheumatism, multiple sclerosis and acquired blindness. Starting from the mid 2010s, patents on many of these powerful biopharmaceuticals began expiring, and over the next nine years, many more of these biotech drugs will lose patent protection, including more than 40 blockbuster drugs[21] with total combined annual sales estimated at more than USD 200 billion.

Biosimilars are follow-on products to biopharmaceutical drugs whose market exclusivity has expired. Their comparable quality, efficacy and safety is proved through studies, and they are subject to stringent regulatory approval processes in highly regulated markets such as the European Union, the United Kingdom, the United States, Japan, Canada and Australia based upon the biosimilar's proven comparability to the reference product.

[21] Blockbuster is defined here as a drug with annual sales of more than USD 1 billion in the peak year. Analysis based on timing of U.S. patent expiry. Source: EvaluatePharma database, April 2022; press reports; McKinsey analysis

**Biosimilar potential -
by 2032, more than 40 blockbusters will
lose their market exclusivity (in USD bn)[22]**

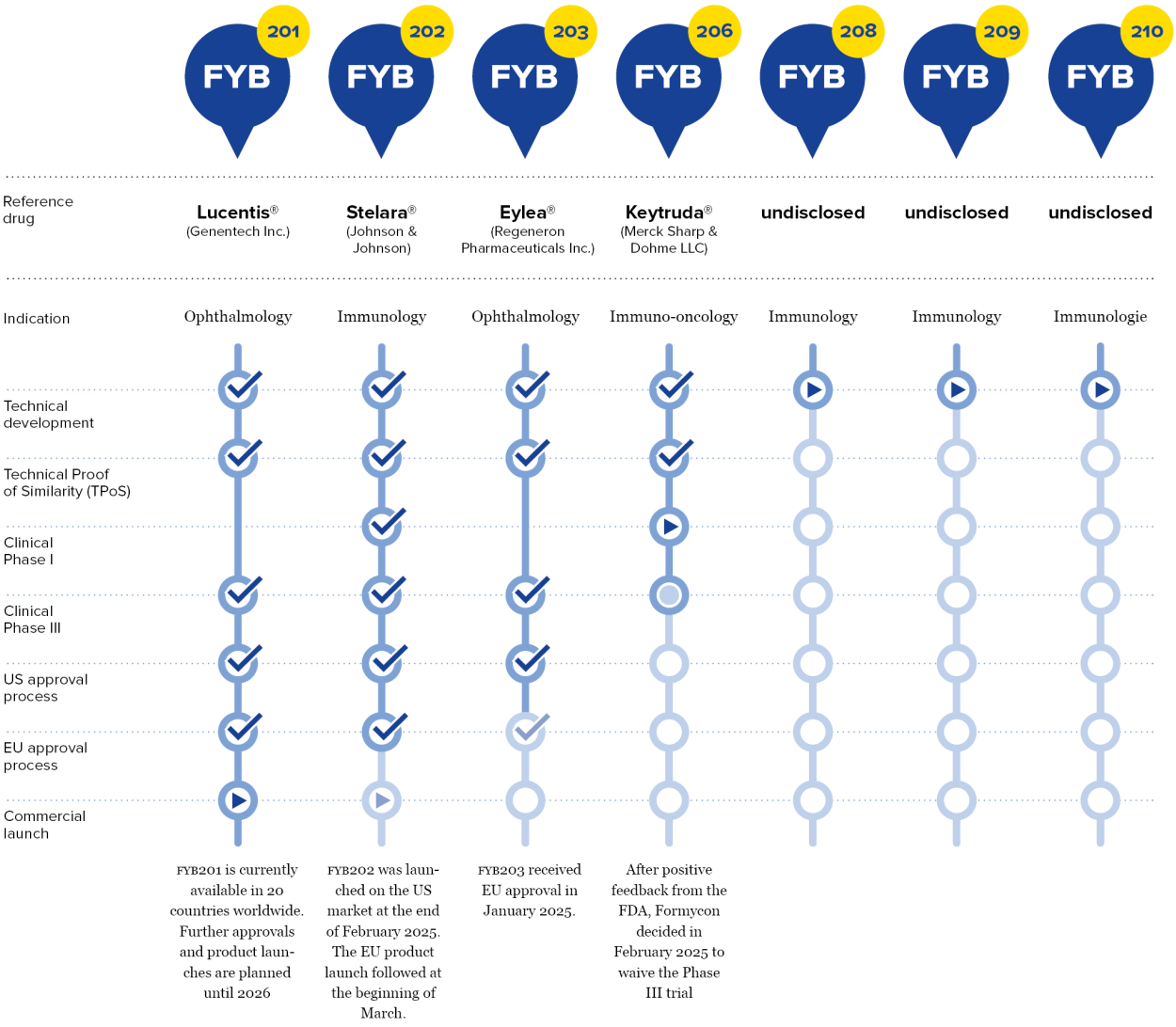



## Product pipeline

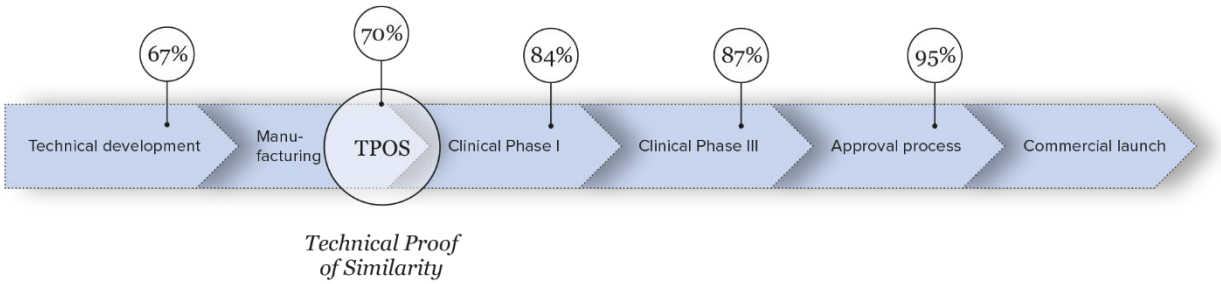
The development of new biosimilar drugs is the foundation for the Group's sustainable long-term growth. Within the area of biosimilars development, Formycon has the following projects in various stages of development:

[22] Fig. **Fehler! Nur Hauptdokument**: EvaluatePharma database, April 2022; press reports; McKinsey analysis

**Formycon**
**Biosimilar-Product-Pipeline**



**Biosimilar development**
**Probability of success**




**Even in the starting phase, the probability of a biosimilar being successfully approved is almost 70%**

In terms of the risks and challenges involved, the biosimilar drug development approach differs fundamentally from the development of an innovative originator biopharmaceutical. While biosimilar drug development takes a confirmatory approach, whereby the biosimilar candidate is designed from the start to be demonstrably comparable to the reference drug and is accordingly managed over the entire development period of typically seven to ten years, the research and development process for an entirely new biological entails an exploratory approach and thus a significantly higher level of development risk along with significantly longer development times and vastly higher development costs.

With a comparable level of expertise and experience in the development of a biosimilar drug, the probability of success, i.e. that a biosimilar will be approved, is high from the start of the development process, as illustrated above. [23] In the case of the development of an innovative drug, the success rate is dramatically different, with only one in twenty projects in preclinical development, on average, reaching final approval.[24]

**Business objective and strategy**

Formycon's longterm guiding aim is to become one of the leading independent specialists and partner of choice in the rapidly growing biosimilars market. The Group strives to help democratize patient access to highly effective drugs, while at the same time relieving the financial burden on the world's healthcare systems, by acting as a driving force in the development of biosimilars.

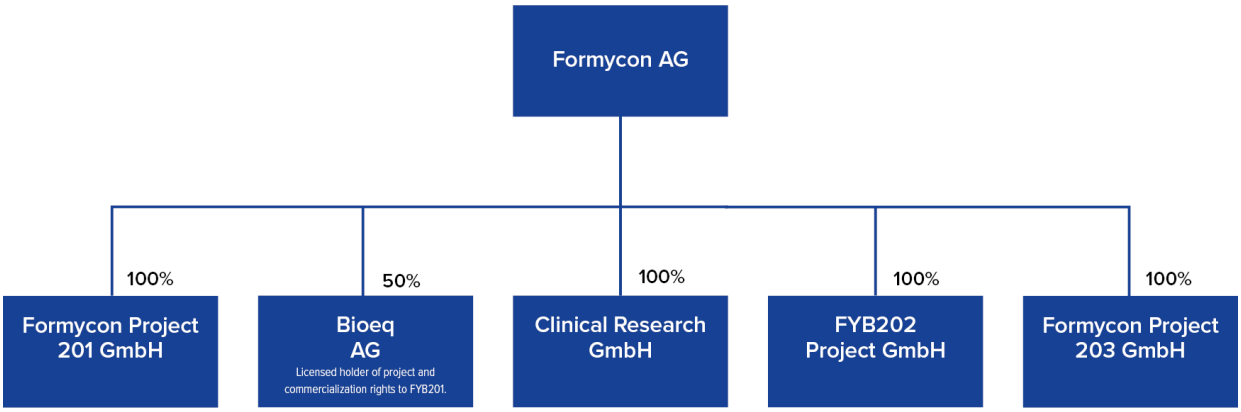
**Group structure**

Formycon Group consists of the parent entity, Formycon AG, along with its 100%-owned subsidiaries Formycon Project 201 GmbH, FYB202 Project GmbH, Formycon Project 203 GmbH and Clinical Research GmbH (formerly Bioeq GmbH), as illustrated in the accompanying figure. In addition, Formycon holds a 50% share of Bioeq AG, a joint venture between Formycon and Polpharma Biologics BV.

23 The path towards a tailored clinical biosimilar development, Schiestl et. al 2020

24 Development of medicines | Novartis

**Group structure**




The corporate structure of Formycon Group reflects the establishment to date of dedicated legal entities for certain individual biosimilar projects, particularly in advanced stages of development. Formycon AG performs research and development activities not only for its own projects but also on behalf of its affiliated companies (subsidiaries) and development partners.

The Formycon AG parent entity is a German stock corporation which is listed on the Frankfurt Stock Exchange and trades in the Exchange's "Prime Standard" segment (ISIN DE000A1EWVY8), which has the highest transparency requirements of all segments. Formycon AG serves, both legally and operationally, as the holding company for Formycon Group. As the Group's parent entity, Formycon AG determines corporate strategy and group-level strategic management as well as communications with Formycon's key target audiences.

In its current phase of corporate and organizational growth, the focus of Formycon Group is on research and development activities for both its own and out-licensed biosimilar projects. To the extent that it engages in other business activities, these are primarily in support of these research and development efforts and of existing partnership arrangements as well as for the design and coordination of the supply and production chains necessary to bring advanced-stage biosimilar candidates to market.

## Executive Board members and allocation of resposibilities

**Dr. Stefan Glombitza**
*Chair of the Executive Board*
CEO (Chief Executive Officer) / COO (Chief Operations Officer)

Since July 1, 2022 (current term of office ends Dec. 31, 2027), previously served as COO (starting 2016)

**Areas of responsibility:**
Corporate Strategy and Corporate Development

- Program Management incl. Project Management Office
- Protein(analytics) – and Process Sciences
- Drug Product Development
- Regulatory Affairs
- Quality Management

**Nicola Mikulcik**
*Member of the Executive Board*
CBO (Chief Business Officer)

Since June 1, 2022 (current term of office ends May 31, 2027)

**Areas of responsibility:**
Business Operations

- Business Development and Licensing
- Launch Management and Supply Chain
- Intellectual Property Litigation
- Procurement

**Dr. Andreas Seidl**
*Member of the Executive Board*
CSO (Chief Scientific Officer)

Since July 1, 2022 (current term of office ends June 30, 2027)

**Areas of responsibility:**
Scientific and Pre-/Clinical Affairs

- Preclinics, Bioanalytics and Scientific Affairs
- Clinical Development and Operations
- Intellectual Property
- Innovation and Technology Management
- Occupational Safety

**Enno Spillner**
*Member of the Executive Board*
CFO (Chief Financial Officer)

Since April 1, 2023 (current term of office ends March 31, 2026)

**Areas of responsibility:**
General Administration / Enabling Functions

- Finance and Controlling
- Legal, Governance and Compliance
- Human Resources
- Corporate Communications, Investor Relations and Corporate Social Responsibility / ESG
- Information and Business Technology
- Facility/Environment/ Health and Safety

### Management and oversight

The Formycon AG parent entity is, as required under the German Stock Corporation Act (*Aktiengesetz*) for all German stock corporations, governed by a dual board system consisting of an Executive Board (*Vorstand*) and a separate Supervisory Board (*Aufsichtsrat*). The Executive Board currently consists of five members who are appointed and monitored by the Supervisory Board.

The Supervisory Board of Formycon AG consists of five members. Further information about the Executive Board and Supervisory Board, including the assignment of particular responsibilities, may be found in the Declaration of Corporate Governance beginning on page 116.

### Remuneration of Executive Board and Supervisory Board

The remuneration of Executive Board members includes both fixed and variable components. The main features of the remuneration system for Executive Board and Supervisory Board members may be found in the separate Remuneration Report on Formycon's website under *https://www.formycon.com/en/investor-relations/governance/*.[25]

### Remuneration of senior management

The performance of Formycon Group's broader senior management team, including non-Executive Board members, is measured against agreed targets. These specific targets at both the Group-wide and operational levels are regularly reviewed.

### Declaration of Corporate Governance

The Declaration of Corporate Governance pursuant to sec. 289 and sec. 315d of the German Commercial Code (*Handelsgesetzbuch*, HGB) may be found beginning on page 116. This report describes the working procedures of the Executive Board and Supervisory Board, the Declaration of Conformity pursuant to sec. 161 of the Stock Corporation Act, information on key corporate governance practices, and further information on corporate governance.

The Declaration of Conformity may also be found on Formycon's website under *https://www.formycon.com/en/investor-relations/governance/*.[26]

### Important processes, partners and sales markets

The development of biosimilar drugs for the world's most stringently regulated markets demands exacting standards for their safety, quality and efficacy. Within the EU, the requirements for quality assurance of the production processes and production environment for the manufacture of medicinal products and active ingredients are established through a European Commission directive laying down the principles and guidelines of Good Manufacturing Practice (GMP) for all medicinal products for human use. Formycon's laboratories are subject to these various guidelines and are periodically examined and audited by regulatory authorities, including the U.S. Food and Drug Administration (FDA) and the regional government of Upper Bavaria.

Contract development and manufacturing organizations (CDMO) or "contract manufacturers" are important partners within the value chain for biosimilars development and play a critical role for Formycon, including in the production of active ingredients. It should be emphasized here that Formycon is able to manage the product specific supply chain for the commercial market supply of a product, thereby providing the finished product to the commercialization partner.

The entry of Hungarian specialty pharmaceutical company Gedeon Richter Plc. as a strategic investor in Formycon, with Gedeon Richter's capabilities and scope as a multinational player with core competencies in product manufacturing, has opened new opportunities to jointly exploit long-term strategic opportunities in the future in the areas of development, manufacturing and commercial value streams.

For the global marketing of biosimilar products, Formycon relies upon commercialization partnerships with internationally renowned pharmaceutical players such as Fresenius Kabi AG, Teva

[25] Unaudited information

[26] Unaudited information

Pharmaceutical Industries Ltd., Sandoz AG,[27] and MS Pharma.

The target market for Formycon's biosimilar products is the global pharmaceutical market, specifically in United States, Europe (including also the UK), Japan, Canada, Australia, the Middle East and North Africa (MENA) region, and Latin America.

While originator biopharmaceuticals are already available for the effective treatment of many serious diseases, these powerful drugs are also very expensive due to the complexity of their development and manufacture, and they can often be prohibitively expensive as a first-line therapy for all patients, even in highly developed countries. However, once the legal protection period for an originator biopharmaceutical expires, thereby ending its exclusivity, biosimilar drugs may be brought to market. The reduced costs of effective treatment through new competition from biosimilars not only helps to relieve the burden on the world's health providers such as statutory health insurers: They also make it possible to bring these powerful treatments to more patients and at an earlier stage of treatment progression, thereby also potentially opening entire new markets.

**Competitive situation**

Internationally published studies predict annual growth rates (CAGR) for the global market for biosimilars over the next decade (2025 through 2034), on average, of 16.5%.[28] Despite substantial barriers to market entry due to high development costs (approx. USD 150 to 300 million per biosimilar development project), long development cycles (seven to ten years), and the specialized expertise required to develop a biosimilar, there are a number of international competitors in this attractive market segment. In addition to major pharmaceutical corporations such as *Amgen, Biocon, Biogen, Fresenius Kabi, Pfizer, Samsung Bioepis*, *Sandoz* and *Teva* but also smaller companies specializing in biosimilars such as *Alvotech, Celltrion and XBrane*. (These are just examples and are listed in alphabetical order.)

Because of Formycon's positioning as an independent developer, situations may arise in which such a company, particularly a major pharmaceutical name, is a competitor for one or more products at the same time that it is a commercialization partner for one or more biosimilar development projects. For each of its biosimilar development projects, Formycon seeks out the most suitable commercialization partner, not only for the area of indication but also for the relevant region, and to distinguish itself competitors through its innovative development concepts, the reliability of the scientific processes which it uses, rigorous selection of reliable partners, and the highest standards of quality and scientific expertise in the selection of its service providers and consultants. Further discussion of competitive risks can be found within the "Report on risks and opportunities" (page 94).

**Corporate strategy and management**

Formycon's strategic goal is to sustainably expand the scope of its business activities with the aim of becoming one of the leading independent development specialists and partner of choice in the rapidly growing biosimilars market. In order to achieve this goal, Formycon will continue to invest heavily into the advancement and expansion of its project pipeline so that it is able to bring new biosimilars to market at regular intervals. In parallel with this strategic thrust, Formycon is pursuing an organizational growth strategy so that it has the resources to grow sustainably and profitably as a biosimilars specialist. In order to achieve this strategic vision, the Executive Board is open to considering medium- to long-term cooperation arrangements and integration in selected areas of the manufacturing process as well as to building its own commercialization capabilities in certain geographies. In pursuing this vision, Formycon's strategic focus is on long-term profitability and sustainable cash flows.

Formycon may, as necessary, adapt its strategy and operational approach to particular market

[27] In early 2024, the commercialization rights to FYB201 were transferred from Coherus BioSciences, Inc. to Sandoz AG.

[28] Three imperatives for R&D in biosimilars | McKinsey

conditions. During 2024, there was no need for significant change in Formycon's strategic orientation compared to the prior-year period.

### The drivers of Formycon's success are its agility and its drug development expertise

Formycon stands out from competitors, particularly large pharmaceutical companies with biosimilar ambitions, above all in the high level of agility and flexibility in its operational activities while at the same time maintaining the highest quality standards. In biopharmaceutical development, it is important to align structures, processes and behaviors along the value chain in such a way as to foster an integrated platform which is able to learn and thus constantly improve, and which is intensely focused on the excellent execution of the many activities needed for successful drug development. This kind of operational excellence strives for the holistic improvement of all direct and indirect functions throughout the value creation process, thereby enabling ever higher levels of organizational performance and sustained improvements in operational and financial metrics. With its operating efficiency, lean management and organizational structures, and staff of 250 committed employees, Formycon currently has the capacity and resources to develop multiple biopharmaceutical projects in parallel.

### Financial performance indicators

In managing Formycon Group, the Executive Board relies to a significant extent upon the following set of financial performance indicators: revenue, EBITDA, Adjusted EBITDA, and working capital. Adjusted EBITDA additionally includes Formycon's participation in earnings from FYB201, which due to the current contractual structure is accounted for at equity, thereby providing a broader and more complete measure of Formycon's Group operating performance. This change is intended to improve measurability and transparency, for the Group's management as well as readers of this report.

**Key financial performance indicators in accordance with IFRS**
in € million

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| **Revenue** | **69.7** | 77.7 | 42.5 |
| **EBITDA** | **-13.7** | 1.5 | -15.9 |
| **Adjusted EBITDA** | **-1.6** | 13.3 | -28.8 |
| **Working capital** | **55.1** | 38.9 | 14.0 |

At the present time, Formycon AG limits itself to announcing specific guidance forecasts with regard to the above key performance indicators for the current fiscal year only. Formycon holds a portfolio of partnered biosimilar candidates which, even after successful transfer to licensed or cooperation partnerships, generate revenue for Formycon from development work performed, advance payments, milestone payments and license payments. As the pipeline of development projects matures, Formycon expects the proportion of revenue from milestone payments and license payments from product sales to further increase.

EBITDA – Earnings before Interest (meaning specifically finance income/expenses), Tax, Depreciation and Amortization – is a common measure of operating profitability which excludes non-cash depreciation of property, plant and equipment and amortization of intangible assets. Because EBITDA excludes certain expense items that are not directly related to current business operations, the Executive Board believes that the indicator is suitable for measuring the Group's operating performance.

As already noted, Adjusted EBITDA additionally includes Formycon's participation in earnings from Bioeq AG, which is under joint control. Bioeq AG's earnings, in turn, result solely from its operating profit generated by our FYB201 product. Because this holding is under joint control and therefore necessarily accounted for at equity, earnings from this Formycon product are not included in operating income and therefore also excluded from EBITDA. Adjusted EBITDA, in contrast, includes these earnings from FYB201.

Through close attention to the Group's working capital, the Executive Board is able to monitor liquidity needs and changes and to ensure that Formycon's financial soundness is maintained into the future. Working capital measures the extent to which current assets (trade and other receivables, contract assets, and cash and cash equivalents) exceed current liabilities excluding shareholder loans and the current portion of conditional purchase price payment obligations. All else being equal, a higher level of working capital means a lower risk of liquidity shortfalls. Formycon's goal is to maintain positive working capital on a consistent, long-term basis.

These financial performance indicators are planned and continuously monitored on a Group-wide basis. Formycon measures deviations between planned and actual financial performance monthly, not only for Formycon Group as a whole but also for the Formycon AG parent entity. These key indicators are analyzed monthly as well as quarterly. The Executive Board also regularly reviews the detailed business plan against these actual monthly and quarterly figures. Moreover, the development plan for each of Formycon's product candidates is intensively examined and reviewed in considerable detail three times per year, including any impact on the financial plan. In managing the Group, the key financial performance indicators described above are supplemented by various non-financial management indicators (see "*Other non-financial aspects*" below).

# *Report on business performance*

### General economic conditions

In the course of 2024, the global economy proved to be remarkably stable and resilient, despite armed conflicts in Ukraine and the Middle East, widespread inflation, and high interest rates. Economic policy uncertainties, however, have increased sharply, particularly in the areas of trade and taxation, due first and foremost to likely policy changes under governments newly elected in 2024.[29] Nonetheless, global economic growth has remained quite stable, with global inflation slowly returning to normal levels and expected to further diminish to 4.2% in 2025.[30] The International Monetary Fund (IMF) forecasts global economic growth of 3.2% for 2024 and 3.3% for 2025.[31] Germany is expected to lag significantly behind global growth, with negative growth of -0.2% anticipated for 2024 and sluggish growth of 0.3% for 2025.[32]

As the year drew to a close, the weakness in the German economy persisted.[33] According to preliminary estimates by the German Federal Statistical Office (Destatis), price-adjusted full-year GDP fell by 0.2% compared to the prior year. While public spending and to a lesser extent private consumption made positive contributions to annual growth, this was overshadowed by a significant decline in fixed capital investment and largely stagnating imports, with exports likewise falling.[34]

Following a temporary uptick, German economic sentiment and consumer sentiment once again deteriorated somewhat toward the end of the year due to increased geopolitical and domestic political uncertainties.[35] Current sentiment indicators such as the ifo Business Climate Index have not yet shown any recovery against the backdrop of the ongoing weak order situation and the threat of U.S. protectionism. Recently, the HDE Consumer Barometer has likewise again deteriorated significantly. On the other hand, the GfK Consumer Climate Index, is showing a slight recovery in consumer sentiment resulting from continued gains in real purchasing power. The inflation rate increased significantly toward the end of the year and was approx. +2.6% in December.[36]

Despite ongoing economic stagnation, Germany's labor market remained stable at the end of the year, but the outlook remains clouded. Although the number of employed persons rose in November, registered unemployment and the number of employees temporarily working reduced hours under special government subsidies to avoid outright layoffs (*Kurzarbeit*) continued to rise in December. Leading indicators for the German economy point to a further decline in demand for labor, and thus a reversal in early 2025 of this recent weakness in the labor market is not expected.[37]

The high levels of uncertainty regarding the economic outlook, both within Germany and internationally, are currently dampening demand, production, investment and private consumption.

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29 https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025

30 https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025

31 https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025

32 https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025

33 https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2025/20250115-die-wirtschaftliche-lage-in-deutschland-im-januar-2025.html

34 https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2025/20250115-die-wirtschaftliche-lage-in-deutschland-im-januar-2025.html

35 https://www.bmwk.de/Redaktion/DE/Dossier/konjunktur-und-wachstum.html

36 https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2025/20250115-die-wirtschaftliche-lage-in-deutschland-im-januar-2025.html

37 https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2025/20250115-die-wirtschaftliche-lage-in-deutschland-im-januar-2025.html

A noticeable economic recovery in Germany is unlikely to begin until there is clarity in the outlooks for the economic, financial and geopolitical environments.[38]

In recent past years, crises and war-related special effects created supply bottlenecks and led to significant price increases for energy and in upstream production stages. While Formycon's business operations have not been directly affected by the weak economic situation, they may nevertheless be affected by reduced availability of materials as well as interest rate increases and higher prices for products and services.

**Developments in the global biosimilars market**

The global biosimilars market has been growing for a number of years and is, under various expert forecasts, expected to continue this dynamic growth. According to IQVIA, a provider of advanced analytics, technology solutions, and clinical research services to the life sciences industry, the global biosimilars market should grow from USD 18 billion in 2020 to USD 74 billion by 2030.[39] Biosimilars are the fastest-growing sub-segment within the pharmaceuticals sector. By the year 2032, a total of well over 100 biological drugs, of which more than 40 are blockbusters with combined global sales of over USD 200 billion, will lose their exclusivity.[40]

Biosimilars are clearly on the rise worldwide, but it should also be noted that there are regional differences in market penetration. From 2015 to 2021, the U.S. market experienced the fastest growth in biosimilars with a compound annual growth rate (CAGR) of 97 %, compared to 48 % in Europe and 39 % in the rest of the world. The lower growth rate in Europe compared to the U.S: can be largely explained by the European biosimilars market was already at a further stage of development in 2015. Although forecasts point to a reduced growth rate through 2025, the United States is expected to continue to lead the market with a CAGR of 26 %.[41]

Experts expect the overall U.S. market for biosimilars – which is of major importance to Formycon and in which the company has already been building share since the launch of its Lucentis® biosimilar in 2022 – to generate sales of up to USD 49 billion by 2027, compared to USD 10 billion in 2022.[42]

The European market for biosimilars has changed significantly since 2008. In 2024, sales of biosimilars in Europe reached approx. € 13 billion.[43] The growth of the biosimilar market has slowed and is now growing at a rate (CAGR) of 8.7%, roughly in line with the overall pharmaceutical market.[44] Since the first approval of a biosimilar in 2006, a total of 98 biosimilars have been approved in the European Union.[45]

Global competition in the biosimilars market continues to intensify. Asian manufacturers, particularly from China and India, are continuously expanding their know-how in biotechnology-based production as well as biopharmaceutical development. Nevertheless, Europe continues to hold a dominant role as a production location due to its high level of expertise in the manufacture of innovative and technically complex biopharmaceuticals. In addition to Germany, the UK and France are, in particular, among the most rapidly expanding national markets. For 2021 to 2031, IQVIA expects the UK market alone to grow by 213% and the French market by 260%.[46]

Within Europe, a further 69 biologicals are expected to lose their market exclusivity by the end of 2030, roughly double compared to the previous seven years. The combined sales of these products – based on annual sales before loss of exclusivity (LoE) – is estimated at some € 28 billion between 2024 and 2030. This represents threefold growth

38 https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2025/20250115-die-wirtschaftliche-lage-in-deutschland-im-januar-2025.html

39 Three imperatives for R&D in biosimilars | McKinsey

40 EvaluatePharma- Datenbank, April 2022; Presseberichte; McKinsey-Analyse

41 Three imperatives for R&D in biosimilars | McKinsey

42 iqvia-institute-biosimilars-in-the-united-states-2023-usl-orb3393.pdf

43 https://www.giiresearch.com/report/imarc1642527-europe-biosimilar-market-report-by-molecule.html

44 https://www.iqvia.com/-/media/iqvia/pdfs/library/white-papers/the-impact-of-biosimilar-competition-in-europe-2024.pdf

45 https://media.gelbe-liste.de/documents/biosimilars-%C3%BCbersicht-dezember-2024.pdf

46 https://www.iqvia.com/-/media/iqvia/pdfs/germany/publications/artikel-in-der-fachpresse/2023/know-how_iqvia_mahp_01-2023.pdf

compared to the combined sales of those biologicals that lost their exclusivity over the previous seven years. Over the next 10 years, the largest numbers of LoE opportunities for biosimilars are expected to be in the areas of oncology (24%), immunology (11%) and blood disorders (10%).[47]

**Summary statement of Executive Board on business performance and economic environment**

We look back upon a fiscal year 2024 in which Formycon delivered strong performance, achieving or even exceeding its key strategic and operational objectives. We have, until now, been very pleased with the performance of our first commercial biosimilar product, FYB201. It captured a leading position in the U.S. market for ranibizumab biosimilars during 2024 while simultaneously making good progress in key European markets, such as the UK. Furthermore, expansion into new markets such as Canada and the Middle East North Africa (MENA) region was initiated during fiscal year 2024. As of the close of 2024, FYB201 is available in a total of 20 countries and will be launched in additional territories over the coming years. With the planned launch of our prefilled syringe product version in 2025, we expect to further increase market penetration in various regions, particularly Europe.

Following the strategic realignment of our distribution partner Coherus BioSciences, Inc., the U.S. commercialization rights for FYB201/Cimerli®, including the ophthalmic sales team, were transferred to Sandoz AG with effect from March 1, 2024. In February 2025, Sandoz AG informed us that it intends to commercially reposition FYB201/Cimerli® in the current year, which will entail a temporarily pause in its U.S. commercialization. For this reason, we expect a significant decline in the product's U.S. sales and financial performance during fiscal year 2025, for which reason it was found necessary to re-assess the valuation model for FYB201 and to make accounting adjustments accordingly.

In 2024, Formycon Group generated consolidated revenue of € 69,674K, a decrease of 10.32% compared to the prior fiscal year (2023: € 77,696K), primarily due to the decline in the revenue recognition of FYB202 success payments compared to the revenue already accrued in fiscal year 2023. In addition, reimbursement revenue received from billable development services for FYB201 and FYB203 declined due to the successful advance of these projects to their final stages of development.

We were particularly focused during 2024 on the upcoming market launch of FYB202, our ustekinumab biosimilar, by our partner Fresenius Kabi, which was able to take place by end of February 2025 instead of mid-April 2025 as originally anticipated. Logistical preparations for the early launch date were successfully accomplished. In the course of commercial negotiations by the Fresenius Kabi U.S. team with the relevant U.S. contractual partners in preparation for market launch, a significantly higher than expected price discount for biosimilars in the U.S. became apparent, as well as a slower expected market penetration rate. Thus the valuation model and accounting treatment for FYB202 were, in agreement with Fresenius Kabi, reviewed and adjusted accordingly.

Full-year consolidated EBITDA of negative € 13,736K was, in addition to revenue and directly associated costs, largely attributable to research and development expenses arising from steadily continuing work on early-stage pipeline projects as well as increased administrative costs, in particular from Formycon's organizational and business growth as well as from preparation and implementation of Formycon's uplisting on the Frankfurt Stock Exchange.

We can be satisfied with the final outcome of Adjusted EBITDA for the year, which reflects our share of the income now being generated by our FYB201 ranibizumab biosimilar. This income is not included in unadjusted EBITDA because Formycon's 50% investment participation in Bioeq AG is valued at equity. That being said, the initial impact of adverse market developments in the United States were already felt in the final quarter, leading to a fourth-quarter at-equity share of earnings below

47 https://www.iqvia.com/-/media/iqvia/pdfs/library/white-papers/the-impact-of-biosimilar-competition-in-europe-2024.pdf

expectations. Nevertheless, the full-year Adjusted EBITDA of negative € 1,649K underscores the significant contribution of FYB201 to Formycon Group's financial and business success. Further details may be found in the segment reporting section of the Notes to the Consolidated Financial Statements (p. 161).

Formycon Group's liquidity position remained stable at € 41,834K as of December 31, 2024. Liquidity was significantly strengthened by the February capital increase, which generated gross issuance proceeds of approx. € 82.8 million. The milestone payment received for the earlier approval in Europe of FYB202 (ustekinumab), which had already been recognized as a deferred asset but not yet realized in cash flow, likewise contributed to the stable liquidity position.

Further key milestones were attained with the approval of our FYB203 aflibercept biosimilar by the U.S. Food and Drug Administration (FDA) and the positive recommendation from the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP). While no agreement has yet been reached with the manufacturer of the reference drug, Regeneron Pharmaceuticals, Inc., regarding a potential market launch date, we hope to come to an arrangement. During 2024, a commercialization partnership was concluded with MS Pharma for the Middle East and North Africa (MENA) region. Since the close of the fiscal year, further commercialization partnerships have been agreed with Teva Pharmaceuticals International GmbH covering large parts of Europe as well as with Lotus Pharmaceutical for the Asia-Pacific region.

The FYB206 project entered the clinical phase in June of 2024 with the successful recruitment of the first patient into phase I trials to compare the pharmacokinetics (PK), safety and tolerability of FYB206 with the reference drug Keytruda® (pembrolizumab) in patients with malignant melanoma, a particularly aggressive form of skin cancer, putting Formycon among the leading developers of Keytruda® biosimilars for Western markets. A parallel phase III study to compare the safety and efficacy of FYB206 to Keytruda® in patients with non-small cell lung cancer was also initiated. A clinical testing strategy newly developed by Formycon was discussed with the FDA in the context of a Scientific Advice meeting. Based on Formycon's scientific arguments and the resulting feedback from the U.S. regulator, the development of FYB206 can now proceed without the need for a phase III clinical study. Formycon has thus taken a pioneering role among pembrolizumab biosimilar developers and will, moreover, be able to achieve significant savings in the required investment over the coming years.

The global market for biosimilars continued its growth dynamic, with signs for the future pointing towards continued expansion. The global biosimilar market is expected to grow to more than USD 70 billion by 2030,[48] supporting our confident optimism for the coming years.

With the entry of Hungarian specialty pharmaceutical company Gedeon Richter as a strategic investor through its participation in the capital increase transaction in the early part of the year, Formycon was able to raise cash proceeds of € 82.84 million against the issuance of new shares amounting to 9.08% of total capital. The two companies share not only a strong conviction in the enormous potential of biosimilars but also areas of strategic overlap. The investment transaction specifically opens up future, long-term strategic opportunities to jointly exploit synergies in the areas of drug development, manufacturing and commercial value creation.

48 www.mckinsey.com/industries/life-sciences/our-insights/three-imperatives-for-r-and-d-in-biosimilars

The proceeds from the capital increase will primarily be used to push forward with development efforts in Formycon's existing biosimilar pipeline, in particular the FYB206, FYB208 and FYB209 projects. In addition, Formycon has been able to add a new project to its development pipeline: FYB210, a new biosimilar candidate within the field of immunology.

Finally, Formycon's uplisting to the Frankfurt Stock Exchange's Prime Standard segment near the end of 2024 had a positive impact. Through this move, we aim to increase the visibility and attractiveness of Formycon shares on the capital markets. Immediately after the uplisting, Formycon shares were accepted by Deutsche Börse for inclusion in the SDAX market index, recognizing Formycon as one of the 70 largest listed companies in Germany by market capitalization following the 50 companies in the MDAX index. Since the close of the fiscal year, Formycon shares have been also included in the TecDAX market index.

**Comparison of actual and forecast business performance**

Amounts in € million

| | 2023 Actual | Ad-hoc preliminary figures 2023 and forecast on Apr. 12, 2024 | Financial forecast in the annual report 2023 | Ad-hoc preliminary half-year figures 2024 and forecast on Aug. 06, 2024 | Change | Reason | 2024 Actual |
|---|---|---|---|---|---|---|---|
| **Revenue** | **77,7** | 55,0 to 65,0 | 55,0 to 65,0 | 55,0 to 65,0 | → | | **69.7** |
| **EBITDA** | **1,5** | -25,0 to -15,0 | -25,0 to -15,0 | -25,0 to -15,0 | → | | **-13.7** |
| **Adjusted EBITDA** | **13,3** | -15,0 to -5,0 | -15,0 to -5,0 | -5,0 to 5,0 | ↗ | Higher at equity result due to stronger FYB201 performance | **-1.6** |
| **Working Capital** | **38,9** | 10,0 to 20,0 | 10,0 to 20,0 | 35,0 to 45,0 | ↗ | Earlier EU approval leads zo milestone payment from FYB202 that has already been deferred on the sales but has an impact on liqudity | **55.1** |

# *Financial condition and financial performance*

During fiscal year 2024, Formycon Group generated consolidated revenue of € 69,674K compared to € 77,696K in the prior fiscal year. The change was largely due to the fact that customer contract assets for expected future revenue from success-based payments under the partnership with Fresenius Kabi which were received in cash during 2024 had already been previously accrued and recognized in fiscal year 2023, whereby this revenue accordingly declined from € 37,672K to € 23,128K. At the same time, the current fiscal year includes non-recurring proceeds in the amount of € 9,479K from the sale of excess inventory remaining from development activities. Additionally, revenue from the development partnerships for FYB201 and FYB203 decreased due to the diminishing level of activity required for these projects.

Consolidated EBITDA for the fiscal year was negative € 13,736K, compared to € 1,517K in the prior year. The change was due mainly to the decline in revenue without a corresponding decline in cost of sales along with increased research and development expenses. There was also an increase in general and administrative expenses, mainly as the result of the increases in staffing during the current and prior fiscal years, as well as increased consulting expenses for strategic and finance-related projects. Adjusted EBITDA additionally includes the contribution from Formycon's investment participation from Bioeq AG in the amount of € 12,087K (2023: € 11,811K), resulting in full-year Adjusted EBITDA of negative € 1,649K (2023: € 13,329K). The consolidated full-year net loss was € 125,672K (2023: net profit of € 75,796K), which significantly includes the impairments of Formycon's investment participation in Bioeq AG as well as the carrying value of the intangible assets for FYB202. These impairments were partly offset by the reduction in the Fair Value of the related conditional purchase price obligations. Specifically, the fair value of both of these projects was reassessed during the fiscal year based upon budget planning for 2024 and subsequent years as well as prevailing market rates. As a result of the reassessment of FYB201, the fair value of Formycon's shareholding in Bioeq AG was reduced by € 27,261K, which likewise impacted earnings, while at the same time the fair value of the conditional purchase price obligations to Athos decreased by € 5,062K. As to FYB202, the reassessment of the acquisition-related goodwill in the amount of € 44,534K resulted in an impairment in the full amount, while the associated intangible asset was impaired by € 84,719K. This, in turn, reduced the related deferred tax liability by € 22,603K and reduced the conditional purchase price obligation by € 16,026K.

During 2024, Formycon Group continued to vigorously drive forward with the development of its biosimilar projects in accordance with its business model. As a result of the out-licensing of FYB201 at the end of 2013 and FYB203 in 2015, Formycon generated significant revenue, as in previous years, through ongoing contractual payments received for development services that Formycon has been providing on behalf of the licensees. For both of these projects, Formycon passes on costs incurred for development work and clinical studies to the respective licensees. In addition, a commercialization agreement was concluded on February 1, 2023 with Fresenius Kabi covering the FYB202 product, which was an unfinished development project at the time of this deal. The agreement encompasses transfer of the product license, certain success-related payments until regulatory approval by the FDA and EMA, and finally license payments from subsequent product sales. As a result of this agreement, € 23,128K of additional revenue was recorded during the fiscal year, while € 35,000K was received in cash. Starting from the date of this agreement, development costs have no longer

been capitalized as intangible assets but rather recorded as cost of sales, resulting in a significant increase in cost of sales during the fiscal year.

The commencement during 2023 of development work on Formycon's two new biosimilar candidates FYB208 and FYB209 led to an increase in research and development expenses. At the same time, the expenditures for the FYB206 development project have been capitalized starting from demonstration of technical proof of similarity (TPoS) and thus were not included in research and development expenses during the fiscal year. Moreover, costs for the FYB207 project were significantly less than in the preceding year. Through the combination of these effects, research and development expenses were, in total, significantly lower than in the prior fiscal year.

The Group ended the fiscal year with an equity ratio of 59.9% (Dec. 31, 2023: 56.5%). The Group's non-current assets are largely covered by equity and non-current liabilities for conditional purchase price payment obligations, which is suggestive of a healthy balance sheet structure. More than one third of current assets are in the form of casg and cash equivalents and current financial assets.

Current liabilities include the current portion of the conditional purchase price obligations in the amount of € 8,680K resulting from the 2022 business combination. As in the past, key liquidity indicators (cash and cash equivalents, working capital) remained adequate. Current assets of € 95.024K were offset by current liabilities (excluding current portion of conditional purchase price) of € 25,213K. The Group did not have any bank loans during the period. During the fiscal year, € 20,000K of the outstanding amount under the shareholder loan was repaid along with deferred interest, leaving zero outstandings as of the reporting date out of the total available credit line of € 48,000K. To further strengthen the Group's financial structure, 1,603,877 newly issued shares were privately placed with an investor at a price of € 51.65 per share.

As of Dec. 31, 2024, the Group held cash and cash equivalents in the amount of € 41,834K (Dec. 31, 2023: € 27,035K) and working capital (including cash and cash equivalents) in the amount of € 55,106K (Dec. 31, 2023: € 38.695K). The increase over the prior year is due in large part to the capital increase transaction.

Consolidated cash outflows for operating activities increased from € 9,848K to € 23,221K, roughly corresponding to the change in EBITDA. Cash outflows for investing activities included repayments of the loan to Bioeq AG in the amount of € 27,300K, resulting in a reduction in cash outflows from € 17,380K to € 1,459K. In addition to proceeds received from the capital increase in the amount of € 83,086K, € 41,292 thousand of liabilities in the form of shareholder loans and contingent purchase price obligations were satisfied during the fiscal year, resulting in net cash inflows from financing activities of € 39,478K (2023: € 44,443K).Reference is made to the Condensed Consolidated Statement of Cash Flows.

Looking in turn at the Group's defined operating segments, the performance of the FYB201 segment during the fiscal year was largely in line with Formycon's expectations. Revenue within this segment consists primarily of license revenue determined on the basis of global product sales. During the fiscal year, the segment generated revenue of € 7,104K, compared to € 4,159K in the prior year leading to total segment revenue of € 17,293 thousand after € 14,885 thousand in Prior Year. In addition, the segment continues to generate revenue from the recharging of development costs, which is diminishing as planned. Investment income from Bioeq AG, which is also allocated to this segment, declined significantly, particularly in the fourth quarter. This decline was attributable, among other factors, to the strategic realignment of Formycon's U.S. marketing partner. Nevertheless, the investment income of € 12,087K, compared to € 11,811K in the prior year, was in line with expectations. However, the Company's impairment testing identified an impairment loss of € 27,261K, in particular because of the reduced outlook.

The FYB202 segment likewise performed in line with expectations for the fiscal year. In addition to the recognized (i.e. not previously accrued)

revenue for success payments received from marketing partner Fresenius Kabi, the fiscal year also included success payments from Formycon's marketing partners for Germany and for the Middle East North Africa (MENA) region. In addition, revenue from product sales was realized, specifically from the sale of inventory remaining from development activities, resulting in total segment revenue of € 34,683K, compared to € 37,356K in the prior year. Upon the successful regulatory approval of FYB202 at the end of September, scheduled amortization of the previously capitalized intangible asset was initiated and included within cost of sales. Due to the revised outlook for future sales, impairment testing for the FYB202 cash-generating unit (CGU) was required as of December 31, 2024, resulting in an impairment loss of € 106,650K net of tax. The CGU was thus carried at a value of € 300,415K as of the reporting date.

In the FYB203 segment, revenue of € 17,676K was realized during the fiscal year (2023: € 25,456K), primarily from the recharging of development costs incurred. In addition, revenue was also realized from the newly concluded agreement for the organization and management of the supply chain, including product production.

The remaining three segments FYB206, FYB208, and FYB 209 performed during the fiscal year in line with expectations.

# *Financial management*

### Principles and objectives

The guiding principle and central objective of Formycon Group's financial management is to ensure that sufficient liquidity is available in order for its development projects to be carried out according to plan.

### Liquidity management

Toward this end, expected cash flows from the Group's individual projects are regularly analyzed and updated so that Formycon is at all times able to maintain an overview of expected future project spending needs. With its five-year planning horizon, the Group is well able to anticipate changing needs and to take measures as necessary, thereby proactively managing its liquidity. Liquidity is centrally monitored at the Group's headquarters in the Munich suburb of Martinsried/Planegg.

### Overview of financial position

The Group's cash and cash equivalents (working capital as described above) together with the funds not drawn from the shareholder loans as at the reporting date guarantee the financing of the development projects until at least Q2 2026.

### Limiting of financial risks

Formycon Group is not currently exposed to any significant financial risks. Payment obligations in foreign currencies (USD, GBP, CHF and JPY) are not material to the Group. Interest rate risks are not significant.

### Investment analysis

Significant investments in long-term assets currently consist primarily of capitalized development costs for the FYB206 project, which is also allocated to the FYB206 segment. Significant investments in the completion of the development are also expected in subsequent years. Substantial and necessary items of property, plant and equipment, primarily laboratory equipment, are typically financed through lease agreements.

# *Single Statements Formycon AG*

In addition to the above review of the consolidated financial performance of Formycon Group, this section provides an overview of the financial performance specifically of the Formycon AG parent entity, the financial statements of which have been prepared for fiscal year 2024, as in prior years, in accordance with the German Commercial Code (*Handelsgesetzbuch*, HGB). The complete financial statements with related documents are published separately. As Formycon Group's parent company, Formycon AG determines the Group's overall strategic management, financial management, and communications with the capital markets and with shareholders. Formycon AG is an active operating company engaged in the business of biosimilars development at one location, which is its headquarters in the Munich suburb of Martinsried/Planegg. Formycon AG generates its revenue from the provision under so-called "FTE agreements"[49] of research and development services for biosimilar candidates initiated by Formycon and subsequently out-licensed or developed through partnerships, as well as from upfront and milestone payments and license payments from product sales. In the current phase of Formycon's corporate development, its biosimilar products are marketed solely via commercialization partners.

**Profitability of Formycon AG in accordance with German statutory accounting (HGB)**

During the reporting period, the Formycon AG parent entity generated unconsolidated revenue of € 33,906K compared to € 37,917K in prior fiscal year, mainly generated from internal recharges for the approval applications for FYB202 and FYB203. Unconsolidated EBITDA was negative € 59,753K (prior year: negative € 30,031K), leading to an unconsolidated annual net loss of € 129.019K (prior year: annual net loss of € 166,143K). The decline in EBITDA was mainly due to increased expenses for the non-capitalized development projects FYB206 through FYB209, which are borne in full by Formycon AG, as well as increased staff expenses resulting from the staffing increases in the current and prior fiscal years as well as higher consulting expenses for strategic and financing projects. Revenues, operating expenses and EBITDA were in line with the Executive Board's expectations. The annual net loss was mainly the result of updated planning for the FYB201 and FYB202 projects, which led to impairments of the investment participation in Bioeq AG in the amount of € 11,263K and of the shareholding in FYB202 Project GmbH in the amount of € 115,044K. On the other hand, the updated estimates resulted in a decrease in provisions for the related conditional purchase price obligations in the amount of € 48,487K.

During 2024, Formycon AG continued to consistently drive forward with the development of its 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 revenue during the period. Under the terms of these deals, the Formycon AG parent entity received ongoing payments for its product development services provided on behalf of the respective licensees. Under this arrangement, Formycon AG passes on the billable project development expenses for FYB201 and FYB203 to its wholly-owned subsidiaries Formycon Project 201 GmbH and Formycon Project 203 GmbH, which in turn invoice the respective licensee.

49 These agreements are commonly called as such because remuneration is based upon the full-time equivalent (FTE) method, a standardized measure of headcount.

Through the creation of a joint venture with Aristo Pharma GmbH in 2017, Formycon had transferred the intellectual property rights for its FYB202 biosimilar project to joint venture entities FYB 202 GmbH & Co. KG and FYB 202 Project GmbH. For this project Starting from that point, Formycon AG continues began to pass on the costs of its project development services for the project to its now 100% subsidiary FYB202 Project GmbH. With effect from May 1, 2022, Formycon AG acquired 100% of the shares in FYB202 Project GmbH. The arrangement under which Formycon AG passes the costs of its development services to FYB202 Project GmbH, now its 100% subsidiary, remains unchanged.

**Balance sheet structure of Formycon AG in accordance with German statutory accounting (HGB)**

As of Dec. 31, 2024, the equity ratio for the Formycon AG parent entity was 48.9%, compared to 46.7% at the close of the prior fiscal year. Noncurrent assets are more than fully covered by equity and the provision for the conditional purchase payments, which is suggestive of a healthy balance sheet structure. The Group's current assets consist almost completely of cash, cash equivalents and marketable securities and thus involve negligible risks. Financial assets decreased from € 719,966K to € 568,778K compared to the prior-year, the result of the revaluations and impairments as briefly described above. Current assets rose from € 53,884K to € 75,292K due to the cash inflow from the capital increase carried out during the fiscal year and to an increase in advance payments for development services from € 9,690K to € 20,967K. At the same time, receivables from affiliated companies fell by € 1,311K to € 16,046K.

Other provisions decreased by € 62,992K to € 313.595K, largely due to the updated planning for the FYB201 and FYB202 projects mentioned above and the payments under the conditional purchase price obligation for the acquisition of the shares ind Bioeq AG. As to the shareholder loan account, the outstanding balance of € 20,000K was fully repaid during the fiscal year along with deferred interest, and thus the outstanding amount under the credit line was zero as of the reporting date.

**Financial position of Formycon AG in accordance with German statutory accounting (HGB)**

The financial position of the Formycon AG parent entity remains stable. As in the past, key liquidity indicators (cash and cash equivalents, working capital) were adequate, with current assets of € 75,292K offset by current liabilities (including the current portion of the conditional purchase price payments) in the amount of € 27,904K. The Company did not have any bank loans during the period. To ensure the adequacy of Formycon's financial resources, key shareholders of Formycon AG provided the company in 2022 with a credit line in the amount of up to € 68,000K. Following the repayment of € 20,000K during the fiscal year, the amount of the available credit line is now € 48,000K, of which zero was outstanding as of Dec. 31, 2024. As of the fiscal year end, the Group held cash and cash equivalents in the amount of € 30,623K.

In line with the increased operating loss compared to the prior year, net unconsolidated cash flow from operating activities further declined to negative € 83,432K for fiscal year 2024 compared to negative € 36,845K for 2023. Net unconsolidated cash flow from investing activities rose from negative € 2,906K (outflow) in the prior year to € 34K, reflecting the outflows for investments in the prior year as well as interest income. Unconsolidated cash flow from financing activities largely reflects the capital increase carried out during the fiscal year, the partial repayment of the loan to Bioeq AG, and the repayment of the shareholder loans, resulting in net cash inflow of € 92,529K compared to € 57,203K in the prior fiscal year. Thus, the liquidity position of the Formycon AG parent entity increased from € 21,494K at the start of the fiscal year to € 30,623K at the close, an increase of € 9,130K.

# *Other non-financial aspects*

## Staff

The development of biosimilars is a research-intensive field of activity requiring the expertise of highly qualified and capable employees. For this reason, financial performance indicators alone cannot provide a comprehensive picture of Formycon's value creation potential, and therefore the Executive Board, in managing the Group, also considers such other non-financial aspects. Above all, these include the critically important activities of the Group's workforce, who contribute their knowledge, their skill and their passion for biosimilars development each and every day, thereby forming the basis for Formycon's success.

As of Dec. 31, 2024, Formycon Group employed a total headcount of 250 persons (Dec. 31, 2023: 197).

The average staffing during fiscal year 2024 compared to the prior-year period is shown below, divided by functional area and including percentage change, and expressed in terms of full-time equivalents (FTEs) to more meaningfully reflect part-time staff:

*Unaudited information*

**Average Formycon Group staffing during the period by function (in FTE, rounded, including Executive Board members)**

| | 2024 | 2023 | Change |
|---|---|---|---|
| **Research and development** | 170.7 | 161.6 | **+5.6%** |
| **Business operations** | 12.9 | 9.7 | **+33.0%** |
| **General and administrative** | 33.4 | 25.6 | **+30%** |
| **Total** | 217.0 | 196.9 | **+10.2%** |

*Unaudited information*

**Educational level of Formycon staff – more than 80% with university degree**

37.1 % Doctorate
22.2 % Master's
14.5 % Master's equiv. (Diplom)
6.9 % Bachelor's
8.9 % Vocational training (technical)
8.5 % Vocational training (administrative)
2.0 % Not (yet) completed or none

*Unaudited information*

**Diversity of Formycon staff**

59.0 % Female
41.0 % Male

**Formycon** *employs* **staff** from a total of **33** different **countries**[1]

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*Unaudited information*

**Division of second-level management by gender**


*Unaudited information*

**Division of all management positions by gender**

Staff expenses during fiscal year 2024 were € 24,959K (2023: € 21,542K), with the increase due primarily to the greater average number of employees.[51]

Formycon Group's workforce is highly qualified, particularly in terms of educational level, and training is also a company priority. As of Dec. 31, 2024, 81% of the Group's employees have completed a university degree, which in the case of 37% is a doctoral degree.[52] Since 2022 Formycon has been cooperating with the regional chamber of commerce (IHK) in offering technical vocational training positions for young people, under which it currently employs three trainees as IT specialists for systems integration.[53] In addition, a qualified vocational training program in office management will be offered for the first time starting from September 2025.

As to gender diversity, some 60% of the Group's workforce is female. The employee average age as of Dec. 31, 2024 was 42 years.[54] Formycon is proud of the diverse organization that it has developed over the years. The international diversity of Formycon's staff, from 33 different countries, reinforces its self-image as a truly global organization and biopharmaceutical company.[55]

**Research and development**

Because Formycon has been, over the past fiscal year as in the preceding years, and remains today focused primarily on the development of its own biosimilar projects, out-licensed projects, and those under development through partnerships, the Group's activities are essentially limited to research and development activities. A large part of the Group's reported sales revenue results from the provision of staff services under so-called "FTE agreements" for development work on biosimilar candidates that have been previously licensed out or are under development through partnerships.

As of Dec. 31, 2024, a total of 170.7 group employees were, on a full-time equivalent (FTE) basis, working in research and development (Dec. 31, 2023: 161.6).[56] During the reporting period, research and development costs of € 28,385K were capitalized. These were costs for the FYB206 project, which attained a development milestone during fiscal year 2022 such that the capitalization of costs incurred from this milestone onwards was mandatory. Product development activities are proceeding on schedule, and thus prospects for the success of these development activities remain strong. Including capitalized development costs from prior years, the total book value of these capitalized development costs as of Dec. 31, 2024 was € 50,781K. The costs for the FYB202 project, which had been recorded in the prior fiscal year as unfinished development work, were reclassified as completed following the successful attainment of regulatory approval in the U.S. and Europe, and scheduled depreciation was accordingly initiated.

The productivity of Formycon's research and development staff, measured in terms of hours directly allocable to development projects, remained at the high level of previous years. During the reporting period, 83.9% (2023: 85.1%) of all hours worked were project-related. Over this same period, 18.0% (2023: 14.5%) of hours worked were performed by employees who are not assigned to the research and development area.[57]

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52 Unaudited information
53 Unaudited information
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56 Unaudited information
57 Unaudited information

# *Report on risks and opportunities*

**Risk strategy and policies**

The effective management of risks and opportunities is an essential part of Formycon's corporate management, serving to ensure that the company is able not only to realize its currently existing potential as successfully as possible but also to maximize its future business and financial potential. Formycon understands risks as both internal and external events that could potentially have a negative impact on the achievement of its business objectives and forecasts. Working within the overall risk level which we consider justifiable and appropriate, the Executive Board then decides which specific risks Formycon should accept in order to take best advantage of the available opportunities. Formycon's goal is to identify risks as early and proactively as possible, to assess them appropriately, and to mitigate or avoid them by taking suitable actions. The risk strategy, which encompasses Formycon's entire scope of activities, is regularly reviewed by the Executive Board and further developed as necessary. A risk policy has been developed and established as a framework within Formycon for all relevant risk management activities and actions.

**Risk management system**

Formycon, one of the few independent developers of biosimilars, operates in a dynamic global market with many different participants and influencers. Business success is determined by the identification of profit opportunities, along with an effective system for the best possible assessment of the many and varied risks associated with these. 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.

Risk management is a cornerstone of Formycon Group's governance, ensuring compliance not only with legal and regulatory requirements but also with general principles of sound corporate governance. Regular bottom-up reporting from all departmental areas is utilized to identify and analyze risks to the company wherever these may exist along the value chain, and wherever possible to mitigate them, with the aim of preventing these risks from occurring in the first place or, if this is not possible, to proactively manage the consequences in the event that the risk nonetheless materializes. The focus is first and foremost upon those risks that could have a significant adverse impact on business activities or even jeopardize the Group's continued existence.

In 2024, Formycon established a new bottom-up risk reporting process to broaden and strengthen its system for the early detection of risks so that the company is able to gather risk-related information more rapidly and in a more structured manner.

On this basis, risk reports are prepared and presented twice each year to the Executive Board, which examines identified risks and available routes of action to mitigate them. The Executive Board, in turn, reports its findings to the Supervisory Board.

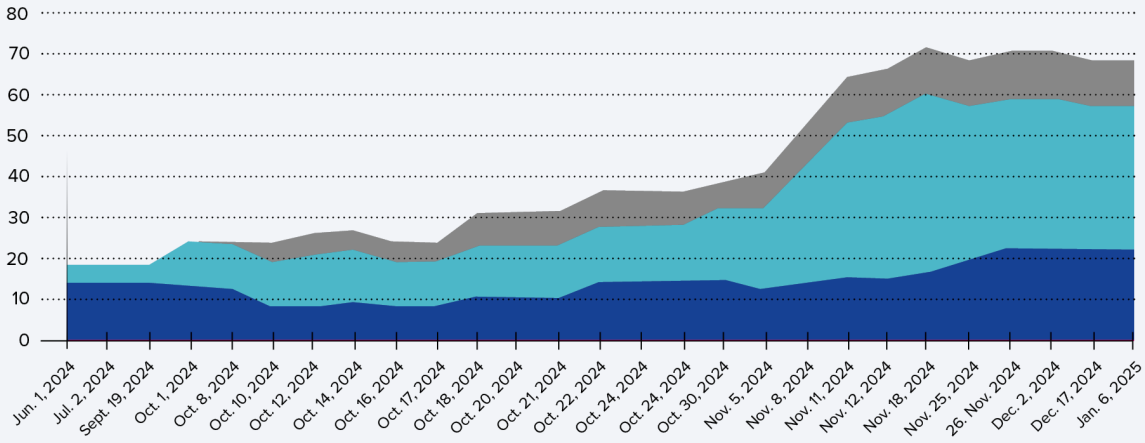
In parallel with these ongoing risk monitoring processes, the Group may also identify and report special short-term risks that could require prompt action so that effective and timely countermeasures may be put in place as necessary.

The risk management system specifically encompasses the following risk areas, which are further described in the following sections: strategic risks, operational risks, financial risks, industry and

market risks, controlling, IP risks, workplace safety, financial and operating risks; legal and compliance risks, HR risks, and IT risks.

**Risik count based on Risk status**

In the risk report for the second half of 2024, various new risks were identified and analyzed through Formycon's comprehensive bottom-up reporting process for presentation to and review by senior management.




**Monitor**
Identified risk without mitigation potential

**Reduce**
Identified risk with mitigation potential

**Occured**
Previously identified risk which has now taken place

**Closed**
Previously identified risk which either no longer exists or with estimated financial impact below threshold of € 500K

# *Risks*

The following overview reflects Formycon's assessment of the primary risks that could have a negative impact on its business performance, financial condition and corporate reputation. The statements made are within the context of a multi-year planning horizon. The risk assessments within the overview are based on the "net principle", i.e. taking into account the offsetting effects of risk management, risk mitigation and risk hedging measures.

**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 but nevertheless significant. The development of a biosimilar may cost in the range of USD 150 to 300 million per product, 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 seven to ten years until application for regulatory approval in the world's highly regulated markets.

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 and FYB206 at immuno-oncological disorders.

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 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 and thus termination of the project. In such case, the anticipated future income would not be realized. With its advanced-stage biosimilar candidates, Formycon is focused on three of the world's best-selling biopharmaceuticals with combined 2023 global sales revenue of more than € 22 billion[58], so that – provided that their development reaches successful completion – the profitability of these projects, as they stand right now, can be reasonably assumed.

Nevertheless, the possibility of a competitive situation cannot be ruled out in which the rate of market penetration, targeted volume of products sold and/or realizable product unit prices might be lower than anticipated, with correspondingly negative effects on revenue and earnings contributions.

**Operational and project risks associated with the development of biosimilars**

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

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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 Group'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 – derived from our own experience – 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 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 Group'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, such as inspections and audits. 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, or in the availability of production capacity, production components or precursors, and/or other necessary inputs could have an impact on development works or clinical trials, thereby also adversely affecting the timeline and/or profitability of a drug development project or even jeopardizing a project in its entirety.

**Operational and project risks relating to clinical trials and to the role of Clinical Research GmbH as clinical trial sponsor**

With the takeover and integration of Bioeq GmbH in May of 2022, Formycon expanded the scope of its drug development capabilities to include clinical development and the direct management of clinical trials. Bioeq GmbH, a legally separate subsidiary of Formycon Group which has since been legally renamed to "Clinical Research GmbH", continues to serve, as it did before its acquisition by Formycon, in the role of "clinical trial sponsor" for Formycon-developed biosimilar candidates and thus as the official contracting entity for these clinical trials. In its role as clinical trial sponsor, Clinical Research GmbH bears not only financial risks but also the risk of liability towards participating patients or other test subjects. With the acquisition of Clinical Research GmbH as a subsidiary company belonging to Formycon Group, these risks are effectively assumed by Formycon.

Formycon and Clinical Research GmbH manage these risks through an appropriate industry-standard monitoring and quality management system, using a risk-based approach in order to assess and ensure quality and safety through all phases of the clinical trial process. This includes but is not limited to ensuring the protection of clinical trial participants and the accuracy and reliability of the clinical trial results. Toward this end, predefined checks are regularly carried out along the entire clinical investigation process as part of the risk control system, with particular attention to relevant aspects of proper medical care, patient protection and data integrity. Any liability risks which may nonetheless arise are further managed through the insurance of participating patients within the framework of legal requirements. In the case of clinical trials involving biosimilars, however, it should be noted that the risk of harm to participating patients or other test subjects can generally be assessed as low because the proteins employed have been in regular clinical use by the originator for a number of years and have already become an established therapy for the respective indication.

As clinical trial sponsor, Clinical Research GmbH is, moreover, obligated to comply with detailed and

rigorous regulatory requirements for good clinical practice (GCP) when conducting clinical trials of medicinal products for human use under the EU Clinical Trials Regulation, which apply to clinical trials worldwide and which serve to protect patients and ensure the integrity and correctness of the data and findings generated through the trials. The clinical trial sponsor, participating study centers and other parties involved in the clinical trials process are regularly subject to GCP inspections by local health authorities to ensure compliance with these GCP regulatory requirements.

**Patent and other intellectual property (IP) risks**

Formycon Group's success, competitive position and future revenues depend upon its ability to navigate the complex intellectual property landscape as it develops its biosimilar candidates with the aim of approval and market launch, generally as promptly as possible upon patent expiry of the originator drug. This means that Formycon must not only establish legal protections for its own intellectual property and know-how but also ensure that it does not encroach upon the legitimate intellectual property rights of third parties, such as patents, trademarks and design rights. This may, under certain circumstances, also mean challenging the validity or scope of intellectual property rights claimed by third parties.

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 can be very expensive. In the worst case, such a dispute could result in restrictions on, or even the prohibition of, the marketing of one or more products within relevant markets, and/or the imposition of sizable fines. Such a legal action could also make it necessary to cease the development, launch or 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.

**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 biosimilars and their interchangeability with the original patent drugs may have 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-developed 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.

The establishment of additional tariffs or import duties – as, for example, under consideration by the United States as of this writing – could likewise lead to a significant reduction in the profitability of products affected by such tariffs.

The military conflict between Russia and Ukraine have resulted in price increases over the past years, especially in the energy markets. Until now, Formycon's operating processes have been only marginally affected. Nevertheless, the risk continues to exist that raw materials, preliminary products and/or services which are important to Formycon could become more expensive or potentially even scarce. Formycon strives to mitigate these risks through a long-term sourcing strategy based upon

strategic partners and transparent pricing. However, the possibility cannot be ruled out that delays or interruptions in development projects could occur as a result of a potential scarcity of resources or rationing of energy, or that the development costs thereof could become significantly greater. The recruitment of patients for clinical studies could also be significantly impacted by the conflict in Eastern Europe, which could have the effects of increasing competition for participating study patients, of delaying clinical studies, or of otherwise increasing costs.

In addition, the Islamist militant group Hamas launched a surprise attack on Israel from the Gaza Strip on October 7, 2023. The ongoing war between Hamas and Israel currently represents one of the greatest geopolitical risks which could potentially impact Formycon's current and future markets. A possible renewed escalation of the military conflict could affect the surrounding region and, in particular through rising oil prices, adversely influence the global economic situation and thus potentially also all of Formycon's sales markets.

There is significant uncertainty about the extent and duration of disruptions which could directly or indirectly arise as a result of these conflicts, as well as their ultimate impact on the global economy. There can therefore be no guarantee that the Group's projects will not experience delays or interruptions due, for example, to potential resource shortages, energy rationing, or other adverse impacts to Formycon's development projects and the costs thereof. Overall, it must be recognized that cross-border business activities around the globe are facing increased risks due to an increasing number of armed conflicts, threats (e.g. Taiwan), and spreading nationalism in multiple regions, all of which pose risks to Formycon, not only in terms of the markets for its products but also its procurement needs.

**Industry, market and competitive risks**

From the standpoint of Formycon, conditions in the healthcare sector remain favorable. As populations continue to age and people around the globe live longer, the need for intensive and costly medical treatments is growing relentlessly, 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 34.5% of the total drug market in 2023 (€ 55.7 billion), corresponding to some € 19.2 billion in sales revenue – and the trend is continuing upward.[59]

At the same time, however, the high cost of these powerful treatments, which in some cases may exceed € 100,000 per patient per year[60], 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.

The prevailing overall economic situation is characterized by additional uncertainties (see "Regulatory and political risks") which could have a negative impact on the market situation.

The current aim of Formycon is to launch its products, through its respective partners either entirely or in part, upon expiry of patent protection on the reference product in the respective market. Due to Formycon's positioning as an independent player within the biosimilars market space, situations may arise in which a commercialization partner, such as a partner company named in this report, is also a competitor. In each 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. These include not only major pharmaceutical corporations such as Amgen, Biocon, Biogen, Fresenius Kabi, Pfizer, Samsung

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Bioepis, Sandoz and Teva but also smaller and highly specialized biosimilars companies such as Alvotech, Celltrion and Xbrane. 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 the market entry of new and competing biosimilars, 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's products, thereby adversely impacting financial performance.

**Financing, credit and liquidity risks**

Formycon's liquidity situation and equity capitalization remain stable, and the Group's liquidity position is particularly satisfactory for a company which has not yet attained profitability and whose products are largely still in the development stage. Irrespective of this, conditions within the Group's operating business may change, giving rise to financial risks – for example, through slower market penetration, lower product sales volumes or lower product unit prices than expected, as well as delayed or lower proceeds from out-licensing. As most of the Group's products are drug candidates which have not 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. An increased number of change orders and uncertainties within ongoing projects have the effect of increasing not only costs but also risks.

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 partial or total out-licensing deals. Moreover, Formycon has been granted an available line of credit in the amount of up to € 48 million by a consortium of two major company investors: Athos and the healthcare-focused investment group Active Ownership. Out of this total availability, € 40 million was originally drawn down, of which € 20 million was then repaid in the first half of 2023 and the remaining € 20 million outstanding in the first quarter of 2024. The line of credit is thus currently undrawn and flexibly available in its entirety until its scheduled expiry on May 31, 2026.

The possibility cannot be entirely 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 Group'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, in whole or in part, starting from a certain product development stage.

With its strong financial footing, Formycon is well positioned to overcome future financial risks as these may arise. The Group's existing financial resources should be sufficient to largely cover its short- to medium-term capital needs. This, however, cannot be used to infer any sort of assurance as to the availability of medium- to long-term financial

resources. There are, at present, no identifiable fundamental risks which would jeopardize the Group's near-term continued existence. The failure of current or future development projects to attain regulatory approval or failure of approved products to generate the expected level of sales revenue could, however, result in fundamental risks, depending on the relevance of the respective project to Formycon Group as a whole.

**Environmental protection, health, 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. Comprehensive procedures have been established for this purpose. Significant fines may be imposed for violations of environmental protection laws. In addition to compliance with laws, measures to ensure the health and safety of staff also serve to mitigate the risks and consequences of employee absences, which may affect not only production or business functions but also employee perception and thus the potential to impact employee satisfaction or turnover. In addition to the company's biological safety officer, designated project manager as required under the German Genetic Engineering Act (*Gentechnikgesetz*) and 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 as well as the Executive Board 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. Moreover, the Group constantly seeks out new opportunities to further protect the health and safety of its staff. As an example, Formycon recently obtained certification of its company health management system.

Information and technology 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 modern technologies and established processes to eliminate or mitigate the risks cyberattacks or other potential data loss. The Group 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.

Rigorous compliance with laws and regulations relating to information security and data protection serves not only to protect operational activities but also to preclude legal penalties. These risks are closely monitored by Formycon.

**Staff and process 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 Group 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, particularly with critical knowledge and expertise, would constitute a significant risk. To keep this risk as low as possible, the Group 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. Formycon has, for this reason, established a health management system to mitigate the impact of staff absences resulting from illness.

### Legal and compliance risks

Formycon does business in a competitive 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, which could, for example, be based upon patent law, competitive or antitrust law, tax law or environmental law, or arising from agreements or other contractual claims. Moreover, 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.

The uplisting of Formycon AG in November 2024 and its inclusion in the SDAX stock market index have the effect of increasing regulatory obligations, along with the potential for penalties or other legal consequences in the event of failure to comply with these obligations.

Additional risks arise from the Group's other compliance obligations. Actions or inactions by the Group 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. The Group has, in addition, introduced a compliance management system that takes into account applicable legal and regulatory requirements, which are also incorporated into the Group's Code of Conduct as well as other Group policies and standard operating procedures. The specific legal and regulatory requirements specifications are regularly reviewed and adjusted as necessary. The Group's internal training system, random validation checks and case-by-case review of specific individual situations that may arise further serve to ensure proper compliance with all applicable requirements.

# *Opportunities*

Formycon's core business is 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 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.

The possible waiver of a Phase III clinical trial discussed with the FDA regarding the biosimilar candidate FYB206 offers the opportunity to generate the data required for approval in a streamlined clinical development process more quickly and also to save a considerable amount of development costs. There are indications that the necessity of phase III efficacy studies for the approval of biosimilars in general is being re-evaluated by the regulatory authorities. Shorter development timelines and lower development costs could result in more biosimilar candidates being brought to market in less time.

Due to the comparatively high barriers to market entry, in particular the complexity of producing biopharmaceuticals and the specialized expertise required, the level of competition in the area of biosimilar development is generally, with few exceptions, modest compared to the market for generic drugs. 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 Formycon applies for its biosimilar development projects, the stringent selection of strong and reliable partners, the Group's high degree of integration along with its agility, and finally the quality and scientific expertise of the service providers and advisors on which Formycon additionally relies.

Within this core business area and market, Formycon sees no change in its favorable future outlook.

Demographic trends, particularly in Western countries, point to a continued increase in the proportion of the population over 55 years of age.[61] 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.

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 Formycon own business and organization shows that Formycon Group is on the right path with its corporate strategy.

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**Overall risk assessment by Executive Board**

Compared to the prior-year period, there has been an increase in the risks described above. With regard to the various risks broadly associated with the development and commercialization of biosimilars as described in the various sections above, the Executive Board has reviewed its risk assessment. Geopolitical turmoil and potential adverse changes in the the U.S. economic and business environment, as well as product sales volumes and product unit prices below expectations, could have a significant negative impact on Formycon's financial performance. In view of the fact that certain regulatory authorities have, in the past, expressed reservations arising from audits of production facilities of individual contract development and manufacturing organizations (CDMOs), as well as of certain competitors of Formycon, the Executive Board has determined that the risk should, in accordance with the criteria of the risk matrix, be assessed as “relatively high”.

**Summary risk matrix***

| Risk | Risk type | Assessed risk level |
|---|---|---|
| Operational and project risks associated with the development of biosimilars | Strategic | high |
| Operational and project risks relating to clinical trials and to the role of Clinical Research GmbH as clinical trial sponsor | Strategic | Low |
| Patent and other intellectual property (IP) risks | Strategic / Commercial | Relatively low |
| Regulatory and political risks | Strategic / Commercial | Relatively high |
| Industry, market and competitive risks | Commercial | Relatively high |
| Financing, credit and liquidity risks | Financing | Relatively high |
| Environmental protection, health and workplace safety | Operating | Relatively high |
| Information and technology risks | Operating | high |
| Staff and process risks | Operating | Relatively high |
| Legal and compliance risks | Operating | Relatively high |

*The assessment categories “Financial impact” and “Probability of occurrence” have changed compared to the previous year. For this reason, the change in risks compared to the previous year has been deliberately omitted.

**Determination of risk level based upon estimated probability of occurrence and estimated financial impact in the event of occurrence**

| Estimated financial impact | **Probability of occurrence (PoO)** | | | |
|---|---|---|---|---|
| | < 25 % low | 25 – 50 % (relatively low) | 50 – 75 % (relatively high) | > 75 % high |
| > € 8.000K | Relatively high | high | high | high |
| € 4.000K - € 8.000K | Relatively low | Relatively high | high | high |
| € 500K - € 4.000K | low | Relatively low | Relatively high | high |
| < € 500K | low | low | Relatively low | Relatively high |

# *Report on risks relating to the use of financial instruments*

The financial instruments currently used by Formycon to any significant extent are trade receivables, trade liabilities, shareholder loans, conditional purchase price payment obligations, 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 (USD), 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.

# *Report on outlook for Formycon Group*

The information provided within this section includes forward-looking statements based upon our current expectations and certain assumptions. Identified and unidentified risks, inherent uncertainties and other factors may lead to significant deviations between the expectations outlined herein and actual future results. Such future deviations from these expectations could involve the Group's future financial situation and overall development as well as the future sales of its current or potential products. With regard to its pipeline projects, Formycon AG makes no representations, warranties or other guarantees of any kind that these will receive the necessary regulatory ap-provals or that these will be commercially viable and/or successful.

**Business and financial outlook for Formycon Group for fiscal year 2025**

The development of biosimilars remains the strategic focus of Formycon Group and the fundamental basis for its sustainable long-term business growth.

The global market for biosimilars is expected to continue its dynamic growth, with IQVIA expecting combined sales of USD 74 billion by the year 2030.[62] However, current conditions, particularly in the United States, have adversely affected Formycon's near-term outlook. In particular, certain market segments are now expected to open more slowly and price discounts to be significantly deeper than previously anticipated. The recent performance of our projects underscores this volatility but also points to associated opportunities in this market environment.

In the case of FYB201, our U.S. partner Sandoz AG responded to the increasing price erosion by temporarily adjusting its marketing strategy for FYB201/Cimerli®. The new plan is to commercially reposition the product following a temporary pause in U.S. marketing activities and, following the product's relaunch, to extend its reach into new customer segments.

The temporary suspension of marketing means that Formycon must now factor in a significant reduction in expected sales and earnings for this product in 2025, which cannot be offset by revenue from Europe and other territories. However, a relaunch of the product in the United States with better market opportunities is planned for 2026. Marketing in Europe and other territories outside the U.S. remains unaffected by this tactical marketing measure.

FYB202, Formycon's second biosimilar product, entered the commercial market in 2025. Our partner Fresenius Kabi was able to launch the product in the U.S. at the end of February 2025, instead of the originally anticipated mid-April 2025. Within Europe, FYB202/Otulfi® was launched in selected countries at the beginning of March 2025.

Within the context of this market launch, it is becoming apparent that the market opening for biosimilars within the U.S. pharmacy benefit segment continues to develop more slowly and to require deeper price discounts than previously assumed. Due to these market conditions, Formycon expects sales revenue to increase more slowly than originally planned.

In the case of our immuno-oncology biosimilar candidate FYB206, on the other hand, regulatory developments in the U.S. have been quite positiv and demonstrate that, on the product development and

[62] https://www.iqvia.com/-/media/iqvia/pdfs/germany/publications/fokus-biosmilars/newsletter-fokus-biosimilars-ausgabe-10.pdf

regulatory approval side, conditions in the U.S. continue to become even more favorable for biosimilars.

In the context of a Scientific Advice meeting, the FDA confirmed that comprehensive analytical data, in conjunction with the ongoing phase I clinical trials including a coordinated study design, will be sufficient to demonstrate the therapeutic comparability of FYB206, our biosimilar candidate to Keytruda®. This eliminates the need for a phase III clinical study for FYB206. This is an important step that will not only significantly shorten development time but also dramatically reduce the required investment. This achievement also underscores the importance of the quality of our analytical and preclinical data, placing Formycon at the forefront of Keytruda® biosimilar development.

Following the successful approvals of our Eylea® biosimilar FYB203 in the U.S. and Europe, Formycon is engaged in various patent-related activities aimed at establishing a potential market launch date. Because a decision has yet been reached, Formycon does not expect any marketing revenue for FYB203 in 2025. Teva Pharmaceuticals International GmbH serves as our semi-exclusive marketing partner for large parts of Europe and Israel, while Lotus Pharmaceutical is our partner for the Asia-Pacific region. An announcement regarding our marketing partner for the U.S. market is expected during the first half of 2025.

Our biosimilar candidates FYB208, FYB209 and most recently FYB210, a project initiated in 2024, are each in early-stage development. FYB208 could, upon reaching the Technical Proof of Similarity (TPoS) milestone, potentially enter clinical development during the second half of 2025.

Biosimilars have already demonstrated in the past, through numerous product examples, that they can achieve a sustainable long-term market position and profitable business model. Our strategy remains focused on securing a leading position within this dynamic growth field together with our partners.

**Revenue**

Despite the establishment of FYB201 in multiple markets and planned launches in additional new markets, Formycon expects the revenue and earnings contributions from FYB201 to decline significantly in 2025 due to the tactical marketing decision in the United States. Due to significant price erosion, U.S. marketing of the product will be paused for an expected year starting in the second quarter of 2025. The relaunch at a more stable price level is expected in the first half of 2026.

Thanks to market launches in the U.S. and parts of Europe in the first quarter of 2025, the new FYB202/Otulfi® product is expected to generate initial revenue contributions in 2025. At present, we see a highly competitive market environment emerging, particularly in the U.S., making it difficult to estimate how quickly market penetration will occur and under what business conditions. Nevertheless, based on the performance of marketing partner Fresenius Kabi, Formycon expects FYB202 to be its largest revenue generator in 2025.

Following the successful completion of development work of the pre-filled syringe product version of ophthalmic biosimilars FYB201 and FYB203, revenue generated from the provision of development services will continue to decline significantly, as already expected.

Given the advanced stage of clinical development for FYB206 and the FDA's concurrence that phase III clinical trials are unnecessary, the Group is considering an initial commercialization partnership deal for FYB206 to begin already in 2025, which could lead to significant revenue. Overall, Formycon expects consolidated revenue for fiscal year 2025 to be in the range of € 55.0 million to € 65.0 million, unchanged from the guidance for the previous year.

**Key financial performance indicators in accordance with IFRS in € million**

| | 2023 actual | Outlook for 2024 per Annual Report 2023 | Updated guidance for 2024 | 2024 actual | 2024 variance analysis | 2025 forecast |
|---|---|---|---|---|---|---|
| **Revenue** | 77.7 | 55,0 to 65,0 | 55,0 to 65,0 | **69.7** | | 55,0 to 65,0 |
| **EBITDA** | 1.5 | -25,0 to -15,0 | -25,0 to -15,0 | **-13.7** | | -20,0 to -10,0 |
| **Adjusted EBITDA** | 13.3 | -15,0 to -5,0 | -5,0 to 5,0 | **-1.6** | Higher at equity result due to stronger FYB201 performance | -20,0 to -10,0 |
| **Working capital** | 38.9 | 10,0 to 20,0 | 35,0 to 45,0 | **55.1** | Earlier EU approval of FYB202 leads to milestone payment which has already been deferred on the revenue side but impacts liquidity | 25,0 to 35,0 |

### EBITDA

Formycon's value creation is fundamentally based upon its development pipeline. The Group will therefore continue to invest significantly into its advancing product pipeline, including FYB208, FYB209 and the recently initiated FYB210 project. Because of the capitalization of development expenditures, the FYB206 project does not flow through the financial statements. Overall, EBITDA for full-year 2025 is expected to be in the range of negative € 20 million to negative € 10 million, due to the significant non-capitalized development investments and other ongoing company expenses against the expected stable revenue for 2025.

### Adjusted EBITDA

Adjusted EBITDA additionally includes Formycon's at-equity participation in earnings from the Bioeq AG joint venture.

Bioeq AG generates earnings solely from the operational success of our FYB201 product. Because of the change in marketing strategy and the associated temporary pause in U.S. marketing efforts, its earnings contribution for the fiscal year is expected to be zero. Earnings resulting from sales of the FYB201 product are not included in Formycon Group's operating income because Bioeq AG is under joint control and therefore necessarily accounted for at equity. By additionally including these earnings, Adjusted EBITDA provides a broader measure of income and thus a more meaningful reflection of operating performance. For fiscal year 2025, Formycon anticipates consolidated Adjusted EBITDA in the range of negative € 20.0 million to negative € 10.0 million. Thus, full-year Adjusted EBITDA is expected to be in the same range as EBITDA.

### Working Capital

Beyond the effect of net profit or loss, Formycon anticipates a reduction in consolidated working capital due to its investments into the FYB206 project. These cash outflows should be largely offset by inflows from the shareholder credit line, which is currently undrawn. On this basis, working capital is expected to end the year in the range of € 25.0 million to € 35.0 million.

### Medium-term outlook

Formycon Group continues to strive for sustainable and EBITDA-profitable growth over the medium term. Management currently assumes that a positive EBITDA result could ideally be achieved as early as 2026 and not later than the 2027 fiscal year.

Four factors in particular are expected to contribute significantly to Formycon's success and the achievement of this goal over the short to medium term.

**FYB201:** Resumption of marketing following the temporary pause in the U.S. as well as increasing penetration in already established markets through the launch of the new pre-filled syringe product version, as well as development of other markets such as Latin America.

**FYB202:** Solid establishment in key markets, including the United States, Europe, Canada and other territories.

**FYB203:** Agreement or resolution of the patent situation with the reference drug manufacturer and medium-term market launch.

**FYB206:** Signing of regional or global partnerships deal, including upfront or milestone payments to Formycon.

# *2025 financial outlook for Formycon AG*

**2025 outlook**
**Key financial performance indicators for Formycon AG**

| | |
|---|---|
| Revenue | Medium increase |
| EBITDA | Medium decrease |
| Working capital | Slight decrease |

**Revenue**

Unconsolidated revenue generated by the Formycon AG parent entity from passing on the costs of development projects internally within the Group is expected to end the year slightly below the prior-year level. As an opposing trend first revenues from partnering of FYB206 are anticipated so that in total a medium increase is expected.

**EBITDA**

Full-year 2025 EBITDA is expected to be below the prior-year level. Projects FYB201, FYB202 and FYB203 are expected to be roughly EBITDA-neutral to the unconsolidated parent company, as expenses incurred are passed on internally within the Group. EBITDA will continue to be impacted by rising investment in other product development efforts, particularly into Formycon's own projects FYB207, FYB208, FYB209 and the new FYB210 project. Operating earnings from the FYB201 project are received through the profit transfer agreement with Formycon Project 201 GmbH and thus fall outside the scope of EBITDA. Operating earnings from the FYB202 project are reported as investment income from FYB202 Project GmbH and are thus likewise excluded from parent-level EBITDA.

**Working capital**

Beyond the effect of net income, Formycon anticipates an inflow to working capital from a partial availment under the shareholder credit line. It is therefore expected that working capital will decrease only slightly.

**Summary statement by Executive Board on expected future development**

Formycon is not planning any significant changes to its corporate goals or strategy. We aim to continue expanding our position as a global biopharmaceutical company with an exclusive focus on biosimilars while maintaining our high standards of performance and quality. To achieve this goal, Formycon will continue to invest heavily into the expansion and development of our own pipeline and in-house capacities so that we will be able to commercialize new biosimilar products on a regular basis.

In parallel with this strategic thrust, Formycon is pursuing an organizational growth strategy so that we have the resources to compete as a leading and sustainably profitable company within the biosimilars market. In order to achieve this strategic vision, the Executive Board is open to considering strategic cooperation arrangements and integration in selected areas of the manufacturing process as well as to building Formycon's own commercialization capabilities in certain geographies. Over both the short and long term, our management focus will continue to be on operational excellence and on the generation of stable cash flows.

# *Takeover-related disclosures (in accordance with Sections 289a and 315a of the German Commercial Code (Hadelsgesetzbuch)) and explanatory report*

**I. Composition of the subscribed capital**

As of December 31, 2024, the Company's share capital held by the shareholders amounted to EUR 17,664,427.00, divided into 17,664,427 ordinary bearer shares with no-par value, each with a notional value in the share capital of EUR 1.00. The shares are fully paid up. All shares carry the same rights and obligations. The rights and obligations of shareholders are based on the provisions of the German Stock Corporation Act ("AktG") and the Company's articles of association ("Articles of Association").

**II. Restrictions affecting voting rights or the transfer of shares**

Each share grants one vote at the General Meeting and is decisive for the shareholders' share in the Company's profit. This does not apply to treasury shares held by the Company, which do not entitle the Company to any rights. As of December 31, 2024, the Company did not hold any treasury shares. In the cases of Section 136 AktG, voting rights from the shares concerned are excluded by law.

**III. Direct or indirect shareholdings exceeding 10 percent of the voting rights**

As of December 31, 2024, the following shareholders held direct or indirect stakes exceeding 10% of the voting rights, according to the voting rights notifications we received under the German Securities Trading Act (WpHG):

On November 11, 2024, Thomas Peter Maier informed the Company that he indirectly holds 24.04% of the Company's voting rights through Santo Holding (Deutschland) GmbH, Munich, Germany.

On November 11, 2024, Peter Wendeln informed the Company that he holds 13.25% of the Company's voting rights, partially directly and partially indirectly through Wpart GmbH and Wen.Co.Invest GmbH, both based in Garrel, Germany.

**IV. Holders of shares with special rights granting control powers**

There are no shares with special rights that grant control powers.

**V. Type of voting right control if employees participate in the capital**

Employees who hold shares in the Company exercise their control rights from shares directly in the same way as other shareholders in accordance with the statutory provisions and the Articles of Association.

**VI. Statutory provisions and provisions of the Articles of Association on the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association**

Members of the Executive Board are appointed and dismissed by the Supervisory Board in accordance with Sections 84 and 85 AktG. Pursuant to Section 5 para. 1 of the Articles of Association, the Executive Board consists of one or more members. Furthermore, the Supervisory Board determines the number of Executive Board members.

Amendments to the Articles of Association are made in accordance with Sections 119 para. 1 no. 6, 179 in conjunction with Section 133 AktG, unless otherwise stipulated in the Articles of Association. The authority to make amendments that only affect the wording is transferred to the Supervisory Board in accordance with Section 8 para. 2 of the Articles of Association. In addition, the Supervisory Board is authorized by the Articles of Association to amend Section 4 of the Articles of Association to reflect

the respective utilization of the authorized and conditional capitals and upon the expiration of the respective authorization and utilization periods.

The General Meeting passes its resolutions in accordance with Section 14 para. 2 of the Articles of Association with a simple majority of the votes cast, unless the law mandatorily requires otherwise. If the law prescribes a capital majority in addition to a majority of votes for resolutions of the General Meeting, a simple majority of the share capital represented at the time the resolution is passed is sufficient, insofar as legally permissible. Resolutions of the General Meeting to amend the Articles of Association require therefore a simple majority of the votes cast and a simple majority of the share capital represented when the resolution is passed, unless the law mandatorily requires a resolution with a majority of at least three-quarters of the represented share capital.

**VII. Authorization of the Executive Board to issue or repurchase shares**

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions by a total of up to EUR 8,828,451.00 in the period up to June 11, 2029 by issuing new no-par value bearer shares in exchange for cash and/or non-cash contributions (“Authorized Capital 2024/I”). The Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholder subscription rights for one or more capital increases within the scope of the Authorized Capital 2024/I in accordance with the resolution of the General Meeting. The Authorized Capital 2024/I has not been utilized so far.

Furthermore, the company's share capital is conditionally increased by up to EUR 724,000.00 (Conditional Capital 2020). This conditional capital increase will only be carried out to the extent that subscription rights have been issued according to the Stock Option Program 2020, in accordance with the authorization of the General Meeting of December 10, 2020, and the holders of the subscription rights exercise their rights, and the company does not grant treasury shares to fulfill these rights. In the fiscal year 2024, no stock options from the Stock Option Program 2020 were exercised.

In addition, the share capital is conditionally increased by up to EUR 6,497,125.00 (“Conditional Capital 2022”). This conditional capital increase will only be implemented to the extent that holders or creditors of option or conversion rights or those obligated to convert or exercise options from issued convertible or warrant bonds, which are issued or guaranteed by the Company or a group company under Section 18 AktG based on the authorization resolution of the General Meeting on June 30, 2022, until June 29, 2027, exercise their option or conversion rights or, if they are obligated to convert, fulfill their conversion obligation, or to the extent that the Company exercises a right to grant shares instead of paying the due cash amount, unless a cash settlement is provided or own shares or shares of another listed company are used for service. No capital increase has yet been carried out from the Conditional Capital 2022.

Furthermore, the Company’s share capital is conditionally increased by up to EUR 225,450.00 through the issuance of up to 225,450 bearer shares (“Conditional Capital 2015”). This conditional capital increase will only be implemented to the extent that, within the framework of the Stock Option Program 2015, under the authorization of the General Meeting on June 30, 2015, stock options have been issued up to and including June 29, 2020, to members of the Executive Board and employees of the Company, as well as to members of the management and employees of companies affiliated with the Company. Holders of the subscription rights exercised their rights, and the Company did not grant treasury shares to fulfill these rights. In the fiscal year 2024, 7,525 stock options from the Stock Option Program 2015 were exercised, and the Company’s share capital was thus increased by EUR 7,525 through the issuance of 7,525 new shares from the Conditional Capital 2015.

The Annual General Meeting on June 12, 2024, authorized the Executive Board, with the consent of the Supervisory Board, to acquire up to 10% of the share capital existing at the time of the resolution or, if lower, at the time of exercising the authorization, while adhering to the principle of equal

treatment until June 11, 2029 (inclusive). The shares acquired under this authorization, together with other treasury shares acquired and held by the Company, or attributable to the Company under Section 71a et seq. AktG, may not exceed 10% of the respective share capital at any time. The acquisition may be made through the stock exchange, a public purchase offer to all shareholders, or a public invitation to submit sales offers. The Executive Board is authorized, with the Supervisory Board's approval, to use the shares acquired under this authorization for any legitimate purpose, including (i) retiring them without any further resolution by the General Meeting, (ii) conducting a scrip dividend, (iii) offering, promising, and transferring them to individuals who are or have been employees of the Company or an affiliated company under Section 15 AktG, or to corporate officers under employee share plans or other share-based programs, (iv) servicing stock options issued under the Stock Option Program 2020, (v) offering them to third parties in exchange for non-cash contributions, (vi) selling them to third parties in exchange for cash if the price is not significantly below the stock market price, and (vii) fulfilling acquisition obligations or rights from convertible bonds, option bonds, profit-sharing rights, and/or income bonds (or combinations of these instruments) with conversion or option rights or obligations. The Company did not acquire any treasury shares in the fiscal year 2024.

**VIII. Significant agreements of the Company subject to a change of control due to a takeover offer and compensation agreements concluded with members of the Executive Board or employees in the event of a takeover offer**

The license agreement regarding FYB202 concluded between FYB202 Project GmbH as licensor and Fresenius Kabi SwissBioSim GmbH as licensee provides for a right of termination of the parties in particular in the event that one party is directly or indirectly controlled by a competitor for FYB202.

The Executive Board members have a special right of termination if a third party acquires more than 30% of the voting rights in the Company within the meaning of Section 29, 35 para. 1 sentence 1 of the German Securities Acquisition and Takeover Act (WpÜG) through the acquisition of shares or otherwise or if the Company enters into a domination agreement with another company (so-called change of control). In such cases, each Executive Board member can terminate its service contract with a notice period of three months to the end of a calendar month and will receive as severance:

— the fixed remuneration for the remaining term of the service contract together with all annual bonuses achieved up to this point, and

— the annual bonuses for the original remaining term of the service contract in the average amount of the annual bonuses paid to date,

— but at least the fixed remuneration for a full year of service plus the annual bonus, provided that the remaining term of the service contract is at least one year,

— however, no more than two years' remuneration excluding annual bonuses or fringe benefits and no more than would be payable for the remaining term of the service contract.

In the event of special termination, the Executive Board member also has the right to demand the settlement of allocated stock options and receive their equivalent value in cash from the Company. Should a third party acquire at least 50% of the voting rights in the Company through the purchase of shares or otherwise gain controlling influence, each Executive Board member or any other holder of stock options has the right to exercise their allocated stock options early.

If a third party acquires, through the purchase of shares or otherwise, directly and/or indirectly at least 50% of the voting rights in the Company, or if a comparable event or occurrence arises in the view of the Supervisory Board, the Long-Term Incentive Plan for the Executive Board 2024 (LTI Plan) ends, and the allocated (virtual) Performance Share Units (PSUs), proportionately reduced based on whole calendar months within the respective vesting period, are immediately paid out with a performance factor of 100%.

Other than this, the Company does not maintain any significant agreements that are subject to a

change of control due to a takeover offer, nor any compensation agreements made with members of executive management or employees in the event of a takeover offer.

# *Corporate governance statement pursuant to Sections 289f, 315d of the German Commercial Code (Handelsgesetzbuch)*[63]

The Executive Board and the Supervisory Board of Formycon AG (also referred to as "Company" and together with its consolidated subsidiaries, "Group" or "Formycon") report in this statement on the Company's corporate governance for the fiscal year from January 1, 2024, to December 31, 2024, pursuant to Sections 289f, 315d of the German Commercial Code (Handelsgesetzbuch – "HGB") and Principle 23 of the German Corporate Governance Code (Deutscher Corporate Governance Kodex) as amended on April 28, 2022 ("GCGC").

At Formycon, corporate governance signifies responsible company management and supervision aimed at sustainable value creation, encompassing all areas of the Group. Key pillars of this corporate culture include transparent reporting and corporate communication, management aligned with the interests of all stakeholders, trustful collaboration between the Executive Board, the Supervisory Board, and employees, and adherence to applicable laws. The Company and its governing bodies are always aware of the Company's role in society and its social responsibility in their actions.

## 1. General information

As a stock corporation under German law, the Company has three governing bodies: the Executive Board, the Supervisory Board, and the General Meeting. Their tasks and powers are primarily determined by the German Stock Corporation Act (Aktiengesetz – "AktG"), the Company's articles of association ("Articles of Association"), and the rules of procedure. As a publicly listed company, the Company's corporate governance also follows the recommendations of the GCGC as amended from time to time.

## 2. Declaration of Conformity with the German Corporate Governance Code (GCGC)

On March 21, 2025, the Company's Executive Board and the Supervisory Board issued the following declaration pursuant to Section 161 para. 1 sentence 1 AktG:

**Declaration by the Management Board and the Supervisory Board of Formycon AG on the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (AktG)**

The management board and the supervisory board of Formycon AG ("**Company**") declare pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz – AktG*) that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated April 28, 2022, published by the Federal Ministry of Jus-tice in the official section of the Federal Gazette on June 27, 2022 ("**GCGC**"), have been complied with since the first admission of the Company's shares to trading on a regulated market on November 11, 2024 ("**Uplisting**"), and will continue to be complied with in the future, with the following exceptions:

**Recommendation A.3 of the GCGC:**

Pursuant to recommendation A.3 of the GCGC, the internal control system and the risk management system shall also cover sustainability-related objectives, unless required by law anyway; this shall include processes and systems for collecting and processing sustainability-related data. With its internal control system and risk management system, the Company strictly follows the requirements of the German Stock Corporation Act. The Company

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currently does not implement sustainability-related objectives that go beyond these requirements in the interest of lean and functioning administrative processes. However, the Company attaches great importance to ensuring that sustainability-related objectives are adequately considered in the corporate strategy and corporate planning in the future. Therefore, the Company's internal control system and risk management system shall be extended to sustainability-related objectives in the future.

**Recommendation C.10 of the GCGC:**

Pursuant to recommendation C.10 of the GCGC, the chairperson of the supervisory board shall be independent from the company and the management board. As a precautionary measure, a deviation is declared from this recommendation with respect to Wolfgang Essler, the current chairman of the supervisory board of the Company ("Supervisory Board"). Members of the supervisory board are to be considered independent from the company and its management board if they have no personal or business relationship with the company or its management board that may cause a substantial and not merely temporary conflict of interest. Mr. Essler is managing director of Santo Holding (Deutschland) GmbH, which holds 24.04% of the shares of the Company and, therefore, is the Company's largest shareholder. There are business relations between Santo Holding (Deutschland) GmbH or its affiliates and the Company. These circumstances did not or do not constitute a conflict of interest, nor did they or do they impair the performance of the duties of Mr. Essler as chairman of the Supervisory Board. However, in certain cases, the Company may pursue interests that conflict with the interests of Santo Holding (Deutschland) GmbH.

In all other respects, in particular regarding the chairperson of the Audit Committee, the recommendation C.10 of the GCGC has been and will be complied with.

**Recommendations G.1 and G.2 of the GCGC:**

Recommendations G.1 and G.2 of the GCGC contain requirements that the Supervisory Board shall take into account when determining the remuneration system for the members of the management board of the Company ("Management Board") in accordance with Section 87a(1) AktG and when determining the specific remuneration for the Management Board members on the basis of this remuneration system. At the time of the Uplisting, the Supervisory Board had not yet adopted a remuneration system for the Management Board members in accordance with Section 87a(1) AktG and recommendation G.1 of the GCGC. The Supervisory Board intends to adopt a remuneration system for the Management Board members that complies with Section 87a(1) AktG and recommendation G.1 of the GCGC and on the basis of which it determines the specific remuneration for the Management Board members in accordance with recommendation G.2 of the GCGC. The remuneration system for the Management Board members is to be proposed to the annual general meeting of the Company in June 2025 for approval and to be implemented by this date in all existing Management Board service contracts.

**Recommendation G.7 of the GCGC:**

According to recommendation G.7 sentence 1 of the GCGC, the Supervisory Board shall determine the performance criteria for all variable remuneration components for each Management Board member for the upcoming financial year. In December 2024, the Management Board members were allocated (virtual) performance share units ("**PSUs**"). The PSUs have a performance period from 1 October 2024 to September 30, 2028. The performance criteria for the PSUs were also determined in December 2024 and therefore not "for the upcoming financial year".

The reason for setting the performance criteria in December 2024 was that the PSUs were issued on the basis of a new long-term incentive plan developed in the 2024 financial year ("**LTI Plan 2024**"), and this LTI Plan 2024 was adopted after the Uplisting.

In all other respects, recommendation G.7 of the GCGC was complied with. It is intended that recommendation G.7 of the GCGC will be fully complied with in the future.

**Recommendations G.9, G.10 and G.12 of the GCGC:**

According to recommendation G.9 of the GCGC, after the end of every financial year, the Supervisory Board shall determine the amount of the individual remuneration components to be granted for this year depending on the achievement of targets, whereby the achievement of targets shall be comprehensible in terms of reason and amount. According to recommendation G.10 sentence 2 of the GCGC, the Management Board member shall only have access to the granted long-term variable remuneration components after four years. Finally, recommendation G.12 of the GCGC stipulates that in the event of the termination of a Management Board service contract, the payment of outstanding variable remuneration components attributable to the period up to the termination of the contract shall be made in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods specified in the contract.

The LTI Plan 2024 provides in the event of a change of control (i.e. the direct and/or indirect holding of at least 50% of the voting rights in the Company through the acquisition of shares or in any other way by a third party, the conclusion of a domination agreement between the Company as the controlled company and another company as the controlling company or a comparable event), for the LTI Plan 2024 to end and the number of PSUs granted to be paid out on a pro rata temporis basis with a performance factor of 100% regardless of the specific target achievement upon termination of the LTI Plan 2024.

In all other respects, recommendations G.9, G.10 and G.12 of the GCGC have been and will be complied with.

Planegg-Martinsried, March 21, 2025

The Management Board The Supervisory Board

The declaration of conformity is available on the Company's website at *https://www.formycon.com/en/investor-relations/governance/*.

## 3. Remuneration system and remuneration report

The Supervisory Board will present a compensation system for the Executive Board members to the Company's Annual General Meeting, scheduled for June 18, 2025, for approval. This system complies with Section 87a para. 1 AktG and recommendation G.1 of the GCGC. It serves as the basis for determining the specific remuneration for the Executive Board members in accordance with recommendation G.2 of the GCGC. The remuneration system for the members of the Executive Board shall be implemented in all existing Executive Board contracts by the Company's Annual General Meeting scheduled for June 18, 2025 at the latest.

The compensation system and the remuneration for the Supervisory Board members must be submitted for resolution to the Company's Annual General Meeting, scheduled for June 18, 2025, pursuant to Section 113 para. 3 AktG.

The remuneration report for the fiscal year 2024 and the auditor's note pursuant to Section 162 AktG are publicly accessible on the Company's website at *https://www.formycon.com/investoren/governance/*.

## 4. Executive Board

The Executive Board manages the Company on its own responsibility with the aim of sustainable value creation and in the interest of the Company, taking into account the concerns of shareholders, employees, and other groups associated with the company (stakeholders).

**Overview**

Pursuant to Section 5 para. 1 sentence 1 of the Articles of Association, the Executive Board consists of one or more members. The Supervisory Board appoints the Executive Board members and determines their number. As of December 31, 2024, the Executive Board was comprised of four members. There are no committees of the Executive Board.

The Executive Board develops the Company's strategic direction, aligns it with the Supervisory Board, and ensures its implementation. It ensures compliance with legal provisions and internal guidelines and works towards their adherence throughout the Group (compliance). In addition, it is responsible for an internal control system, risk management system, and internal audit system that are appropriate and effective given the Company's scope of business activities and the risk situation. The internal control system and the risk management system also include a compliance management system tailored to the Company's risk situation. The key characteristics of the entire internal control system and the risk management system are described in the management report, which also assesses the adequacy and effectiveness of these systems.

The Executive Board members are solely committed to the Company's interests. In their decisions, they may neither pursue personal interests nor exploit business opportunities of the Company or other companies of the Formycon Group for themselves, any related natural or legal person or for any other institution or association in which or for which they are active. Undertaking secondary activities, in particular board positions at companies outside the Group, requires prior approval from the Supervisory Board. Each Executive Board member must promptly disclose any existing or potential conflicts of interest to the Supervisory Board and inform the other members about the nature of such conflicts and that the conflict has been disclosed to the Supervisory Board. No conflicts of interest were reported in the fiscal year 2024. The Executive Board members are also subject to a comprehensive non-compete obligation during their membership on the board and for the duration of their service contract.

**Composition**

In the fiscal year 2024, the Executive Board consisted of the following members:

**Dr. Stefan Glombitza**

- Born 1965
- Chair of the Executive Board (since January 1, 2025) and Chief Executive Officer/Chief Operations Officer
- First appointment with effect from October 1, 2016
- Appointed until December 31, 2027
- Memberships of statutory supervisory boards or comparable German or foreign supervisory bodies of business enterprises (as of December 31, 2024): none

**Nicola Mikulcik**

- Born 1971
- Member of the Executive Board and Chief Business Officer
- First appointment with effect from June 1, 2022
- Appointed until May 31, 2027
- Memberships of statutory supervisory boards or comparable German or foreign supervisory bodies of business enterprises (as of December 31, 2024): Member of the Board of Directors of Bioeq AG, Zug, Switzerland

**Dr. Andreas Seidl**

- Born 1969
- Member of the Executive Board and Chief Scientific Officer
- First appointment with effect from July 1, 2022
- Appointed until June 30, 2027
- Memberships of statutory supervisory boards or comparable German or foreign supervisory bodies of business enterprises (as of December 31, 2024): none

**Enno Spillner**

- Born 1970
- Member of the Executive Board and Chief Financial Officer
- First appointment with effect from April 1, 2023
- Appointed until March 31, 2026
- Memberships of statutory supervisory boards or comparable German or foreign supervisory bodies of business enterprises (as of December 31, 2024): Member of the Supervisory Board of NANOBIOTIX SA à directoire (s.a.i.), Paris, France

The curricula vitae of the current Executive Board members are published and regularly updated on the Company's website at *https://www.formycon.com/unternehmen/vorstand/*. Information on the remuneration of the Executive Board members can be found in the remuneration report.

**Target quotas for women on the Executive Board and at the management level below the Executive Board**

The Supervisory Board has set the target quota for the proportion of women on the Executive Board at a minimum of 25 percent (equivalent to one woman on a four-member board), in accordance with Section 111 para. 5 AktG. It has determined that this target for the women's quota should be achieved by February 26, 2030. In the fiscal year 2024, the established target quota for women on the Executive Board was achieved.

For the proportion of women at the management level below the Executive Board, the Executive Board set a target quota of at least 35 percent in accordance with Section 76 para. 4 AktG, with the objective of reaching this target by February 26, 2030. This target quota was achieved in the fiscal year 2024. The management level under the Executive Board consists of employees of Formycon AG who hold the titles of Vice President, Senior Director, Director, or Associate Director. As of December 31, 2024, this management level comprised 32 employees, of whom 13 were women (representing a proportion of around 40 percent). Due to the Company's small number of employees and flat management structure, there is only one management level below the Executive Board, and therefore a target quota for women was set exclusively for this level.

**Diversity concept for the Executive Board**

The composition of the Executive Board is based on the professional qualifications of its members for their respective areas of responsibility, proven management experience and demonstrated performance and expertise. In addition to these criteria, the Supervisory Board also considers diversity when appointing new members to the Executive Board.

The Executive Board members should meet the following profile:

— The Supervisory Board strives for sufficient diversity in terms of personality, gender, internationality, professional background, expertise and experience as well as age distribution. In evaluating potential candidates for Executive Board positions, diversity should be adequately considered early in the selection process. Together with the objectives for composition and the competence profile, this ensures that the Executive Board is constituted to ensure qualified company management.

— The Company's business operations involve a wide range of cross-border activities. Therefore, a reasonable number of Executive Board members should have gained experience in internationally active companies through their education or professional activities.

The decision on filling a specific position on the Executive Board is always driven by the Company's interest, considering all circumstances of the individual case. The Supervisory Board takes into account the goals for composition and the requirements outlined in the diversity concept during the selection process and appointment of Executive Board members.

All mentioned criteria are fulfilled or observed. The Executive Board is composed in accordance with the requirements of the diversity concept for the Executive Board.

As a rule, only individuals who have not yet reached the age of 65 at the time of appointment should be appointed as Executive Board members (see recommendation B.5 of the GCGC).

**Long-term succession planning**

Together with the Executive Board, the Supervisory Board ensures long-term succession planning. This planning is based on discussions with the Executive Board members and impressions formed from senior executives who present during Supervisory Board meetings. In this manner, the Supervisory Board gains a clear understanding of potential successors within the Group.

**Working methods**

The Supervisory Board has established rules of procedure for the Executive Board which include a distribution of responsibilities plan outlining the division of areas among the individual board members.

In the fiscal year 2024, the responsibilities of the Executive Board members were as follows:

**Dr. Stefan Glombitza**
Chair of the Executive Board
*Chief Executive Officer (CEO) & Chief Operations Officer (COO)*

- Corporate strategy and corporate development
- Management of operational technical development units
- Program management incl. PMO
- Protein(analytics) - and Process Sciences
- Drug Product Development
- Regulatory affairs
- Quality Management

**Nicola Mikulcik**
*Chief Business Officer (CBO)*

- Business development, in particular cooperations (e.g. licensing, co-development, strategic partnerships) and competition monitoring
- Purchasing management
- Head of Launch Management and Supply Chain
- Head of Patent Litigation
- Representation of the Company in bioeq AG

**Dr. Andreas Seidl**
*Chief Scientific Officer (CSO)*

- Pre-clinical development
- Clinical development
- Clinical bioanalytics
- IP (FTO analyses and patent protection for development projects)
- Cross-divisional innovation and technology management
- Occupational safety

**Enno Spillner**
*Chief Financial Officer (CFO)*

- Finance (accounting, controlling, treasury, taxes)
- Communication (investor relations, public relations, internal communication)
- ESG
- Legal, Governance & Compliance
- Risk management
- IT (IT, digitalization, cyber security)
- Human Resources
- Facility management

The Executive Board members share overall responsibility for managing the Company's affairs. The rules of procedure for the Executive Board specify certain matters of particular importance and significance that require a decision by the entire Executive Board. Notwithstanding the overall responsibility, each member independently manages the business area assigned to them according to the rules of procedure. The management of all business areas is uniformly oriented towards the objectives established by the Executive Board's resolutions. Each Executive Board member must always subordinate their area-specific interests to the success and well-being of the Company and the Group.

The Executive Board members work collegially, continuously informing each other and particularly the Chair of the Executive Board about significant actions, events, intentions, and any special risks or impending losses. Any Executive Board member can request information about specific business matters from another member at any time, concerning the relevant member's area. The Chair of the Executive Board coordinates the content of the business areas and is responsible for the internal oversight of each area, ensuring that the management aligns with the Executive Board's goals and plans.

The Executive Board typically meets every two weeks. Meetings must be held if the Company's interest requires it or if an Executive Board member requests a meeting, specifying the topic for discussion. The Chair of the Executive Board convenes and chairs the meetings unless regular meetings are scheduled. If the Chair and, if appointed, its deputy cannot attend, the meeting is chaired by a member appointed by the Chair, or otherwise by the most senior member present.

Board resolutions are typically adopted during meetings. However, upon request by an Executive Board member, meetings can also be conducted via telephone conference or other electronic communication means (in particular video conferencing), allowing individual Board members to join by phone or other electronic means if no member promptly objects to this approach. In such cases, resolutions can be made via telephone conference or through other electronic communication methods. Resolutions can also be adopted outside of meeting – in written, verbal, telephonic, email, or other electronic formats, or any combination thereof – as well as in combination with meetings, provided a member requests it and no other member promptly objects to this procedure. Any Executive Board member who did not participate in such a decision-making process should be promptly informed about the resolutions made. Minutes of the Executive Board's resolutions and meetings should be recorded and signed by the chair of the respective meeting or, for resolutions outside of meetings, by the Chair of the Executive Board.

The Executive Board has a quorum if all members have been properly invited and at least half of its members participate in the resolution. Resolutions should ideally be unanimous. If unanimity cannot be achieved, resolutions are passed by a simple majority of the participating members, unless the law specifies otherwise.

Any Executive Board member may propose that non-members be included in discussions on specific matters, provided there is no objection from the entire Executive Board.

### Cooperation with the Supervisory Board

The Executive Board and the Supervisory Board work closely and trustingly together for the benefit of the Company. The Supervisory Board monitors and advises the Executive Board on the management of the Company. In decisions of fundamental importance, the Supervisory Board is directly involved.

The Executive Board reports to the Supervisory Board regularly, promptly, comprehensively, and usually in text form, about all matters relevant to the Company or the Group, in particular regarding strategy, planning, business development, risk situation, risk management, finance, and compliance. The Executive Board must address deviations in business performance from the agreed objectives outlined in the established plans, stating the reasons for such deviations.

For management measures of fundamental importance, the Supervisory Board has established in the Executive Board's rules of procedure that certain actions require its prior approval. In addition, the Supervisory Board can decide to subject additional transactions or measures, not listed in the Executive Board's rules of procedure, to its approval.

### Corporate governance practices

### Compliance and comprehensive Code of Conduct

For the Company, business integrity is of utmost priority. Therefore, the Group understands compliance not only as adherence to applicable national and international laws and regulations but also as a commitment to ethical and moral values. To this end, the Company has implemented certain compliance measures tailored to the Company's risk situation, which supports employees and executives in meeting these standards.

The Legal & Compliance department reports directly to the Chief Financial Officer and oversees the compliance. The Executive Board is responsible for ensuring compliance with relevant measures and processes, legal requirements, and internal company policies. Within the Supervisory Board, the audit committee primarily deals with compliance issues regularly, ensuring a reporting line to the Supervisory Board.

The Group-wide whistleblower system allows employees to anonymously and securely report legal violations within the company. The whistleblower system is available at *https://formycon.integrityline.com/?lang=en*. This system is also available to third parties. The Company has adopted a "Whistleblower Policy" related to the whistleblower system, which is published on its website at *https://www.formycon.com/en/sustainability/reports-downloads/*.

The Company has issued a Supplier Code of Conduct ("Supplier CoC"). These principles shall form the basis for all deliveries of goods and services. The Supplier CoC is published on the Company's website at *https://www.formycon.com/en/sustainability/reports-downloads/*.[64]

The Code of Conduct summarizes Formycon's compliance requirements, which are binding for the Company, management, and every individual employee. The Code of Conduct is available on the Company's website at *https://www.formycon.com/en/sustainability/reports-downloads/*.

The Code of Conduct regulates in particular:

- the protection of Formycon's competitive advantage and third-party intellectual property rights,
- cooperation with authorities,
- fairness in competition and strict compliance with antitrust law,
- integrity in business life,
- separation of business and private interests,

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- equal opportunities in securities trading and reporting,
- data protection and data security,
- environment, health and safety protection, and
- compliance for data processing and financial reporting.

The Code of Conduct is available to employees in both German and English.

Employees can contact the Company's Compliance Officer or submit an anonymous report via the whistleblower system at any time regarding questions or suspicions of violations of the Code of Conduct.

Other compliance-related matters, such as the handling of inside information, are governed by Group-wide binding policies. In the event of changes to the legal framework, information is updated, and the affected employees are informed through training sessions.

**Sustainability**

The Executive Board ensures that the risks and opportunities associated with social and environmental factors for the Company, as well as the ecological and social impacts of business activities, are systematically identified and assessed. In the corporate strategy, ecological and social goals are given appropriate consideration alongside long-term economic objectives. Corporate planning includes not only corresponding financial goals but also relevant sustainability-related targets. Comprehensive information on sustainability can be found on the Company's website at *https://www.formycon.com/en/sustainability/responsibility/*.

**Risk management system and internal control system**

The company has an integrated risk management system. The aim of central risk management is to identify risks and opportunities at an early stage, mitigate financial, environmental and strategic losses, optimize the risk profile and ensure compliance with key corporate principles. Risk management is therefore an important component of corporate management. The internal control system is regularly reviewed by the Management Board and the auditor for appropriateness and effectiveness.

The company has taken measures to eliminate any weaknesses identified and to continuously improve the processes and systems.

The overall assessment of the appropriateness and effectiveness of the internal control system and the risk management system, taking into account the scope of the company's business activities and risk situation, did not reveal any indications that these systems are inadequate or ineffective.[65]

Further information can be found in the risk and opportunity report.

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## 5. Supervisory Board

The Supervisory Board has the task of monitoring and advising the Executive Board on the management of the Company.

**Overview**

Pursuant to Section 6 para. 1 sentence 1 of the Articles of Association, the Supervisory Board consists of five members. The Supervisory Board members are elected by the General Meeting with a simple majority. Elections for the Supervisory Board are generally conducted as individual votes.

The Supervisory Board appoints the Executive Board members and determines their compensation. It can revoke the appointment of an Executive Board member for a significant reason. The Supervisory Board monitors and advises the Executive Board in the management of the Company. This monitoring and advisory function also specifically includes sustainability issues. The Supervisory Board is involved in decisions of fundamental importance for Formycon.

At regular intervals, the Supervisory Board discusses matters of strategy, planning, business development, risk situation, risk management, compliance, and other significant events important for assessing the situation, development, and management of the Company and the Group. It reviews the annual and consolidated financial statements, the combined management report of the Company and the Group, and the Executive Board's proposal for the appropriation of net income. It adopts the Company's annual financial statements and approves the consolidated financial statements, based on the preliminary review results by the Audit Committee and considering the auditors' reports. The Supervisory Board decides on the proposal for the appropriation of net income and the Supervisory Board report to the General Meeting. It also addresses the Company's sustainability reporting.

The Supervisory Board members are committed solely to the Company's interests. They must not pursue personal interests in their decisions or exploit business opportunities available to the Company or any other Group companies for themselves, a closely related natural or legal person, or any other institution or association with which they are associated. Each Supervisory Board member must immediately disclose any existing or potential conflict of interest to the Chair of the Supervisory Board, particularly those arising from advisory or board positions at customers, suppliers, lenders to the Company, or other third parties.

Information regarding conflicts of interest and their handling is included in the Supervisory Board report. The Chair of the Supervisory Board, Wolfgang Essler, is managing director of Santo Holding (Deutschland) GmbH. Supervisory Board member Klaus Röhrig is a founding partner and Co-Chief Investment Officer at Active Ownership Corporation S.à r.l. Due to a potential conflict of interest resulting from these functions, Wolfgang Essler and Klaus Röhrig did not participate in the resolution on the conclusion of the loan agreement concluded between the Company as borrower and Santo Holding (Deutschland) GmbH and Active Ownership Corporation S.à r.l. acting on behalf of Active Ownership SICAV SIF SCS as lenders as a precautionary measure. Both disclosed the potential conflict of interest to the other members of the Supervisory Board. Wolfgang Essler and Klaus Röhrig agreed to the resolution being passed by the other members of the Supervisory Board. Otherwise, no conflicts of interest were reported in the fiscal year 2024.

In cases of significant and non-temporary conflicts of interest involving a Supervisory Board member, the member should resign from its position.

New Supervisory Board members participate in an onboarding program that includes an introduction to corporate governance regulations, the Company's business activities, and strategic orientation, along with preparatory discussions with Executive Board members.

Supervisory Board members ensure they have sufficient time to fulfill their mandate. If a Supervisory Board member also serves on the Executive Board of a publicly listed company, they should not hold more than two Supervisory Board mandates in

external listed companies or comparable roles, nor serve as the chair of a Supervisory Board in an external listed company. A member who does not serve on an Executive Board should not hold more than five Supervisory Board mandates at external listed companies or comparable roles in total, with a chair position counting double.

**Composition**

In the fiscal year 2024, the Supervisory Board comprised the following members:

**Wolfgang Essler**

- Born: 1972
- Chair of the Supervisory Board
- Member since July 25, 2023
- Elected until the end of the Annual General Meeting 2027
- Main position: Chief Representative of ATHOS and Managing Director of Santo Holding (Deutschland) GmbH
- Memberships of statutory supervisory boards or comparable German or foreign supervisory bodies of business enterprises (as of December 31, 2024):
    - Vanguard AG, Deputy Chairman of the Supervisory Board;
    - Mega Pharma Holding Uruguay S.A., Montevideo, Uruguay, member of the non-executive Board of Directors;
    - Terra Quantum AG, St. Gallen, Switzerland, Member of the Board of Directors.

**Colin Bond (since October 1, 2024)**

- Born: 1960
- Deputy Chairman since October 1, 2024
- Member since October 1, 2024
- Elected until the end of the Annual General Meeting 2028
- Main position: Non-executive director
- Memberships of statutory supervisory boards or comparable German or foreign supervisory bodies of business enterprises (as of December 31, 2024):
    - BioPharma Credit Plc, Leeds, United Kingdom, member of the Board of Directors;
    - Agomab Therapeutics NV, Antwerp, Belgium, Member of the Board of Directors;
    - Oxford Biomedica PLC, Oxford, United Kingdom, Member of the Board of Directors (since January 1, 2025).

**Nicholas Haggar (since June 12, 2024))**

- Born: 1965
- Deputy Chairman from June 12, 2024 to September 30, 2024
- Member since June 12, 2024
- Elected until the end of the Annual General Meeting 2028
- Main position: Chief Executive Officer of HealthQube Ltd
- Memberships of statutory supervisory boards or comparable German or foreign

supervisory bodies of business enterprises (as of December 31, 2024):

- Zentiva K.S. International, Prague, Czech Republic, non-executive director
- Biocon Limited, Bangalore, India, independent member of the Board of Directors;
- Biocon Biologics Ltd, Bangalore, India, independent member of the Board of Directors;
- Biocon Biologics UK Ltd, London, United Kingdom, non-executive member of the Board of Directors;
- Biosimilars NewCo Ltd, London, United Kingdom, non-executive member of the Board of Directors;
- Biosimilars Collaborations Ireland Ltd, Dublin, Ireland, non-executive member of the Board of Directors;
- Polpharma Group B.V., non-executive chairman.

**Klaus Röhrig**

— Born: 1977

— Member since December 10, 2020

— Elected until the end of the Annual General Meeting 2025

— Main position: Founding Partner and Co-Chief Investment Officer of Active Ownership Capital S.à r.l.

— Memberships of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises (as of December 31, 2024):

- Agfa-Gevaert N.V., Belgium, member of the Board of Directors (non-executive member)
- Fagron NV, Belgium, member of the Board of Directors (non-executive member);
- MAM Baby AG, Wollerau, Switzerland, member of the Board of Directors;
- Active Ownership Corporation S.à.r.l., Grevenmacher, Luxembourg, Member of the Board of Directors;
- Active Ownership Capital S.à.r.l., Grevenmacher, Luxembourg, member of the Board of Directors;
- White Elephant Holdco S.à.r.l., Grevenmacher, Luxembourg, member of the Board of Directors;
- White Elephant S.à.r.l., Grevenmacher, Luxembourg, member of the Board of Directors;
- AOC Technology SAS, Grevenmacher, Luxembourg, Member of the Board of Directors
- AO Gaming S.à.r.l., Grevenmacher, Luxembourg, member of the Board of Directors;
- AOC Cloud S.à.r.l., Grevenmacher, Luxembourg, member of the Board of Directors;
- AOC Pharma S.à.r.l., Grevenmacher, Luxembourg, Member of the Board of Directors.

**Dr. Bodo Coldewey (since June 12, 2024)**

- Born: 1971
- Member since June 12, 2024
- Elected until the end of the Annual General Meeting 2027
- Main position: Managing Director of the family office WEGA Invest GmbH
- Memberships of statutory supervisory boards or comparable German or foreign supervisory bodies of business enterprises (as of December 31, 2024): None

**Dr. Olaf Stiller (until June 12, 2024)**

- Born: 1977
- Chairman until June 12, 2024
- Member from August 4, 2010 to June 12, 2024
- Main position: Member of the Executive Board of Paedi Protect AG (until September 25, 2024)
- Memberships of statutory supervisory boards or comparable German or foreign supervisory bodies of business enterprises (as of June 12, 2024):
    - NanoRepro AG, member of the Supervisory Board;
    - Deutsche Reinigungswerke AG, Member of the Supervisory Board;
    - HWT invest Aktiengesellschaft, Member of the Supervisory Board.

**Peter Wendeln (until June 12, 2024)**

- Born 1964
- Deputy Chairman until June 12, 2024
- Member from August 4, 2010 to June 12, 2024
- Main position: Managing Director and shareholder of Wendeln & Cie. Asset Management GmbH
- Memberships of statutory supervisory boards or comparable German or foreign supervisory bodies of business enterprises (as of June 12, 2024): None

The curricula vitae of the current Supervisory Board members are published and annually updated on Formycon's website at *https://www.formycon.com/en/company/supervisory-board-of-formycon-ag/*. Details regarding the compensation of the Supervisory Board members can be found in the remuneration report.

Except for Wolfgang Essler and Klause Röhrig, all Supervisory Board members (i.e., as of December 31, 2024, Colin Bond, Nicholas Haggar, and Dr. Bodo Coldewey) are considered independent according to the GCGC.

Colin Bond has special knowledge and experience in the application of accounting principles and internal control and risk management systems as well as knowledge and experience in sustainability reporting. Dr. Bodo Coldewey has special knowledge and experience in auditing financial statements, including the audit of sustainability reporting.

**Appointment objectives and competence profile**

The Supervisory Board members must collectively possess the knowledge, skills, and professional experience required for the proper performance of their duties and be familiar with the sector in which the Company operates.

The Supervisory Board uses a competency profile and a qualifications matrix as a guideline for board appointments, detailing the requirements in the areas of (1) Independence, (2) Diversity, and (3) Professional Competencies. This competence profile also takes into account Formycon's specific corporate situation, its international structure, and the future development of markets and the product portfolio.

- **Independence:** The Supervisory Board bases its definition of independence on the German Corporate Governance Code.
- **Diversity:** The Supervisory Board strives for sufficient diversity in terms of personality, gender, internationality, professional background, expertise and experience as well as age distribution.
- **Professional Competencies:** To responsibly perform its mandate, the Supervisory Board has defined a variety of competencies necessary for evaluating the diverse topics on its agenda. Overall, the Supervisory Board should possess competencies deemed essential in light of the Company's activities. These include, in particular, in-depth experience and knowledge in
- management of an (international) company,
- the healthcare and life sciences industry,
- Research & Development and commercialization,
- key markets in which Formycon operates,
- Accounting,
- Auditing,
- Controlling and risk management,
- Legal matters, governance, and compliance,
- Sustainability (environment and social aspects).

In addition, at least one Supervisory Board member must have expertise in accounting, and at least one other member must have expertise in auditing (two Financial Experts).

Furthermore, the Supervisory Board has established the following additional guidelines regarding its composition:

- In general, only individuals who have not yet reached the age of 70 at the time of election should be elected to the Supervisory Board.
- The Company’s business activities involve numerous cross-border operations. Therefore, an appropriate number of Supervisory Board members should have gathered experience in internationally active companies due to their education or professional activities.
- Supervisory Board members should not hold positions on the governing bodies of significant competitors of the Group.

All of the above criteria are met or observed.

The competence profile of the Supervisory Board is continuously developed, and the implementation status is disclosed below in the form of the qualification matrix:

**Qualification matrix for the Supervisory Board**

| | | Wolfgang Essler | Colin Bond | Nicholas Haggar | Klaus Röhrig | Dr. Bodo Coldewey |
|---|---|---|---|---|---|---|
| **Term of office** | Elected until the end of the Annual General Meeting in | 2027 | 2028 | 2028 | 2025 | 2027 |
| **Function** | Supervisory Board | Chair | Deputy Chair | Member | Member | Member |
| | Audit Committee | | Chair | Member | | Deputy Chair |
| | Nomination and Remuneration Committee | Deputy Chair | Member | Chair | | |
| **Independence** | Independence in accordance with GCGC | No | Yes | Yes | No | Yes |
| **Diversity** | Gender | Male | Male | Male | Male | Male |
| | Age cluster | 46 - 55 | 56 - 65 | 56 - 65 | 46 - 55 | 46 - 55 |
| | Nationality | German | British/ Swiss | British | Austrian | German |
| | International experience | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Educational background | Business Administration | Pharmacy and Business Administration | Business Administration | Business Administration | Industrial Engineering |
| **Professional Competencies, i.e. in-depth experience and knowledge in** | management of an (international) company | ✓ | ✓ | ✓ | ✓ | ✓ |
| | the healthcare and life sciences industry | ✓ | ✓ | ✓ | | |
| | Research & development and commercialization | ✓ | | ✓ | | |
| | the key markets in which Formycon operates | ✓ | ✓ | ✓ | ✓ | |
| | Accounting | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Auditing | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Controlling and risk management | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Legal, governance and compliance | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Sustainability (environmental and social) | ✓ | ✓ | ✓ | ✓ | |

The Supervisory Board believes that it collectively fulfills the competence profile appropriately. Moreover, for each of the defined competencies, there is at least one expert represented on the Supervisory Board.

**Target figure for the proportion of women on the Supervisory Board**

The Supervisory Board has set a target for the proportion of women on the Supervisory Board in accordance with Section 111 para. 5 AktG at a minimum of 0.00 percent, with this target to be achieved by February 26, 2030.

The target of "zero" corresponds to the current status of the Company, which has an all-male Supervisory Board. The Company reconstituted its Supervisory Board in the fiscal year 2024. The search and selection process for new Supervisory Board members was conducted with consideration of female candidates. Ultimately, the Supervisory Board decided to propose and appoint three highly qualified new members: Colin Bond, Dr. Bodo Coldewey, and Nicholas Haggar, who significantly contribute to the professionalization and internationalization of the Supervisory Board's activities. The Company is a dynamic growth enterprise that has only recently, in November 2024, completed its uplisting to the regulated market of the Frankfurt Stock Exchange. In this phase of the Company's development, the Supervisory Board considers stability in its composition to be crucial for continued progress. Therefore, the intent is to maintain this composition in the coming years.

The aforementioned target was achieved in the fiscal year 2024.

**Information on the diversity concept for the Supervisory Board**

The diversity concept for the Supervisory Board aims to ensure that its members have the personal qualifications needed, such as the necessary knowledge, skills, and professional experience, to properly fulfill their duties. It consists of the following components:

— the targets set for the composition of the Supervisory Board;

— the competence profile for the Supervisory Board;

— the target figure for the proportion of women on the Supervisory Board of at least 0.00%.

The diversity concept is implemented during the election of Supervisory Board members and is taken into account during the search for candidates for the Supervisory Board. In the case of new appointments, there is also an evaluation of which competencies might be strengthened within the Supervisory Board.

All the stated criteria were fulfilled or observed in the fiscal year 2024. The Supervisory Board was composed in accordance with the stipulations of the diversity concept during the fiscal year 2024. Proposals for the election of Supervisory Board members at the Annual General Meeting are made in compliance with legal regulations and the guidelines of the diversity concept.

**Working methods**

The Supervisory Board has adopted rules of procedure. The rules of procedure for the Supervisory Board are publicly accessible on the Company's website at *https://www.formycon.com/en/investor-relations/governance/*.

The Supervisory Board holds as many meetings as required by law or the Company's business needs; it meets at least twice per calendar half-year. The main topics of the meetings held in the past fiscal year are summarized in the Supervisory Board's report. The Chair of the Supervisory Board coordinates its work, convenes meetings, and presides over them.

Decisions of the Supervisory Board are generally made in meetings. Upon the Chair's instruction or with the consent of all Supervisory Board members, meetings can also be conducted in the form of a teleconference or via other electronic

communication methods (particularly video conference), and individual Supervisory Board members can be connected by phone or other electronic means; in these cases, decisions can be made via teleconference or other electronic communication methods. Members who participate via phone or electronic means are considered present. Absent members, or those not participating via phone or other electronic means, can still partake in decision-making by submitting written votes through another Supervisory Board member. Furthermore, they may cast their votes orally, by phone, email, or other electronic means before, during, or after the meeting within a reasonable period determined by the Chair. There is no right to object to the form of decision-making ordered by the Chair.

Decisions can also be made without convening a meeting, in writing, by phone, email, video conference, or other electronic means, if the Chair orders it and participating members can communicate with each other and discuss the matter at hand, or if no member objects to the procedure.

The Supervisory Board has a quorum if at least half of its members participate in the decision-making. In any case, at least three members must participate. Supervisory Board decisions require a majority of the votes cast unless otherwise stipulated by law or the Articles of Association. Abstentions are not considered as votes cast. In case of a tie, the Chair's vote, or that of the Deputy if the Chair does not participate, is decisive (casting vote).

Minutes must be taken of the meetings and decisions made outside of meetings. The Chair of the Supervisory Board must sign the minutes.

The Supervisory Board also regularly meets without the Executive Board. Experts and informants may be consulted for advice on specific matters.

**Committees and their working methods**

The Supervisory Board has formed two committees, an Audit Committee and a Nomination and Remuneration Committee.

**Audit Committee**

The Audit Committee deals primarily with the review of financial reporting, monitoring the accounting process, the effectiveness of the internal control system, the risk management system, and internal audit system, as well as external audit, particularly the selection and independence of the auditor, the quality of the audit, and the additional services provided by the auditor, compliance, and the audit of the Company's sustainability reporting. The Audit Committee may make recommendations or proposals to ensure the integrity of the accounting process. It presents a recommendation to the Supervisory Board for the appointment of the auditor, which, in the case of a tender, includes at least two proposals and a preference. It prepares the Supervisory Board's proposal to the Annual General Meeting for the election of the auditor.

The Chair of the Audit Committee regularly exchanges information with the auditor regarding the progress of the audit and reports back to the Audit Committee. The committee discusses with the auditor the assessment of audit risk, audit strategy, focus, materiality, and planning, as well as the audit results. It also regularly meets with the auditor without the Executive Board present.

As of December 31, 2024, the Audit Committee was composed of:

— Colin Bond (Chair),

— Dr. Bodo Coldewey (Deputy Chair) and

— Nicholas Haggar.

Colin Bond and Dr. Bodo Coldewey have the necessary expertise in the areas of auditing and accounting (as previously mentioned on page 129).

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee prepares the Supervisory Board's proposals to the Annual General Meeting for the election of Supervisory Board members and nominates suitable candidates to the Supervisory Board.

The Nomination and Remuneration Committee is also responsible for preparing the Supervisory Board's decisions on the selection, appointment, dismissal, and remuneration of Executive Board members, as well as the conclusion, amendment, and termination of their service contracts.

As of December 31, 2024, the Nomination and Compensation Remuneration was composed of:

— Nicholas Haggar (Chair),

— Wolfgang Essler (Deputy Chair) and

— Colin Bond.

**Working methods**

The rules of procedure for the Supervisory Board contain provisions on the procedure of the committees. In all other respects, the provisions of the rules of procedure relating to the working methods of the Supervisory Board apply accordingly to the committees, unless the Supervisory Board decided otherwise for a specific committee.

**Self-assessment of the Supervisory Board**

The Supervisory Board regularly evaluates its efficiency and that of its committees through a self-assessment process. To facilitate this, a questionnaire is distributed to the members of the Supervisory Board, allowing them to comment on the effectiveness of the Supervisory Board's operations and suggest potential improvements.

The Company restructured its Supervisory Board in the fiscal year 2024, electing three new members. An initial self-assessment of the work of the Supervisory Board and its committees in this composition is currently being carried out and should be completed in the first half of 2025. The results of the self-assessment will be discussed at the next ordinary meeting of the Supervisory Board following completion of the self-assessment and possible improvements will be discussed.

## 6. Share transactions by members of the Executive Board and the Supervisory Board

Pursuant to Article 19 of Regulation (EU) No. 596/2014 of the European Parliament and Council of April 16, 2014, on market abuse (Market Abuse Regulation), members of the Executive Board and the Supervisory Board are legally required to disclose transactions with shares of the Company or related derivatives or other financial instruments if the total amount of transactions by the member or a person closely associated with them reaches or exceeds EUR 20,000.00 within a calendar year. Transactions reported to the Company in the fiscal year 2024 were duly published and are available on the Company's website at *https://www.formycon.com/en/investor-relations/directors-dealings/*.

## 7. Transparency and communication

To ensure maximum transparency and equality of information, the Company is committed to comprehensive, equal, and timely communication with its shareholders and the public. The schedule for regular financial reporting and other significant events, such as the Annual General Meeting, can be found in the financial calendar. All annual and quarterly reports, ad-hoc announcements, press releases, and notifiable changes in voting rights are available on the Company's website in both German and English. Additionally, the website offers information on the Articles of Association, the members of the Executive Board and the Supervisory Board, as well as upcoming and previous Annual General Meetings.

For the publication of the annual financial statements, the Company holds an analyst and investor conference. Following the publication of quarterly results, the Company conducts regular earnings calls, which are also available as recordings on the Company's website.

## 8. Accounting

The Executive Board prepared the Company's consolidated financial statements as of December 31,

2024, based on the International Financial Reporting Standards (IFRS) as applicable in the European Union, and additional German legal requirements under Section 315e para. 1 HGB, as well as the Company's unconsolidated financial statements as of December 31, 2024, in accordance with the provisions of the HGB. The consolidated financial statements and management reports are published within 90 days after the end of the fiscal year. Mandatory interim financial information (half-year financial reports and quarterly statements) is generally published within 45 days after the end of each quarter or half-year.

The annual financial statements and the consolidated financial statements, both as of December 31, 2024, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, the auditor elected by the Annual General Meeting 2024. Before the audit assignment, the auditor confirmed its independence and objectivity to the Supervisory Board. Following preparation by the Audit Committee, the annual financial statements and the consolidated financial statements were discussed, examined and adopted or approved by the Supervisory Board.

## 9. Annual General Meeting

The Company’s shareholders exercise their control and participation rights at the General Meeting. The General Meeting decides in particular on the appropriation of retained earnings, the discharge of the Executive Board and Supervisory Board members, the appointment of the auditor, the remuneration report, the remuneration system, the remuneration for Supervisory Board members, amendments to the Articles of Association, and certain capital measures, and elects shareholder representatives to the Supervisory Board.

In addition, in the case of significant changes, but at least every four years, the remuneration system for the Executive Board is submitted to the General Meeting for approval.

Shareholders may exercise their voting rights at the General Meeting either personally, by proxy, or through a proxy representative appointed by the Company. The Executive Board is authorized to allow shareholders to submit their votes in writing or via electronic communication without attending the meeting themselves or by proxy (postal vote) and to participate in the meeting and exercise all or some of their rights entirely or partially through electronic communication (online participation). The Executive Board is also authorized to hold the General Meeting without the physical presence of shareholders or their representatives at the meeting venue (virtual meeting), provided legal requirements are met. This authorization is valid for virtual meetings until August 31, 2026.

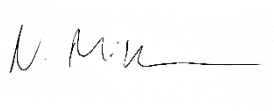
The Annual General Meeting on June 12, 2024, was held as an in-person meeting.

Martinsried/Planegg, March 21, 2025

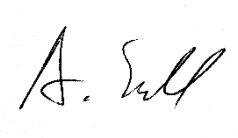
The Executive Board The Supervisory Board

**Martinsried/Planegg, Germany, March 21, 2025**

Dr. Stefan Glombitza



Nicola Mikulcik



Dr. Andreas Seidl

Enno Spillner

# Consolidated Financial Statements of Formycon Group for the period from January 1, 2024 to December 31, 2024

| Consolidated Statement of Financial Position as of December 31, 2024 in € thousand | | | |
|---|---|---|---|
| | explanatory note | Dec. 31, 2024 | Dec. 31, 2023 |
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 18 | - | 44,534 |
| Other intangible assets | 18 | 444,116 | 508,403 |
| Right-of-use (ROU) assets | 17 | 10,749 | 9,300 |
| Property, plant and equipment | 17 | 3,821 | 3,027 |
| Investment accounted for using the equity method | 19 | 151,870 | 167,044 |
| Financial assets | 19 | 66,134 | 90,907 |
| **Total non-current assets** | | **676,691** | **823,215** |
| **Current assets** | | | |
| Inventories | | 262 | 467 |
| Trade and other receivables | 24 | 23,693 | 11,612 |
| Contract assets | 8 | 7,016 | 16,561 |
| Other financial assets | | 6 | 6 |
| Prepayments and other assets | 24 | 22,123 | 11,335 |
| Income tax receivables | 15 | 91 | 131 |
| Cash and cash equivalents | | 41,834 | 27,035 |
| **Total current assets** | | **95,024** | **67,147** |
| **Total assets** | | **771,715** | **890,362** |
| | | | |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Subscribed capital | 20 | 17,664 | 16,053 |
| Capital reserve | 20 | 496,021 | 412,871 |
| Accumulated profit/loss carryforward | 20 | 73,829 | -1,968 |
| Period income (loss) | 20 | -125,672 | 75,795 |
| **Total equity capital** | | **461,843** | **502,751** |
| **Non-current liabilities** | | | |
| Non-current lease obligations | 25 | 9,097 | 7,815 |
| Other non-current liabilities | 23 | 164,726 | 187,690 |
| Deferred tax liabilities | 15 | 102,156 | 122,800 |
| **Total non-current liabilities** | | **275,979** | **318,305** |
| **Current liabilities** | | | |
| Provisions | | - | 387 |
| Current lease obligations | 25 | 1,496 | 1,186 |
| Other current liabilities | 22 | 12,932 | 51,349 |
| Trade payables | 24 | 17,437 | 16,319 |
| Current income tax liabilities | 15 | 2,028 | 65 |
| **Total current liabilities** | | **33,893** | **69,306** |
| **Total liabilities** | | **309,872** | **387,611** |
| **Total equity and liabillities** | | **771,715** | **890,362** |

| Consolidated Statement of Comprehensive Income for the period from January 1, 2024 to December 31, 2024 in € thousand | | | |
|---|---|---|---|
| | **explenatory note** | **Jan. 1 – Dec. 31, 2024** | **Jan. 1 – Dec. 31, 2023** |
| Revenue | 8 | 69,674 | 77,696 |
| Cost of sales | 9 | -54,840 | -54,391 |
| Research and development expenses | 10 | -16,503 | -9,162 |
| Selling expenses | 11 | -1,302 | -841 |
| Administrative expenses | 11 | -20,085 | -13,283 |
| Other expenses | 11 | -567 | -389 |
| Other income | 11 | 78 | 1 |
| **Operating profit/loss (EBIT)** | | **-23,543** | **-369** |
| Income from investments accounted for using the equity method | 12 | -15,174 | -19,362 |
| Finance income | 12 | 24,777 | 102,210 |
| Finance expense | 12 | -1,137 | -2,962 |
| Change in Impairments based on the expected credit loss model | 12 | 78 | -447 |
| Net finance income | | 8,543 | 79,439 |
| Impairments on Goodwill and Other intangible assets | 18 | -129,253 | - |
| **Profit before tax** | | **-144,253** | **79,070** |
| Income tax expense | 15 | 18,582 | -3,275 |
| **Profit (loss) / Comprehensive income (loss) for the period** | | **-125,672** | **75,795** |
| | | | |
| Basic (undiluted) earnings per share (in €) | 13 | -7.18 € | 4.76 € |
| Average number of shares outstanding (undiluted) | | 17,491,811 | 15,915,789 |
| Diluted earnings per share (in €) | | -7.18 € | 4.72 € |
| Average number of shares outstanding (diluted) | | 17,633,367 | 16,048,616 |

**Consolidated Statement of Changes in Equity for the period from January 1, 2024 to December 31, 2024 in € thousand**

| | explanatory note | Subscribed capital | Capital reserve | Accumulated loss carry-forward | Period income (loss) | Total equity |
|---|---|---|---|---|---|---|
| **as of Jan. 1, 2023** | | **15,129** | **343,419** | **-37,960** | **35,993** | **356,581** |
| Appropriation of prior-year income (loss) | 20 | - | - | **35,993** | **-35,993** | **0** |
| Capital increase against cash contributions | | 910 | 69,160 | - | - | **70,070** |
| Costs of capital increase | | - | -1,736 | - | - | **-1,736** |
| Effect of stock options granted | 14 | - | 1,624 | - | - | **1,624** |
| Shares issued through exercise of stock options | | 14 | 404 | - | - | **418** |
| Period income (loss) | | - | - | - | 75,796 | **75,796** |
| **as of Dec. 31, 2023** | | **16,053** | **412,871** | **-1,968** | **75,796** | **502,752** |
| Appropriation of prior-year income (loss) | 20 | - | - | 75,796 | -75,796 | **0** |
| Capital increase against cash contributions | | 1,604 | 81,240 | - | - | **82,843** |
| Effect of stock options granted | 14 | - | 1,675 | - | - | **1,675** |
| Shares issued through exercise of stock options | | 8 | 235 | - | - | **243** |
| Period income (loss) | | - | - | - | -125,672 | **-125,672** |
| **as of Dec. 31, 2024** | | **17,664** | **496,021** | **73,829** | **-125,672** | **461,844** |

| Consolidated Statement of Cash Flows for the period from January 1, 2024 to December 31, 2024 in € thousand | | | |
|---|---|---|---|
| | **explanatory note** | **Jan. 1 – Dec. 31, 2024** | **Jan. 1 – Dec. 31, 2023** |
| Profit (loss) for the period | | -125,672 | 75,795 |
| **Adjustments for non-cash items:** | | | |
| Depreciation and amortization | 17, 18 | 139,065 | 1,887 |
| Net finance income | 12 | -8,543 | -79,439 |
| Effect of stock options | 14 | 1,675 | 1,624 |
| Net loss (gain) arising from disposals of non-current assets | 17, 18 | 163 | 41 |
| Other non-cash transactions | | 495 | -46 |
| Income tax expense | 15 | -18,582 | 3,275 |
| **Changes in operating assets and liabilities:** | | | |
| Decrease (increase) in inventories | | 206 | 104 |
| Decrease (increase) in trade and other receivables | 24 | -12,275 | 2,696 |
| Decrease (increase) in contract assets | 8 | 9,544 | -15,400 |
| Decrease (increase) in prepayments and other assets | 24 | -10,788 | -6,699 |
| Increase (decrease) in other liabilities | 24 | 762 | 1,094 |
| Increase (decrease) in trade payables | 24 | 1,118 | 4,999 |
| Increase (decrease) in current provisions | | -387 | 387 |
| Income taxes paid | 15 | -4 | -166 |
| **Net cash used for operating activities** | | **-23,221** | **-9,848** |
| Investments in intangible assets | 18 | -28,395 | -20,167 |
| Investments in property, plant and equipment | 17 | -1,545 | -1,029 |
| Proceeds from sale of non-current assets | | 5 | - |
| Repayments from loans granted | 19 | 27,300 | 3,300 |
| Interest received | 12 | 1,176 | 516 |
| **Net cash used for investing activities** | | **-1,459** | **-17,380** |
| Proceeds from issuance of shares | 20 | 83,086 | 70,488 |
| Costs relating to issuance of shares | 20 | - | -1,736 |
| Payment of lease liabilities | 25 | -1,404 | -1,103 |
| Outflows for the repayment of financial liabilities | 22, 23 | -41,292 | -23,137 |
| Interest paid | 12 | -913 | -69 |
| **Net cash from financing activities** | | **39,478** | **44,443** |
| **Net increase (decrease) in cash and cash equivalents** | | **14,798** | **17,215** |
| **Cash and cash equivalents as of Jan, 1** | | **27,035** | **9,820** |
| **Cash and cash equivalents as of Dec, 31** | | **41,834** | **27,035** |

# *Notes to the Consolidated Financial Statements of Formycon Group for the period from January 1, 2024 to December 31, 2024*

## 1. Reporting entity

FORMYCON AG (hereinafter also the "Company"), together with the subsidiaries within its scope of consolidation (hereinafter "Group" or together "Formycon"), is a leading independent developer of high-quality biosimilar drugs, meaning follow-on products to biopharmaceuticals already on the market. Formycon has long specialized in the development of biosimilars and is able to cover all technical stages of the biopharmaceutical development chain from analysis and cell line development to preclinical studies and clinical trials, all the way through to the creation and submission of regulatory approval application documents. In addition to its decades of experience in protein chemistry, analysis and immunology, Formycon also has extensive expertise in the successful transfer of antibodies and antibody-based therapies into the clinical development stage.

FORMYCON AG has its registered offices in Martinsried/Planegg, Germany, and is entered into the commercial register (Handelsregister) of the District Court of Munich under number HRB 200801. The Company's shares are listed in the Frankfurt Stock Exchange's Prime Standard (Deutsche Börse: German securities identifier (WKN): A1EWVY, ticker symbol: FYB, ISIN: DE000A1EWVY8).

## 2. Basis of accounting

These Consolidated Financial Statements (hereinafter also the "Financial Statements"), presented here in translation from the German original, have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed within the European Union. The provisions of sec. 315e of the German Commercial Code (Handelsgesetzbuch, HGB) were taken into account as applicable. These Financial Statements were released for publication by the Company's Management Board (Vorstand) on March 26, 2025.

During the fiscal year, the following standards and interpretations were mandatorily applied for the first time:

— Amendments to IAS 1 regarding the classification of liabilities as current or non-current and amendments to IAS 1 regarding non-current liabilities with covenants. The amendments are to be applied retrospectively: The amendments clarify certain requirements for assessing whether a liability is classified as current or non-current and introduce new disclosures for long-term loan liabilities that are subject to covenants within twelve months of the reporting date. There have been no material effects on these Financial Statements.

— Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback: The amendments to IFRS 16 govern the accounting of lease liabilities from sale and leaseback transactions and stipulates that a lessee must measure the lease liability following a sale in such a way that there is no recognition of any amount of gain or loss relating to the retained right of use. The newly added paragraphs explain different possible approaches with concrete examples, such as variable lease payments. There have been no material effects on these Financial Statements.

— Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements: The amendments affect disclosure requirements related to supplier financing arrangements (also known as supply chain financing, trade payables financing or

reverse factoring arrangements). The new regulations supplement requirements already contained in other standards and explicitly prescribe the following appendix information:

- Terms and conditions of supplier financing agreements,
- The carrying amounts of liabilities subject to such agreements for which suppliers have already received payment from the finance providers, including specification of the balance sheet item under which these liabilities are included,
- The range of due dates, and
- Information on liquidity risk.

There have been no material effects on the Financial Statements.

Formycon does not plan early application of the following new or amended standards and interpretations, which will only become mandatory in subsequent fiscal years. Unless otherwise stated, the effects of these changes on the Financial Statements are currently under review.

Already endorsed by the European Union:

- Amendments to IAS 21 – Lack of Exchangeability: The amendments concern the determination of the exchange rate in the event of a long-term lack of convertibility, an issue which has until now not been addressed by IAS 21. With these amendments, IAS 21 additionally includes:
  - Requirements for assessing whether a currency can be converted to another currency,
  - Statements on determining the exchange rate if such conversion is not possible, and
  - Additional disclosure requirements relating thereto.

  The amended standard is to be applied to reporting periods beginning on or after January 1, 2025. Early application of the changes is permitted but requires EU endorsement. The Group currently assumes that there will be no material impact on its consolidated financial statements.

Pending endorsement by the European Union:

- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments address a known inconsistency between the provisions of IFRS 10 and IAS 28 (2011) in the event of the sale or contribution of assets to an associate or joint venture. According to IFRS 10, a parent company must recognize the full amount of the gain or loss from the sale of a subsidiary in the income statement if control is lost. In contrast, the existing IAS 28.28 requires that the gain on a sale transaction between an investor and an investment valued at equity - be it an associate or joint venture - only be recognized in the amount of the share held by the others in this company. In the future, it is proposed that the entire gain or loss from the transaction should only be recognized if the assets sold or contributed constitute a “business operation” within the meaning of IFRS 3. The new standard would apply regardless of whether the transaction is structured as a share deal or asset deal. However, if the assets do not constitute a business operation, only a proportionate recognition of profits would be permitted. The date of initial application of the changes has been indefinitely postponed by the IASB.
- IFRS 18 – Presentation and Disclosure in Financial Statements: IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

- Enhances guidance is provided on how to group information in the financial statements.

- In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

- IFRS 19 – Subsidiaries without Public Accountability: Disclosures: IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements. A subsidiary may choose to apply the new standard provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards. A subsidiary generally has public accountability if it is listed on a public market or holds assets in a fiduciary capacity as one of its primary businesses. IFRS 19 applies for annual reporting periods beginning on or after January 1, 2027, subject to its adoption into EU law. Earlier application is permitted, but is subject to EU endorsement. The group does not meet the application requirements, thus IFRS 19 will not be applied and there will be no impact.

- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments: The amendments clarify the classification of financial assets that are linked to environmental, social and governance (ESG) and similar characteristics. The amendments clarify how the contractual cash flows of such instruments are to be assessed in terms of subsequent measurement, i.e. amortized cost accounting or fair value accounting. The amendments also address the settlement of liabilities through electronic payment systems. The amendments clarify, when a financial asset or financial liability is derecognized. In addition, an option has been introduced that allows an entity to derecognize a financial liability before delivering cash on the settlement date, provided that certain criteria are met. The amendments also introduced additional disclosure requirements with regard to investments in equity instruments measured at fair value through other comprehensive income and financial instruments with conditional features (e.g. ESG targets). The amendments are effective for reporting periods beginning on or after January 1, 2026, subject to EU endorsement. Earlier application of the amendments is permitted, but is subject to EU endorsement. The Group currently assumes that there will be no material impact on the consolidated financial statements.

- Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity: Contracts referencing nature-dependent electricity are often structured as so-called power purchase agreements (PPA). The purchase based on these contracts can fluctuate due to unforeseen events such as weather conditions. Applying the current accounting regulations may lead to effects on net income that do not necessarily adequately reflect the influence of these contracts on the performance of the reporting company. The following changes have

been made to better reflect these contracts in companies' financial statements:

- Clarification of the application of the own use exemption to these contracts.
- Adjustment of the rules for hedge accounting with the option of using contracts referencing nature-dependent renewable energy sources as a hedging instrument if certain conditions are met.
- Introduction of additional disclosure requirements regarding the impact of these contracts on the financial performance and future cash flow of a company.

The amendments are effective for reporting periods beginning on or after January 1, 2026, subject to EU endorsement. Earlier application of the amendments is permitted, but is subject to EU endorsement. The Group currently assumes that there will be no material impact on on the consolidated financial statements.

- Annual Improvements to IFRS Accounting Standards – Volume 11: The annual improvements process is limited to changes that either clarify the wording of an IFRS standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the standards. It contains the following main adjustments:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter
  - IFRS 7 Financial Instruments: Disclosures: Profit or loss from derecognition; disclosure of differences between fair value and transaction price; credit risk disclosures
  - IFRS 9 Financial Instruments: Derecognition of lease liabilities; transaction price
  - IFRS 10 Consolidated Financial Statements: Determining a “de facto agent”
  - IAS 7 Statement of Cash Flows: Cost method.

  The amendments are effective for reporting periods beginning on or after January 1, 2026, subject to EU endorsement. Earlier application of the amendments is permitted, but is subject to EU endorsement. The Group currently assumes that there will be no material impact on on the consolidated financial statements.

## 3. Functional currency and presentation currency

These Financial Statements are presented in euros, the Company’s functional currency. Unless otherwise stated, all amounts in euros presented herein have been rounded to the nearest thousand euros (€ thousand).

## 4. Use of judgements and estimates

In preparing these Financial Statements, the Management Board has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

**Judgements**

Judgements exercised by the Management Board have an impact on the following specific issues presented herein:

- Lease term: Determination of whether the exercise of lease extension options is reasonably certain (see Note 25)

— Internally generated intangible assets: Point in time at which the criteria of IAS 38 ("Intangible Assets") are met, thereby resulting in an obligation to capitalize the asset (see Note 18)

— Identification of multiple performance obligations under the development partnerships for purposes of revenue recognition (see Note 8 ) and separation thereof between development services and granting of license

**Assumptions and estimate uncertainties**

Significant assumptions and estimates which could result in the risk of necessary adjustments in subsequent periods to the amounts recognized herein have been made in the following specific cases:

— Recognition of deferred tax assets: Availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be used (see Note 15)

— Impairment test of intangible assets and goodwill: Key assumptions underlying the calculation of the recoverable amounts (see Note 18)

— Valuations under IFRS 2 (including phantom shares): The determination of the fair value of sharebased payment arrangements is based, among other factors, upon future share price volatility and future staff turnover, both of which may have a significant influence on the valuation of the options at the time of issuance. The correctness of these estimates depends upon actual future staff turnover and, in the case of the phantom stock program, on the actual development of the share price, both of which may deviate from the original estimates used in preparing these Financial Statements and may thus lead to significant corrections in future periods (see Note 14).

— Determination of book value of investment participations in jointly controlled companies: Key assumptions for impairment testing in accordance with IAS 28 (see Note 19)

**Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

— Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

— Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assumptions have been made in measuring fair values in the following cases:

— Valuation of conditional purchase price payments in determining and allocating the purchase price (see Note 24),

— Valuation of obligations arising from share settled as well as cash-settled share-based compensation arrangements (see Note 14),

— Impairment testing of unfinished internally generated intangible assets and Goodwill (see Note 18), and

— Impairment testing of financial assets (see Note 19).

## 5. Group structure

In addition to the Formycon AG parent entity, Formycon Group also includes, as of December 31, 2024, the following 100% owned and fully consolidated subsidiaries:

— Formycon Project 201 GmbH (Martinsried/Planegg, Germany)

— Formycon Project 203 GmbH (Martinsried/Planegg, Germany)

— FYB202 Project GmbH (Martinsried/Planegg, Germany)

— Clinical Research GmbH (Holzkirchen, Germany)

Furthermore, Bioeq AG (Zug, Switzerland), which is under joint control by Formycon, is included in these Financial Statements using the equity method.

## 6. Accounting and valuation methods

**Basis of valuations**

These Financial Statements have been prepared based on the principle of historical cost. Exceptions to this are the valuations of the contingent consideration component of the Athos transaction (see Notes 22 and 23) and of obligations arising from cash-settled share-based compensation arrangements, which have both been carried out at fair value. Equity-settled share-based payment arrangements granted to employees are likewise measured at fair value as of the grant date (see Note 14).

In their preparation, and for all periods therein, the Group has, unless otherwise stated, consistently applied the following accounting policies.

### Consolidation principles

**Subsidiaries**

Subsidiaries are companies under the Group's control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated into these Financial Statements from the date control begins until the date such control ends.

**Loss of control**

If the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary from its consolidated statement of financial position (balance sheet), along with any related non-controlling interests or other equity components. Any resulting gain or loss is recognized in profit or loss. If an interest in the former subsidiary is retained, it is measured at fair value as of the date control over the subsidiary is lost.

**Financial assets accounted for using the equity method**

The Group's financial assets (investments) accounted for using the equity method include a shareholding in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Shares in joint ventures, which are accounted for using the equity method, are initially recognized at acquisition cost, including transaction costs. Subsequent to this initial recognition, these Financial Statements include the Group's share of the comprehensive income of the financial assets accounted for using the equity method until the date upon which such significant influence or joint control ends.

**Consolidation of intragroup transactions**

In preparing these Financial Statements, balances and transactions between the Company and consolidated subsidiaries thereof, as well as any unrealized intercompany income and expenses (other than income and expenses arising from foreign currency transactions), have been eliminated. In the case of companies accounted for using the equity method (associates and joint ventures), any unrealized gains on transactions have been offset against the investment asset, but not by more than the

Group's investment in the respective company. Unrealized losses have been analogously offset (i.e. added to the investment asset), but only where there is no indication of impairment.

**Transactions in foreign currencies**

Business transactions in foreign currencies are converted into the functional currency of the respective Group company at the spot rate on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency as of the reporting date are translated into the functional currency at the closing rate for the period. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the exchange rate in effect at the time the fair value was measured. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate prevailing on the transaction date. Currency translation differences are recognized in period profit and loss and included within finance income and finance cost.

**Revenue from contracts with customers**

The Group generates revenue by granting licenses for the marketing of products once development has been completed. Depending on the contractual design, these licenses may include marketing rights for certain regions, sublicensing rights for certain regions, and/or rights to develop, manufacture and register the products. In some cases, the Group may retain certain rights. The Group subsequently receives license revenue for the granted rights based upon product sales within the licensed territories. If the amount can be reliably determined, the Group recognizes the revenue at the time the license is granted. As a rule, however, such license revenues depend upon actual product sales and thus the amount generated thereby can only be reliably determined over time. The corresponding license revenue is allocated as variable consideration to the separate performance obligation of granting a license.

These license agreements may also include upfront payments, which are likewise allocated to the relevant license grant performance obligation. Revenue from such upfront payments is recognized at the time the license is granted.

In addition the company generates revenues from the provision of development and other services to assist with the completion of product development through to market approval. These other services may include, for example, the organization of clinical studies and the preparation of approval documents. The customer agreement may provide for ongoing reimbursement of costs or defined milestones. Services rendered but not yet been invoiced are reported as contract assets. In the case of ongoing reimbursements, the regular payments are recognized against contract assets as received, whereas milestone payments are only recognized against contract assets provided that the relevant milestones havehave been achieved. Revenue is recorded over the development period using the cost-to-cost method. Associated costs are recognized in profit or loss as they are incurred.

In some cases, a single customer contract may combine different kinds of performance obligations, such as both the granting of a license and the provision of development services.

The transaction price of the contract is allocated to the respective individual performance obligations based upon their individual values. Development services are valued using cost plus an appropriate margin as well as residual value considerations. The license is granted on the basis of theresidual value considerations if the individual values are not observable.

Specific conditions may be attached to Milestones and Upfront payments. The assessment of the fulfillment of such conditions has an impact on the revenue recognized. Currently the fulfillment of such conditions is assessed to be highly probable. Once product sales are generated, license revenues become due and payable to the Group with relatively short payment terms.

In addition, the group generates revenues from the sale of products and materials from the development process for further use by the respective licence holder and from the sale of finished products

to marketing partners. Revenues are recognized at the time of the transfer of risk to the respective customer.

All payments are to be made by the customer within current payment terms.

## Employee benefits

### Short-term employee benefits

Short-term employee benefit obligations are expensed as the employee performs the related work services. In cases where the Group has an obligation to pay a future amount as a result of service rendered by the employee, whether legally binding or constructive, and where the obligation can be reliably estimated, a liability is recognized for the amount expected to be paid.

### Equity-settled share-based compensation

Share-based compensation payments to employees settled by the physical delivery of shares are recognized as an expense in the amount of their fair value upon the grant date, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of granted shares for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of granted shares that meet the related service and non-market performance conditions at the vesting date. In the case of share-based payments with non-vesting conditions, the fair value of the share-based payment as of the grant date is measured to reflect such conditions, but with no subsequent true-up for differences between expected and actual outcomes. If a share-based payment involves equity-settled compensation, the vesting conditions are market-independent and the valuation is updated at each reporting date. Further explanation may be found under Note 14.

### Cash-settled share-based compensation

The fair value of amounts payable to employees under cash-settled stock appreciation rights (SARs) is recognized as an expense with a corresponding increase in liabilities, beginning with the period during which the respective employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at the settlement (payout) date based upon the fair value of the SARs. Any changes in the liability are recognized in profit or loss. Further explanation may be found under Note 14.

### Defined contribution plans

Obligations to make contributions to defined contribution plans are expensed as the employee performs the related work services. Prepaid contributions are recognized as an asset to the extent that there is a right to a refund of, or reduction in, future payments.

### Government grants

Government grants to fund the future purchase of assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and that the Group will meet the conditions attached to the grant. Once such government grant is actually used to fund the acquisition of the asset, the deferred income is then amortized over the period of the asset's useful life and recognized in profit and loss as other income. Grants which compensate the Group for expenses incurred are recognized as a reduction in expense in the period(s) in which the relevant expenses are recognized, unless the grant conditions are not met until after the related expenses have been recognized. In this case, the grant is recognized in the period during which the entitlement arises.

The Group is currently receiving grants to cover research and development expenditures incurred in connection with the development of the FYB207 project. Accordingly, the grants are recorded as a reduction in research and development expenses, and are reflected in the same way as the expenses and presented in the Consolidated Statement of Cash Flows under cash flows from operating activities.

**Finance income and finance expense**

The Group's finance income and finance expens include:

— interest income,

— interest expense,

— gains and losses of investments accounted for using the equity method,

— write-downs of financial assets valued at equity,

— foreign currency gains and losses on financial assets and financial liabilities, and

— gains and losses arising from the measurement of fair value of contingent consideration classified as a financial liability.

Interest income and expenses are recognized in profit or loss using the effective interest method.

The effective interest rate is the interest rate that exactly discounts the estimated future payments or receipts over the expected life of the financial instrument to the net book value of the financial asset, or in the case of a financial liability to the remaining amount thereof.

In calculating interest income and expense, the effective interest rate is applied to the gross book value of the asset, provided that the asset is not credit impaired, or in the case of a financial liability to the remaining amount thereof. In the case of financial assets which have become credit-impaired subsequent to initial recognition, interest income is, however, instead calculated by applying the effective interest rate to the amortized cost of the financial asset. Should the asset no longer be creditimpaired, the calculation of interest income reverts to the gross basis.

**Income tax expense**

Income tax expense consists of current tax expense and deferred tax expense. Both are recognized in profit or loss, except to the extent that they relate to a business combination or to an item recognized directly in equity or other comprehensive income (OCI). The Group has determined that interest and penalties on income taxes, as well as uncertain tax items, do not meet the definition of income tax expense, and therefore accounts for these in accordance with IAS 37.

**Current taxes**

Current tax expense is the expected tax liability or tax receivable on taxable income or tax loss for the year, based on tax rates enacted or certain to be soon enacted as of the reporting date, along with any adjustments to tax liability for prior years. The amount of the expected tax liability or tax receivable is the best estimate of the tax amount expected to be paid or received, but also reflecting any tax uncertainties. Current tax receivables and liabilities are only offset (netted) under certain specific conditions.

**Deferred taxes**

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

— temporary differences upon initial recognition of assets or liabilities in a transaction which is not a business combination and which affects neither accounting nor taxable profit or loss;

— temporary differences related to investments in subsidiaries, associates and joint ventures where the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

— taxable temporary differences arising upon initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible

temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities resulting from the application of IFRS 16 “Leases” are offset (netted). All other deferred tax assets and deferred tax liabilities are only offset under certain specific conditions.

**Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out (FIFO) method of allocation. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## Property, plant and equipment

**Recognition and measurement**

Property, plant and equipment are measured at cost, including any capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Should significant components thereof have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

**Subsequent costs of acquisition or production**

Subsequent expenditures are only capitalized if it is probable that the Group will derive additional future economic benefits resulting from the expenditure.

**Depreciation**

Depreciation is calculated to fully depreciate the cost of an item of property, plant and equipment less its estimated residual value on a straight-line basis over its estimated useful life. Depreciation is generally recognized in profit or loss.

The estimated useful lives of significant items of property, plant and equipment, for both the current period and prior-year period, are:

— Leasehold improvements: The useful life specific to the asset, not to exceed the remaining term of the underlying lease at the time of the leasehold improvement: 5-10 years

— Laboratory furnishings and equipment: 7-15 years

— Office furnishings and equipment: 5-10 years

Depreciation methods, useful lives and residual values are reviewed on each reporting date and adjusted as necessary.

## Goodwill and other intangible assets

**Recognition and measurement**

**Goodwill**
Goodwill arising from business combinations is measured at cost less any accumulated impairment losses.

**Research and development**
Research expenditures are recognized in profit or loss as incurred. Development expenditures are only capitalized provided that the expenditure can be measured reliably, that the product or process is technically and commercially feasible, that future economic benefits are probable, and that the Group both intends and has sufficient resources to complete development and to utilize or sell the asset. Any development expenditures not meeting these criteria are recognized in profit or loss as incurred. Capitalized development expenses are valued at acquisition or production cost less accumulated amortization and any accumulated impairment losses.

Formycon develops biopharmaceuticals, in particular biosimilars, with the aim of converting biosimilar candidates into development and marketing partnerships upon attainment of certain defined milestones. Formycon currently has seven projects under active development. For each individual development project, an assessment is made as to whether the criteria for recognition of an internally generated intangible asset have been met.

While innovative drug development projects in phase 3 clinical trials often suffer failures or significant setbacks, the probability of success of a biosimilar candidate in phase 3 clinical comparability trials is significantly higher. Because the efficacy of the originator (reference) biopharmaceutical has already been scientifically proven and recognized by the authorities, and because biosimilar development focuses on various tests and studies to demonstrate biological similarity to the reference drug already prior to phase 3 clinical testing, one may reasonably conclude, predicated on this already demonstrated similarity, that the likelihood of successfully completing the remaining development of a biosimilar that will bring future economic benefits is very high. It should be noted that more than 95% of biosimilar candidates entering phase 3 clinical trials are, upon completion thereof, proved similar to the reference drug. It is also notable that 78% of biosimilars entering phase 1 clinical trials are ultimately licensed upon completion of development work.

The main activities which Formycon undertakes to develop a biosimilar candidate may be broadly divided into the following six development steps:

— Market research: assessment of market situation, identification of possible drug targets, project planning

— Initial analysis: development of the analytical method panel, characterization of reference molecule, definition of quality target, commencement of cell line development

— Development phase: cell line development, biosimilar manufacturing process development

— Preclinical testing: in vivo studies generally not necessary, but comprehensive physiochemical and bioanalytical testing leading to technical proof of similarity (TPoS)

— Phase I clinical trials: testing on healthy volunteers to demonstrate biological similarity to the reference product

— Phase III clinical trials: study to demonstrate the similarity of the biosimilar to the reference product in patients (similar efficacy, safety and immunogenicity)

TPoS is generally the point following completion of pre-clinical testing at which Formycon is able to demonstrate, based on the results thereof, that the asset resulting from the development fulfills the criteria of IAS 38.57 and thus that all subsequent development expenditures may be deemed part of the cost of generating the asset and capitalized accordingly. Each project is, however, individually assessed as to whether the criteria have been met.

The costs to be allocated are determined as costs directly attributable to development; because the assets are qualifying assets within the meaning of IAS 23, these costs also include related borrowing costs. The capitalization of development expenditures is terminated upon regulatory approval, except for subsequent development expenditures which generate an additional economic benefit with respect to the related asset.

**Other intangible assets**
Other intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

**Subsequent expenditures**

Subsequent expenditures relating to goodwill and intangible assets are capitalized only to the extent that they generate an additional economic benefit with respect to the related asset. All other expenditures, including expenses for internally generated goodwill and brand names, are recognized in profit or loss as incurred.

**Amortization**

Intangible assets are amortized on a straight-line basis over the respective estimated useful life. The amortization begins from the day the respective assets are first used, or in the case of development projects, from the day of initial regulatory approval of the drug in question. The amortization is generally recognized in profit or loss. Other than through impairment, goodwill is not amortized.

The estimated useful lives are:

— Patents and trademarks: based on the term of the corresponding legal protection: 5-10 years

— Capitalized development costs both acquired and internally developed: up to 18 years

Amortization methods, useful lives and residual values are reviewed on each reporting date and adjusted as necessary.

## Financial instruments

**Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognized from the date they arise or are issued. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual terms of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL (i.e. fair value with changes in value through profit or loss), transaction costs directly attributable to its acquisition or issue. Trade receivables without a significant financing component are initially recognized at the transaction price.

**Classification and subsequent measurement**

**Financial assets**

Upon initial recognition, a financial asset is classified and measured as:

— an instrument at amortized cost

— an FVOCI debt instrument (investment in a debt instrument measured at fair value with changes through other comprehensive income)

— an FVOCI equity investment (equity investment measured at fair value with changes through other comprehensive income)

— an FVTPL instrument (at fair value with changes through profit or loss)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as an FVTPL instrument:

— It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

— The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is classified as an FVOCI instrument if it meets both of the following conditions and is not designated as an FVTPL instrument:

— It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

— Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value of the investment in OCI. This election is made individually for each investment.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. Upon initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as an FVTPL instrument if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets:**
**Business model assessment**
The Group makes its assessment of the objective of the business model in which a financial asset is held through an assessment of each individual portfolio. The information considered includes:

— the stated objectives for the investment, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows, or realizing cash flows through the sale of the assets;

— how performance results are evaluated and reported to the Group's management;

— the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

— how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

— the frequency, volume and timing of sales of financial assets in prior periods and expectations about future sales activity.

**Financial liabilities: Classification, subsequent measurement, and gains and losses**

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, is a derivative, or is designated as such upon initial recognition.

Financial liabilities at FVTPL are measured at fair value, with net gains and/or losses, including interest expense, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign currency translation differences are recognized in profit or loss. Any gain or loss upon derecognition is also recognized in profit or loss.

With the exception of the obligation to pay contingent consideration under the Athos transaction, all of the Group's financial liabilities are measured at amortized cost.

**Derecognition**

**Financial assets**
The Group derecognizes a financial asset when its contractual right to receive cash flows from the financial asset expires, or when it transfers its right to receive contractual cash flows in a transaction in which either the Group transfers substantially all of the risks and rewards associated with ownership of the financial asset are transferred, or when the Group, although neither transferring nor retaining substantially all the risks and rewards of ownership, does not retain control of the financial asset.

**Financial liabilities**
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its contractual terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

**Subscribed capital**

Costs directly attributable to the issuance of common shares are recorded as a deduction from equity. Income tax effects relating to the transaction costs of an equity measure are recognized directly in equity in accordance with IAS 12.

## Asset impairment

**Financial assets (excluding derivatives)**

**Financial instruments and contract assets**
The Group recognizes loss allowances for expected credit losses (ECLs) on:

— financial assets measured at amortized cost, and

— contract assets.

The Group also recognizes loss allowances for ECLs on other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

— debt securities that are determined to have low credit risk at the reporting date, and

— other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition

In the case of trade receivables and contract assets, valuation allowances reflect the amount of the expected credit loss over the term.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Group considers reasonable and reliable information which is both relevant and available, including quantitative as well as qualitative information. In addition to well-founded estimates based on analysis, including forward-looking assessments, the Group also considers its own past experience. Should a financial asset be overdue by more than 30 days, the Group assumes that its credit risk has increased significantly. Due to the company's customer structure and contractually agreed payment terms, there have to date been no such delays.

Due to the small number of contract counterparties, the Group assesses each of these with whom there

is significant contract exposure through an assessment of each individual portfolio. In each existing case, the Group has assessed the risk of default as extremely low. Thus, subject to materiality considerations, no value adjustments are currently recognized.

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

— the financial asset is more than 180 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be an S&P rating of BBB or higher. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

**Non-financial assets**

The book value of the Group's non-financial assets, other than inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. Should this be the case, an estimate is made of the asset's recoverable amount. Goodwill and intangible assets with an indefinite useful life as well as unfinished internally generated intangible assets (capitalized development costs) are tested annually for impairment.

In testing for impairment, assets are grouped into the smallest groupings of assets that generate cash inflows from continued use that are as independent as possible of cash inflows from other assets or cash-generating units (CGUs). Goodwill acquired in a business combination is allocated to the CGU(s), or group(s) of CGUs, expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less disposal costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and of the risks specific to the asset or CGU.

Should the book value of an asset or CGU exceed this recoverable amount, an impairment loss is recognized.

Impairment losses are included in profit or loss. Impairment losses recognized in respect of CGUs are first allocated to any goodwill allocated to the CGU, then allocated to the book values of the other assets of the CGU (or group of CGUs) on a pro rata basis. Each development project generally corresponds to its own CGU.

Any impairment of goodwill, once recognized, is not reversed. In the case of other (non-goodwill) assets, an impairment loss may only be reversed to the extent that the book of the asset does not exceed the book value, net of depreciation and amortization, which would exist had no impairment loss been recognized.

**Leases**

The Group enters into lease contracts solely as a lessee. Upon entry into a contract, the Group first assesses whether the contract constitutes a lease or contains a lease component. This is deemed to be the case when the contract entitles the holder to control the use of an identified asset for a period of time in exchange for payment of a fee.

Upon commencement of a lease (or contract containing a lease component), or when a lease (or

contract containing a lease component) is modified, the Group allocates the contractual consideration pro rata based on the stand-alone selling prices of the leased assets.

Upon commencement of the lease, the Group recognizes a right-of-use (RoU) asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term, or unless the cost of the right-of-use asset suggests that the Group will exercise a purchase option. In either of these cases, the right-of-use asset is instead depreciated over the useful life of the underlying asset, which is determined on the same basis as in the case of comparable owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. If the lease includes extension options and it is likely that these will be used, these are assumed in the lease term.

The lease liability is initially measured at the present value of the lease payments that are not already paid as of the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate (which is, in fact, the relevant discount rate usually used by the Group).

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes adjustments as necessary to reflect the individual lease term and type of asset leased.

Lease payments included in the measurement of the lease liability may include:

— fixed payments, including de facto fixed payments;

— variable lease payments that depend upon a benchmark index or rate, initially set according to the index or rate on the commencement date;

— amounts expected to be payable under a residual value guarantee; and/or

— the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional lease extension period if the Group is reasonably certain to exercise the lease extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; if the Group changes its assessment of whether it will exercise a purchase, extension or termination option; or if there is a change in the amount of a de facto fixed lease payment.

Should the lease liability be remeasured in this way, a corresponding adjustment is made to the book value of the right-of-use asset, or if the book value of the right-of-use asset has been reduced to zero, it is recognized in profit or loss.

**Short-term leases and leases of low-value assets**

The Group has elected not to recognize right-of-use assets and corresponding lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an

expense on a straight-line basis over the lease term.

**Operating profit/loss (EBIT)**

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

**Measurement of fair value**

Fair value is the price at which an asset would, as of the measurement date, be sold, or a liability transferred, in an orderly transaction on the relevant principal market or, if none exists, in the most advantageous market to which the Group has access at that time. The fair value of a liability reflects the risk of non-performance (credit risk).

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Where a quoted price in an active market is available, the Group determines the fair value of a financial instrument on the basis thereof. A market is considered active when transactions for the relevant asset or liability occur and are reported with sufficient frequency and volume to provide market price information on an ongoing basis.

If there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all factors which market participants would normally consider when pricing the asset or liability.

| Segments 2024 in € thousand | | | | |
|---|---|---|---|---|
| | **FYB201** | **FYB202** | **FYB203** | **FYB206** |
| External revenue | 17,293 | 34,683 | 17,676 | - |
| **Segment revenue** | **17,293** | **34,683** | **17,676** | **-** |
| Segment profit (loss) | - 5,245 | - 109,093 | - 3,237 | - |
| Finance income | 5,062 | 16,026 | - | - |
| Finance expense | - | - | - | - |
| Impairments | - | - 129,253 | - | - |
| Income from investment participations at equity | - 15,174 | - | - | - |
| | | | | |
| Allocated costs (cost of sales, research and development expenses, administrative expenses) | - 12,098 | - 22,191 | - 20,372 | - |
| Other expenses (selling expenses, miscellaneous) | - | - | - | - |
| Depreciation and amortization | - 328 | - 8,358 | - 541 | - |
| Income taxes | - | - | - | - |
| | | | | |
| **Assets** | | | | |
| Investment accounted for using the equity method | 151,870 | - | - | - |
| Additions to non-current assets | 12,087 | - | - | 28,385 |

| Segments 2023 in € thousand | | | | |
|---|---|---|---|---|
| | **FYB201** | **FYB202** | **FYB203** | **FYB206** |
| External revenue | 14,885 | 37,356 | 25,456 | - |
| **Segment revenue** | **14,885** | **37,356** | **25,456** | **-** |
| Segment profit (loss) | -16,038 | 12,502 | -1,672 | - |
| Finance income | - | - | - | - |
| Finance expense | - | - | - | - |
| Income from investment participations at equity | -19,362 | - | - | - |
| | | | | |
| Allocated costs (cost of sales, research and development expenses, administrative expenses) | -11,275 | -24,185 | -26,456 | - |
| Other expenses (selling expenses, miscellaneous) | - | - | - | - |
| Depreciation and amortization | -286 | -668 | -672 | - |
| Income taxes | - | - | - | - |
| | | | | |
| **Assets** | | | | |
| Investment accounted for using the equity method | 167,044 | - | - | - |
| Additions to non-current assets | 14,111 | 3,717 | - | 16,073 |

| FYB207 | FYB208 | FYB209 | Total for reportable operating segments | Remaining amount | Formycon Group |
|---|---|---|---|---|---|
| - | - | - | 69,652 | 22 | 69,674 |
| **-** | **-** | **-** | **69,652** | **22** | **69,674** |
| - | - 12,182 | - 9,580 | -139,338 | 13,666 | -125,672 |
| - | - | - | 21,088 | 3,689 | 24,777 |
| - | - | - | - | - 1,060 | -1,060 |
| - | - | - | -129,253 | - | -129,253 |
| - | - | - | -15,174 | - | -15,174 |
| - | - 11,858 | - 9,325 | -75,844 | - 5,776 | -81,620 |
| - | - | - | - | - 1,791 | -1,791 |
| - | - 324 | - 255 | -9,807 | - | -9,807 |
| - | - | - | - | 18,582 | 18,582 |
| - | - | - | 151,870 | - | 151,870 |
| - | - | - | 40,472 | 6,686 | 47,158 |

| FYB207 | FYB208 | FYB209 | Total for reportable operating segments | Remaining amount | Formycon Group |
|---|---|---|---|---|---|
| - | - | - | 77,696 | - | 77,696 |
| **-** | **-** | **-** | **77,696** | **-** | **77,696** |
| -2,920 | -3,431 | -4,175 | -15,733 | 91,528 | 75,795 |
| - | - | - | - | 102,210 | 102,210 |
| - | - | - | - | -3,409 | -3,409 |
| - | - | - | -19,362 | - | -19,362 |
| -2,847 | -3,346 | -4,072 | -72,181 | -2,768 | -74,949 |
| - | - | - | - | -1,229 | -1,229 |
| -72 | -85 | -103 | -1,887 | - | -1,887 |
| - | - | - | - | -3,275 | -3,275 |
| - | - | - | 167,044 | - | 167,044 |
| - | - | - | 33,902 | 1,406 | 35,307 |

## 7. Operating segments

**Basis for segmentation**

The Group's segments are defined on the basis of the so-called "management approach" as required by IFRS 8 ("Operating Segments"). Accordingly, the segments are determined, and the disclosures for each segment made, based on the criteria that the key decision makers use internally for allocating resources and assessing the profitability of the Group's components. At Formycon, the key decision maker is the Management Board, which allocates resources and evaluates segment performance on the basis of the management reports submitted to it. The following segment reporting was prepared in accordance with this definition. In evaluating the performance of the Group's business segments, the Management Board relies upon operating profit/loss as the primary measure of profitability.

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

The business activity of all segments is biopharmaceutical development. In all cases, the products involved are biosimilars, meaning that the operating activities within the segments do not differ significantly. For the purposes of internal reporting, almost all of the Group's costs are allocated to the individual projects.

Income and expenses that cannot be assigned to a specific operating segment are substantially the result of the fair value measurement of the contingent purchase price payment obligations. The income from investment participations at equity allocated to the FYB201 segment includes, in addition to Formycon's share earnings from jointly controlled Bioeq AG, the loss resulting from write-down of the investment participation (see Note 19).

The Group's business activities take place exclusively within Germany. During the fiscal year almost all and in the preceding fiscal year, all revenues were generated from Athos Group companies (FYB203 operating segment revenue), from Bioeq AG, which is under joint control (FYB201 operating segment revenue, see Note 26), and from Fresenius Kabi (FYB202 operating segment revenue during the fiscal year) as marketing partner for the FYB202 project. Thus, almost all revenue for the fiscal year was generated from three major customers.

## 8. Revenue

**Revenue streams**

During the period, Formycon generated revenue by providing development services to the respective development partners for its partnered development projects FYB201, FYB202 and FYB203. These costs include not only product development costs but also costs incurred for the management of clinical studies. In addition, with the market launch of FYB201 in the UK and shortly thereafter in the EU and the USA, Formycon began generating revenue through license income from the granting of exclusive marketing rights to Bioeq AG. Such license revenues are recognized only from the point at which they can be reliably determined. During the fiscal year, a total of € 7.104 thousand (2023: € 4.159 thousand) was recognized as license revenue from FYB201.

**Geographical breakdown of revenue in € thousand**

| Region | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| Germany | 17,594 | 25,456 |
| Switzerland | 52,080 | 52,240 |
| **Total** | **69,674** | **77,696** |

### Geographical breakdown of revenue

During the period, and based upon customer domicile, the Group's revenues were generated entirely in Germany and Switzerland as shown above.

The FYB203 segment revenue corresponds to revenue generated in Germany during fiscal year.

### Contract receivables and contract assets

Assets arising from contracts with customers are included as both trade receivables and contract assets. As of the reporting date, such receivables from customers were € 18,497 thousand (Dec. 31, 2023: € 6,757 thousand), while receivables from services not yet invoiced and separately reported as contract assets were € 7,016 thousand (Dec. 31, 2023: € 16,561 thousand). The decrease in contract assets in the amount of € 9,544 thousand was mainly attributable to services that were already provided in the previous year under the agreement for the further development and marketing of FYB202 but had not yet been invoiced to the customer and were invoiced in the past financial year. The contract balances were mostly attributable to additional development services for FYB201 and FYB203 which had not yet been invoiced at year end. There were no contract liabilities.

**Cost of sales in € thousand**

| | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| Cost of materials | -2,262 | -3,410 |
| Contract research expenses | -29,739 | -33,820 |
| Staff expenses | -11,440 | -11,915 |
| Amortization FYB202 | -7,579 | - |
| Depreciation, amortization and write-downs | -327 | -397 |
| Regulatory approval fees | -1,884 | -3,744 |
| Other expenses | -1,609 | -1,105 |
| **Total** | **-54,840** | **-54,391** |

## 9. Cost of sales

Cost of sales includes all costs directly related to generated revenue and thus all costs that can be allocated to the Group's partnered projects. Starting from February 1, 2023, with the conclusion of the marketing agreement with Fresenius Kabi and the associated realization of revenue from performancerelated payments using the cost-to-cost method, all further development costs were recorded as cost of sales. With the approval of the FYB202 project end of September 2024, the scheduled amortization of the development costs capitalized up to this point began. Cost of sales during the fiscal year consisted primarily the above cost types.

The regulatory approval fees are fees for the applications to the U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) for the approval of FYB201, FYB202 and FYB203.

## 10. Research and development expenses

Research and development expenses include all such costs attributable to the Group's non-partnered projects. Research and development expenses in the financial year were essentially made up as follows: see right-hand side.

## 11. Other operating income and other operating expenses

Other operating income consists mainly of income from other periods.

Selling and administrative expenses and other expenses are essentially composed as shown below.

**Research and development expenses in € thousand**

| | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| Cost of materials | -726 | -391 |
| Contract research expenses | -8,887 | -8,038 |
| Staff expenses | -5,431 | -2,977 |
| Depreciation, amortization and write-downs | -254 | -153 |
| Grants received | - | 2,914 |
| Other expenses | -1,205 | -519 |
| **Total** | **-16,503** | **-9,163** |

**Other operating expenses in € thousand**

| | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| Staff expenses | -9,565 | -7,485 |
| Marketing expenses | -959 | -608 |
| Legal and advisory expenses | -6,018 | -3,304 |
| IT expenses | -1,926 | -813 |
| Depreciation, amortization and write-downs | -1,311 | -1,130 |
| Other expenses | -2,174 | -1,173 |
| **Total** | **-21,953** | **-14,513** |

**Net finance income in € thousand**

| | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| Investment gain from Bioeq AG | 12,087 | 11,811 |
| Impairment of investment in Bioeq AG | -27,261 | -31,173 |
| | | |
| Income from investments accounted for using the equity method | -15,174 | -19,362 |
| | | |
| Realized and unrealized gains from foreign currency translation | 94 | 73 |
| Interest income per effective interest method | 3,595 | 2,816 |
| Change in fair value conditional purchase prices | 21,088 | 99,321 |
| | - | - |
| **Finance income** | **24,777** | **102,210** |
| | - | - |
| Bank fees | -18 | -15 |
| Realized and unrealized losses from foreign currency translation | -31 | -165 |
| Interest expense from lease liabilities | -269 | -80 |
| Interest expense per effective interest method | -820 | 1 |
| Change in fair value of FYB202 conditional purchase price | -0 | -2,703 |
| | - | - |
| Finance expense | -1,137 | -2,962 |
| | - | - |
| Change in Impairments based on the expected credit loss model | 78 | -447 |
| | | |
| **Net finance income** | **8,543** | **79,439** |

**Earnings per share**

| | Outstanding common shares | Exercisable stock options | Diluted number of common shares |
|---|---|---|---|
| Jan. 1, 2023 | 15,128,775 | 128,725 | 15,257,500 |
| Feb. 3, 2023 | 16,038,775 | 128,725 | 16,167,500 |
| Sep. 20, 2023 | 16,048,225 | 146,775 | 16,195,000 |
| Nov. 20, 2023 | 16,053,025 | 141,975 | 16,195,000 |
| **Year average Dec. 31, 2023** | **15,915,789** | **-** | **16,048,616** |
| | | | |
| Jan. 1, 2024 | 16,053,025 | 141,975 | 16,195,000 |
| Feb. 8, 2024 | 17,656,902 | 141,975 | 17,798,877 |
| Sep. 24, 2024 | 17,662,127 | 136,750 | 17,798,877 |
| Oct. 15, 2024 | 17,664,427 | 134,450 | 17,798,877 |
| Dec. 15, 2024 | 17,664,427 | 167,950 | 17,832,377 |
| **Year average Dec. 31, 2024** | **17,491,811** | **-** | **17,633,367** |

## 12. Net finance income

The Group's net finance income during the reporting period were as shown on the left.

The impairment is based on the expected credit loss model and primarily the result of value adjustments to loans to companies under joint control (see Note 19). The remainder is attributable to the other current financial assets.

## 13. Earnings per share

Basic earnings per share are calculated by dividing after-tax earnings attributable to the shares by the number of Formycon common shares outstanding and therefore participating in earnings. Diluted earnings per share are calculated by adding shares which could in the future be issued through the exercise of stock options. The addition of these exercisable but not yet unexercised options results in a dilution in the number of common shares outstanding as shown above.

| Share options issued and outstanding | | | | |
|---|---|---|---|---|
| | Stock Option Plan 2015 | Stock Option Plan 2020 | Weighted Average option price | LTIP |
| **as of Jan. 1, 2023** | **217,225** | **204,000** | **€ 49.06** | **-** |
| Share options granted - May 2023 | - | 25,000 | € 78.90 | - |
| Shares subscribed - August 2023 | -9,750 | - | € 36.46 | - |
| Shares subscribed - September 2023 | -4,500 | - | € 22.70 | - |
| Share options granted - October 2023 | - | 2,000 | € 67.74 | - |
| Share options granted - December 2023 | - | 1,000 | € 63.94 | - |
| **as of Dec. 31, 2023/Jan. 1, 2024** | **202,975** | **232,000** | **€ 51.45** | **-** |
| Share options granted - May 2024 | | - | | - |
| Share options expired - May 2024 | | - | | - |
| Share options expired - July 2024 | - | -2,000 | € 58.61 | - |
| Shares subscribed - July 2024 | -5,225 | - | € 35.46 | - |
| Shares subscribed - August 2024 | -2,300 | | € 34.59 | |
| Share options granted - December 2024 | | - | | 22,740 |
| **as of Dec. 31, 2024** | **195,450** | **230,000** | **€ 51.70** | **22,740** |

**Stock Option Plan**

| Stock Option Plan | Tranche | Grant date | Vesting date | Expiry date | Expected exercise date |
|---|---|---|---|---|---|
| **2015** | **1** | July 16, 2015 | July 16, 2019 | July 15, 2025 | Nov. 15, 2020 |
| **2015** | **2** | June 28, 2016 | June 28, 2020 | June 27, 2026 | Oct. 29, 2021 |
| **2015** | **3** | Oct. 4, 2016 | Oct. 4, 2020 | Oct. 3, 2026 | Feb. 4, 2022 |
| **2015 (amended)** | **4** | July 3, 2017 | July 3, 2021 | July 2, 2027 | Nov. 3, 2022 |
| **2015 (amended)** | **5** | Feb. 28, 2018 | Feb. 28, 2022 | Feb. 27, 2028 | July 1, 2023 |
| **2015 (amended)** | **6** | Apr. 1, 2018 | Apr. 1, 2022 | Mar. 31, 2028 | Aug. 2, 2023 |
| **2015 (amended)** | **7** | July 1, 2018 | July 1, 2022 | June 30, 2028 | Nov. 1, 2023 |
| **2015 (amended)** | **8** | July 10, 2019 | July 10, 2023 | July 9, 2029 | Nov. 9, 2024 |
| **2020** | **1** | Dec. 16, 2020 | Dec. 16, 2024 | Dec. 15, 2030 | Apr. 18, 2026 |
| **2020** | **2** | Oct. 19, 2021 | Oct. 19, 2025 | Oct. 18, 2031 | Feb. 19, 2027 |
| **2020** | **3** | Dec. 9, 2021 | Dec. 9, 2025 | Dec. 8, 2031 | Apr. 11, 2027 |
| **2020** | **4** | Aug. 1, 2022 | Aug. 1, 2026 | July 31, 2032 | Feb. 11, 2028 |
| **2020** | **5** | May 12, 2023 | May 12, 2027 | May 11, 2033 | Oct. 13, 2028 |
| **2020** | **6** | Oct. 1, 2023 | Oct. 1, 2027 | Sep. 30, 2033 | Oct. 12, 2029 |
| **2020** | **7** | Dec. 1, 2023 | Dec. 1, 2027 | Nov. 30, 2033 | Oct. 15, 2029 |

## 14. Share-based compensation arrangements

### Description of share-based compensation arrangements

On July 1, 2015, the Group introduced, and subsequently amended on April 27, 2017, and introduced again on December 10, 2020, stock option plans which enable eligible staff (including members of the Management Board) to purchase shares in the Company. Under these two stock option plans, the holders of options granted thereunder have the right, once the options are exercisable, to purchase shares at a subscription price set on the option grant date. Currently, these programs are limited to Management Board members and other eligible employees. The key contractual terms of the stock option plans are as follows: all options are to be settled through subscription and physical delivery of newly issued shares. Under both of the plans, the conditions for exercise of the options are that the relevant beneficiary must have remained in the Group for a period of four years following the grant date and that the stock market price must be at least 10% above the subscription price set at the time of the grant. The subscription price is determined as the average of closing prices of Formycon AG shares in Xetra trading during the 60 days before the option grant. In both plans, the options have a term of ten years.

Conditional capital for the issuance of up to 715,260 options (Stock Option Plan 2015) and up to 724,000 options (Stock Option Plan 2020) was established by resolutions of the Annual General Meeting. The number of options issued and outstanding during the reporting period and during the comparable prior-year period was as follows.

In measuring the fair values as of the grant date for reporting these share-based compensation arrangements (stock options with subscription and physical delivery of new shares upon exercise), the following valuation parameters were used:

| Expected term | Interest rate | Market price at grant date | Subscription price | Minimum price | Market value of options |
|---|---|---|---|---|---|
| 5.63 | 0.07 % | 27.10 | 26.29 | 29.36 | 8.4058 |
| 5.63 | -0.17 % | 17.51 | 20.70 | 22.70 | 4.7053 |
| 5.63 | -0.56 % | 19.90 | 19.46 | 21.42 | 7.0826 |
| 5.63 | -0.42 % | 34.32 | 33.29 | 36.16 | 11.1178 |
| 5.63 | -0.10 % | 33.10 | 31.73 | 34.95 | 11.1551 |
| 5.63 | -0.04 % | 32.20 | 31.74 | 35.04 | 10.6511 |
| 5.63 | -0.11 % | 35.00 | 36.07 | 39.33 | 10.3722 |
| 5.63 | -0.33 % | 30.40 | 32.83 | 36.04 | 8.0761 |
| 5.38 | -0.78 % | 58.40 | 47.57 | 38.32 | 22.2827 |
| 5.34 | -0.68 % | 53.30 | 51.72 | 57.71 | 18.1448 |
| 5.34 | -0.58 % | 53.60 | 49.78 | 55.00 | 18.9723 |
| 5.53 | 0.93 % | 83.00 | 75.12 | 82.06 | 32.6618 |
| 5.53 | 2.38 % | 78.60 | 71.04 | 78.90 | 39.3118 |
| 6.03 | 2.53 % | 58.30 | 61.34 | 67.74 | 27.7102 |
| 6.03 | 2.54 % | 67.20 | 56.51 | 63.94 | 35.8599 |

**Key terms and parameters for SARs (phantom stock plan)**

| | |
|---|---|
| Waiting period in years | 4.00 |
| Contractual term in years | 10.00 |
| Expected term | 6.35 |
| Valuation date | 31.12.2024 |
| Vesting date | 11.12.2027 |
| Expiry date | 10.12.2033 |
| Expected exercise date | 15.10.2029 |
| Market price at valuation date | 50.28 € |
| Subscription price | 58.08 € |
| Minimum price | 55.31 € |
| Historical volatility | 51.16 % |
| Expected dividend yield | 0.00 % |
| Market value per option as of Dec. 31,2024 | 17.17 € |

For both plans, a share price volatility of between 0.35% and 0.43% was assumed based on historical data, along with beneficiary reduction (staff turnover) of approx. 3% and zero dividends. The outstanding stock options have a weighted average remaining term of 0.33 years.

During fiscal year 2024, the total current expense for share-based compensation payments under these stock option plans was € 1,565 thousand (2023: € 1,624 thousand). As of December 31, 2024, the impact of these share-based payments on the capital reserve account was € 8,074 thousand (Dec. 31, 2023: € 6,509 thousand).

In addition to the above two share-settled stock option plans, a cash-settled phantom stock plan was approved by the Supervisory Board during the fiscal year 2023, under which members of the Management Board and certain other employees were granted stock appreciation rights (SARs) to shares in Formycon AG, i.e. subscription rights to phantom shares which are never actually issued. Each SAR entitles the holder to receive a cash payment equal to the difference between the share market price upon the actual exercise date and the subscription price determined at granting. The term of the SARs is ten years from the grant date, subject to a four-year vesting period. The current share market price for purposes determining the share price appreciation is determined as the average unweighted closing price of Formycon shares in Xetra trading (or a comparable successor trading system) during the 60 trading days preceding the actual exercise date, with the right to payout upon exercise subject to a minimum 10% share price appreciation.

During the fiscal year no new phantom shares were issued (Dec. 31, 2023: 109,250) and 500 phantom subscription rights have expired (Dec. 31, 2023: -). Based upon the the waiting period, € 448 thousand (Dec. 31, 2023: € 44 thousand) have been recorded as an expense. Because this is a cash-settled share-based compensation arrangement, a corresponding liability has been recognized and included under other long-term liabilities.

In the financial year 2024, a Long-Term Incentive Plan (LTIP) was set up for members of the Management Board and other employees in order to align the interests of shareholders and Management Board members, to strengthen the loyalty of Management Board members and other employees and to promote their participation in the company's future success. The plan provides for the allocation of performance share units (PSUs), the number of which is based on the fixed salary of the beneficiaries (allocation amount). The final number of PSUs to be issued after the four-year vesting period is determined by multiplying the allocated number by a performance factor. The performance factor is based on the fulfillment of predefined performance conditions, which include the following criteria: an EBITDA target, an ESG target, an innovation target and a strategic growth target. The performance factor is capped at 200%, and the total value of the

issue cannot exceed 400% of the fixed salary. During the financial year, 22,740 PSUs were issued and, taking into account the waiting period, € 109 thousand (Dec. 31, 2023: -) was recorded as an expense. As this is a compensation program settled in equity instruments, a corresponding capital reserve is recorded.

**Key terms and parameters for LTI**

| | |
|---|---|
| Waiting period in years | 4.00 |
| Contractual term in years | 4.00 |
| Expected term | 4.00 |
| Grant date | 04.12.2024 |
| Vesting date | 30.09.2028 |
| Expected exercise date | 30.09.2028 |
| Market price at grant date | 48.29 € |
| Historical volatility | 46.28 % |
| Expected dividend yield | 0.00 % |
| Market value per option | 48.21 € |

## 15. Income tax expense

### Taxes recognized in profit or loss

Current, deferred and total income tax expenses (income) during the reporting period were as shown below:

Deferred tax assets on tax loss carryforwards are written down to the extent that the Group cannot demonstrate that future taxable profits will be sufficient to utilize the loss carryforwards.

**Income tax expense in € thousand**

| | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| Current tax expense | 2,062 | -8 |
| | | |
| Deferred tax expense / income | | |
| from valuation at equity | 430 | -258 |
| from differing asset valuations | 43 | -4 |
| from capitalization of certain leases as right-of-use (ROU) assets and corresponding liabilities from lease obligations | -49 | -36 |
| from accounting for cash-settled share-based compensation arrangements | -115 | -12 |
| from capitalization of certain internally generated intangible assets | -20,860 | 8,664 |
| Other | 251 | -110 |
| from deferred taxes on tax loss carry-forwards | -344 | -4,962 |
| | | |
| **Total tax expense** | **-18,582** | **3,275** |

**Deferred tax assets and deferred tax liabilities in € thousand**

| | Dec. 31, 2024 | | Dec. 31, 2023 | |
|---|---|---|---|---|
| | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities |
| Valuation of participation in affiliate | - | | 431 | |
| Valuation of non-current assets | | 134 | | 91 |
| Right-of-use (ROU) assets and corresponding leasing obligations | 123 | | 74 | |
| Arising from capitalized assets in course of a business combination | | 96,517 | | 119,116 |
| Capitalization of internally generated intangible assets | | 17,539 | | 15,801 |
| Other | 226 | 241 | 198 | 76 |
| Tax loss carryforwards - Formycon AG corporate tax (Körperschaftssteuer) | 6,062 | | 3,345 | |
| Tax loss carryforwards - Formycon AG trade tax (Gewerbesteuer) | 4,074 | | 2,257 | |
| Tax loss carryforwards - FYB202 Project GmbH | 1,790 | | 5,980 | |
| Offset (netting) of deferred tax assets and liabilities | -12,275 | -12,275 | -12,284 | -12,284 |
| **Total** | - | **102,156** | **-** | **122,800** |

**Reconciliation of expected income tax expense in € thousand**

| | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| Profit before tax | -144,253 | 79,070 |
| Tax rate | 26.68% | 26.68% |
| **Expected income tax expense** | **-38,487** | **21,096** |
| Tax-free income an from the valuation of financial instruments | -5,626 | -20,454 |
| Non-taxable expense | 12,329 | |
| Taxes for prior years | 39 | -121 |
| Other | 59 | -221 |
| Non-recognition of deferred tax assets on tax losses | 13,104 | 3,022 |
| **Total tax expense** | **-18,582** | **3,275** |

**EBITDA and adjusted EBITDA in € thousand**

| | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| EBIT | -23,543 | -369 |
| Depreciation of property, plant and equipment | 732 | 564 |
| Depreciation of right-of-use (ROU) assets | 1,262 | 1,122 |
| Amortization of intangible assets | 7,813 | 201 |
| **EBITDA** | **-13,736** | **1,518** |
| | | |
| At-Equity Result Bioeq AG | 12,087 | 11,811 |
| **adjusted EBITDA** | **-1,649** | **13,329** |

## 16. EBITDA and Adjusted EBITDA

The Management Board additionally presents earnings before finance income/expenses, taxes, depreciation and amortization (EBITDA) in this section of the Financial Statements because it relies upon consolidated EBITDA as well as Adjusted EBITDA as key performance measures in managing the Group and believes that this measure is relevant to an understanding of the Group's financial performance. EBITDA is derived and calculated from reported operating income (EBIT).

Adjusted EBITDA additionally includes the contribution from Formycon's jointly controlled investment accounted for using the equity method Bioeq AG. While EBITDA is not a defined performance measure under cost of sales method, the Group's definition of EBITDA is consistent with usual definitions.

EBITDA and Adjusted EBITDA for the reporting period are derived and calculated as shown above.

## 17. Property, plant and equipment (PP&E) and right-of-use (ROU) assets

### Right-of-use (ROU) assets

Capitalized right-of-use (ROU) assets include rights to use leased space for the Company's headquarters, technical equipment and machinery, and vehicles leased for employee use. During the fiscal year, the Company's leased headquarters space was expanded again and the corresponding lease term extended until 2034 (five years fixed plus five years optional). An exercise of the lease extension option is assumed in the lease term because the Company believes it likely that the option will be exercised.

**Property, plant and equipment (PP&E) and right-of-use (ROU) assets: Reconciliation of book value in € thousand**

| **2023** | **Right-of-use (ROU) assets** | Leaseholds | Leased technical equipment and machinery |
|---|---|---|---|
| Cost of acquisition as of Jan. 1, 2023 | **11,821** | 9,719 | 1,856 |
| Additions | **1,506** | 683 | 705 |
| Disposals | **-125** | - | - |
| Cost of acquisition as of Dec. 31, 2023 | **13,202** | 10,402 | 2,561 |
| | | | |
| Accumulated depreciation as of Jan. 1, 2023 | **-2,905** | -1,966 | -796 |
| Additions | **-1,122** | -838 | -203 |
| Disposals | **125** | - | - |
| Accumulated depreciation as of Dec. 31, 2023 | **-3,902** | -2,804 | -999 |
| | | | |
| Net book value as of Jan. 1, 2023 | **8,916** | 7,753 | 1,060 |
| Net book value as of Dec. 31, 2023 | **9,300** | 7,598 | 1,562 |

**Property, plant and equipment (PP&E) and right-of-use (ROU) assets: Reconciliation of book value in € thousand**

| **2024** | **Right-of-use (ROU) assets** | Leaseholds | Leased technical equipment and machinery |
|---|---|---|---|
| Cost of acquisition as of Jan. 1, 2024 | **13,201** | 10,402 | 2,560 |
| Rebookings | **-** | - | - |
| Additions | **2,711** | 2,358 | 228 |
| Disposals | **-67** | - | - |
| Cost of acquisition as of Dec. 31, 2024 | **15,845** | 12,759 | 2,788 |
| | | | |
| Accumulated depreciation as of Jan. 1, 2024 | **-3,901** | -2,804 | -1,000 |
| Additions | **-1,262** | -927 | -249 |
| Disposals | **67** | - | - |
| Accumulated depreciation as of Dec. 31, 2024 | **-5,096** | -3,731 | -1,248 |
| | | | |
| Net book value as of Jan. 1, 2024 | **9,300** | 7,598 | 1,561 |
| Net book value as of Dec. 31, 2024 | **10,749** | 9,029 | 1,540 |

| Leased other equipment and furnishings | **Property, plant and equipment** | Leasehold improvements | Technical equipment and machinery | Other equipment and furnishings |
|---|---|---|---|---|
| 246 | **6,523** | 644 | 3,723 | 2,157 |
| 118 | **1,029** | 7 | 423 | 599 |
| -125 | **-189** | - | - | -189 |
| 239 | **7,363** | 651 | 4,146 | 2,567 |
| | | | | |
| -143 | **-3,923** | -424 | -2,345 | -1,154 |
| -81 | **-564** | -57 | -282 | -225 |
| 125 | **151** | - | - | 151 |
| -99 | **-4,336** | -481 | -2,627 | -1,228 |
| | | | | |
| 103 | **2,600** | 220 | 1,378 | 1,003 |
| 140 | **3,027** | 170 | 1,519 | 1,339 |

| Leased other equipment and furnishings | **Property, plant and equipment** | Leasehold improvements | Technical equipment and machinery | Other equipment and furnishings |
|---|---|---|---|---|
| 239 | **7,365** | 651 | 4,146 | 2,567 |
| - | **2** | 32 | 98 | -129 |
| 126 | **1,545** | 405 | 247 | 893 |
| -67 | **-54** | - | -15 | -39 |
| 297 | **8,857** | 1,089 | 4,476 | 3,293 |
| | | | | |
| -98 | **-4,338** | -481 | -2,628 | -1,228 |
| -86 | **-732** | -80 | -321 | -331 |
| 67 | **33** | - | 11 | 22 |
| -116 | **-5,036** | -562 | -2,938 | -1,537 |
| | | | | |
| 141 | **3,027** | 170 | 1,518 | 1,340 |
| 181 | **3,821** | 527 | 1,538 | 1,756 |

**Goodwill and other intangible assets: Reconciliation of book value in € thousand**

| 2023 | Goodwill | Total intangible assets |
|---|---|---|
| Cost of acquisition as of Jan. 1, 2023 | **44,534** | **489,079** |
| Additions | **0** | **20,167** |
| Disposals | **0** | **-11** |
| Rebookings | **0** | **0** |
| Cost of acquisition as of Dec. 31, 2023 | **44,534** | **509,235** |
| | | |
| Accumulated depreciation as of Jan. 1, 2023 | **0** | **-641** |
| Additions | **0** | **-201** |
| Disposals | **0** | **9** |
| Accumulated depreciation as of Dec. 31, 2023 | **0** | **-832** |
| | | |
| Net book value as of Jan. 1, 2023 | **44,534** | **488,438** |
| Net book value as of Dec. 31, 2023 | **44,534** | **508,402** |

**Goodwill and other intangible assets: Reconciliation of book value in € thousand**

| 2024 | Goodwill | Total intangible assets |
|---|---|---|
| Cost of acquisition as of Jan. 1, 2024 | **44,534** | **509,236** |
| Additions | **0** | **28,395** |
| Disposals | **0** | **-192** |
| Rebookings | **0** | **-2** |
| Cost of acquisition as of Dec. 31, 2024 | **44,534** | **537,437** |
| | | |
| Accumulated depreciation as of Jan. 1, 2024 | **0** | **-833** |
| Additions | **0** | **-7,813** |
| Disposals | **0** | **45** |
| Impairments | **-44,534** | **-84,719** |
| Accumulated depreciation as of Dec. 31, 2024 | **-44,534** | **-93,321** |
| | | |
| Net book value as of Jan. 1, 2024 | **44,534** | **508,403** |
| Net book value as of Dec. 31, 2024 | **0** | **444,116** |

| Licenses and similar rights | Software | Prepayments for intangible assets |
|---|---|---|
| 488,017 | 951 | 111 |
| 19,807 | 360 | 0 |
| -0 | -11 | 0 |
| 0 | 111 | -111 |
| 507,824 | 1,411 | 0 |
| | | |
| -84 | -557 | 0 |
| -38 | -163 | 0 |
| 0 | 9 | 0 |
| -122 | -711 | 0 |
| | | |
| 487,933 | 394 | 111 |
| 507,702 | 700 | 0 |

| Licenses and similar rights | Software | Prepayments for intangible assets |
|---|---|---|
| 507,825 | 1,411 | 0 |
| 28,385 | 10 | 0 |
| 0 | -192 | 0 |
| 0 | -2 | 0 |
| 536,211 | 1,227 | 0 |
| | | |
| -122 | -712 | 0 |
| -7,617 | -197 | 0 |
| 0 | 45 | 0 |
| -84,719 | 0 | 0 |
| -92,457 | -864 | 0 |
| | | |
| 507,704 | 699 | 0 |
| 443,753 | 363 | 0 |

## 18. Goodwill and other intangible assets

### Capitalized development expenditures

As part of a business combination, all rights to the FYB202 project, which was still under development, were reacquired by Formycon and recognized accordingly. From May 1, 2022 until January 31, 2023, all costs for the further development of the project, both external and internal, were also capitalized as eligible development expenditures. Starting from February 1, 2023, all subsequent development costs were expensed as incurred and included in cost of sales. With the receipt of the approvals for FYB202 in Europe and the US, the asset is amortized over its expected useful life.

In the case of the FYB206 development project, the technical proof of similarity (TPoS) milestone was reached in 2022. Upon attainment of TPoS, the Group capitalizes all subsequent internal and external development costs. As of December 31, 2024, the amount of capitalized development expenditures for this project was € 50,781 thousand (Dec. 31, 2023: € 22,395 thousand).

During the fiscal year, borrowing costs of € 300 thousand (2023: € 1,460 thousand) under the shareholder loans were allocated to the qualifying assets FYB206, and capitalized as part of their acquisition costs.

### Impairment testing

As the part of the business combination involving FYB202 Project GmbH, goodwill of € 44,534 thousand was recognized for the first time. The entire amount of this goodwill was assigned to the FYB202 cash-generating unit (CGU), which corresponds to the FYB202 operating segment. The annual impairment test was conducted upon completion of the Group's budget planning for 2025 and subsequent years and based upon financial figures as of September 30, 2024. The book value of the CGU was accordingly established at € 424,987 thousand, including amongst others € 44,534 thousand in goodwill, € 485,128 thousand in internally generated intangible assets (capitalized development costs), and corresponding deferred tax liabilities (€ 119,116 thousand). The recoverable amount of the CGU for impairment testing was determined using the value in use method, and thus at Level 3 in the fair value hierarchy, with fair value determined on the basis of current planning for the FYB202 project using discounted cash flows. The Group's planning is based upon analyses of the market for the original product, internal information regarding potential competitors, market analyses of biosimilar products in general, and internal empirical values developed together with the contractual partner for marketing the product as well as external advisors. Assumptions were made with regard to the overall future market size, the market share for all biosimilars, the market share specifically for FYB202, and price reductions, which are then used as a basis for calculating expected future product sales. For the years 2025 to 2035, annual market sales of the product were thereby estimated at between € 145 and 370 million (2023: between € 127 and 377 million) and assumed to remained unchanged in subsequent years, with these estimates then used as a basis for the further calculations. The planning period ends in 2040, with no further extrapolations beyond this point. In discounting the future estimated cashflows from the CGU, the Group applied after-tax discount rates of 9.9% resp. 17.6% before taxes (2023: between 11.98% and 16.2%), depending upon the term and based upon the weighted average cost of capital (WACC) using historical industry weightings, with a possible leverage of 8.0% (2023: 9.9%) and a market risk premium of 7.25% (2023: 8%). The recoverable amount determined in this way was € 89,151 thousand (2023: € 38,428 thousand) above the book value of the CGU, and thus it was not necessary to recognize any impairment.

As published in our Ad-hoc-news from February 17, 2025 Formycon in addition identified a triggering event to test the CGU FYB202 for impairment, based on expected higher rebates and a slower market uptake for Stelara Biosimiliars in the US, in consensus with its commercialization partner. Accordingly, the planning for the product was updated based on the latest available information.

For the years 2025 to 2035, market revenues of between € 58 million and € 186 million were

assumed and extrapolated on a constant basis for the following years. The planning period ends in 2040; no further extrapolation was made. The group used a term-dependent discount rate after taxes of 10.04% resp. 16.1% before taxes for the CGU, which is based on the historical industry-weighted average cost of capital, with a possible leverage of 5.8% and a market risk premium of 7.25%. The recoverable amount calculated in this way was € 106,650 thousand below the carrying amount of the CGU at € 300,351 thousand, meaning that an impairment had to be recognized. In the first step, the goodwill of € 44,534 thousand allocated to the CGU was written off in full. In the second step, applying the grossing up method, both the internally generated intangible asset with € 84,719 thousand and the associated deferred tax liability wit € 22,603 thousand were reduced, resulting in a net effect of € 62,116 thousand. After recognition, the carrying amount of the CGU amounts to € 300,351 thousand and mainly includes the internally generated intangible asset of € 392,752 thousand and the resulting deferred tax liability of € 98,721 thousand.

The FYB206 project under development was assigned to the FYB206 CGU with a book value for the CGU as at September 30, 2024 of € 47,621 thousand (2023: € 21,815 thousand). Likewise for this CGU, the recoverable amount was determined using value in use on the basis of current planning for the FYB206 project using discounted cash flows. In the case of FYB206, Formycon's planning is based in large part upon its experience with previous biosimilar development projects. Assumptions were likewise made with regard to the overall future market size, the market share for all biosimilars, the market share specifically for FYB206, and price reductions. Initial CGU revenues in the form of milestone payments from a potential marketing partner are expected from 2025, with commercial market launch anticipated following originator patent expiry in 2029. The planning period ends in 2040, with no further extrapolations beyond this point. For this CGU, Group has applied a before-tax discount rate of 9.9% (2023: 11.9%), likewise based upon the WACC using historical industry weightings, with a possible leverage of 8% (2023: 7.5%) and a market risk premium of 7.25% (2023: 8%). The recoverable amount determined in this way is € 310,640 thousand. This did not result in any impairment requirement.

**Financial assets: Reconciliation of book value in € thousand**

| 2023 | Investment in Bioeq AG | Loan to associate Bioeq AG | **Total** |
|---|---|---|---|
| Book value as of Jan. 1, 2023 | 186,406 | 92,300 | **278,706** |
| Additions | 11,811 | 2,300 | **14,111** |
| Disposals | - | -3,300 | **-3,300** |
| Write-downs | -31,173 | -393 | **-31,566** |
| Book value as of Dec. 31, 2023 | 167,044 | 90,907 | **257,952** |

**Financial assets: Reconciliation of book value in € thousand**

| 2024 | Investment in Bioeq AG | Loan to associate Bioeq AG | **Total** |
|---|---|---|---|
| Book value as of Jan. 1, 2024 | 167,044 | 90,907 | **257,952** |
| Additions | 12,087 | 2,419 | **14,506** |
| Disposals | - | -27,300 | **-27,300** |
| Write-downs | -27,261 | 107 | **-27,154** |
| Book value as of Dec. 31, 2024 | 151,870 | 66,134 | **218,004** |

## 19. Financial assets

### Shareholdings in jointly controlled companies

During fiscal year 2022, the Group became a 50% shareholder and co-owner of Bioeq AG (Zug, Switzerland), which is thus jointly controlled by Formycon. The company is accounted for in the consolidated financial statements using the equity method.

### Impairment testing

As published in our Ad-Hoc-News from February 17, 2025 Bioeq AG, the exclusive licensing partner for FYB201/CIMERLI®, is currently, based on the increasing price pressure among the Ranibizumab competition in discussions with their commercialization partner for the US Sandoz AG. Based on these ongoing discussions Formycon currently expects the commercialization of FYB201/CIMERLI® to pause in the US after the first quarter 2025 for approx. 1 year. This expection was identified as a triggering event for an impairment test of the net investment in Bioeq AG.

For this purpose, the expected cash flows were significantly adjusted as of December 31, 2024 due to changed market expectations for the FYB201 project. Accordingly, an impairment test was carried out in accordance with the provisions of IAS 36. The net book value of the investment was determined, including the net income for the period of € 12,087 thousand, at € 179,132 thousand. The recoverable amount of the net investment for impairment testing was determined using value in use method and thus at Level 3 of the fair value hierarchy, with fair value determined on the

**Key financial details for the accounting of Bioeq AG in € thousand**

| | 2024 | 2023 |
|---|---|---|
| **Formycon share at year end** | **50%** | **50%** |
| Non-current assets | 120,958 | 144,167 |
| Current assets | 61,137 | 74,147 |
| Cash and cash equivalents | 15,157 | 5,739 |
| Non-current financial liabilities | -128,000 | -178,000 |
| Other non-current liabilities | -1,267 | -1,305 |
| Current financial liabilities | -4,991 | -8,991 |
| Other current liabilities | -23,099 | -20,142 |
| **Equity (100%)** | **39,895** | **15,615** |
| **Formycon share of equity (50%)** | **19,948** | **7,808** |
| Hidden reserves revealed during initial recognition including Goodwill less accumulated depreciation and impairments | 154,929 | 187,337 |
| Tax effect thereof | -23,007 | -28,101 |
| **Book value at year end** | **151,870** | **167,044** |
| Revenue | 108,286 | 101,743 |
| Depreciation & Amortization | -31,205 | -30,924 |
| Operating income (EBIT) | 32,950 | 36,091 |
| Interest income | 531 | 35 |
| Interest expense | -4,834 | -4,632 |
| Tax Expense | -4,578 | 3,472 |
| Profit (loss) for the period | 24,174 | 23,623 |
| **Formycon share of profit (loss)** | **12,087** | **11,811** |

basis of current planning for the FYB201 project using discounted cash flows. The Group's planning is based upon analyses of the market for the original product, internal information regarding potential competitors, market analyses of biosimilar products in general, and internal empirical values developed together with the contractual partners for marketing the product. Assumptions were made with regard to the overall future market size, the market share for all biosimilars, the market share specifically for FYB201, and price reductions, which are then used as a basis for calculating expected future product sales. For the years 2025 to 2028, annual market sales of the product were thereby estimated between € 68 and 211 million and reduced in subsequent years by 5% per year, with these estimates then used as a basis for the further calculations. The planning period ends in 2040, with no further extrapolations beyond this point. In discounting the future estimated cashflows from Bioeq AG, the Group applied after-tax discount rates of 10.04% resp. 9.4% before taxes, depending upon term and based upon the weighted average cost of capital (WACC) using historical industry weightings, with a possible leverage of 5.8% and a market risk premium of 7.25%. The recoverable amount determined in this way was € 151,870 thousand and thus below the net book value, meaning that it was necessary to record an impairment in the amount of € 27,261 thousand.

Key financial details for the accounting of Bioeq AG at equity may be found in the following table. This includes in 2024 € -31 thousand (2023: € -177 thousand) arising from the measurement of defined benefit obligations that have been recorded directly in other comprehensoive income. In this presentation, adjustments to fair value at the time of acquisition and at the time of the impairment testing as of December 31, 2024 have already been taken into account.

**Loans to jointly controlled companies**

As part of the acquisition for the shareholding in Bioeq AG, the Group acquired a loan receivable from Bioeq AG in the amount of € 82,000 thousand. By the end of December 31, 2022, the loan had been increased by a further € 10,000 thousand to € 92,000 thousand within the contractual loan framework amount of € 99,000 thousand through a further loan drawdown. During the preceding year, € 2,300 thousand attributable to the loan was also recorded as interest income. During the 2024 fiscal year, € 25,000 thousand was repaid by Bioeq AG along with the interest due from the preceding year, and a further € 2,419 thousand attributable to the loan was recorded as interest income. The interest rate of the loan is based upon the official circulars published by the Swiss tax authorities for permissible interest rates on cross-border loans with affiliated companies and was approx. 3.0% during the fiscal year. The loan bears interest at the interest rate published by the Swiss Federal Tax Administration (SFTA) in its annually renewed circular on tax-recognized interest rates for advances or loans in foreign currency. During the fiscal year, reversal of the write-down in the amount of € 107 thousand (2023: write-down € 393 thousand) was taken based on the expected credit loss (ECL) model.

## 20. Equity

In February 2024, the Management Board and Supervisory Board of Formycon AG resolved to increase the Company's registered capital by € 1,603,877.00, from € 16,053,025.00 to € 17,656,902.00, through the issuance of 1,603,877 new bearer shares without par value. These new shares corresponded to approx. 9.08% of the Company's shares already outstanding at the time of issuance and were issued in a private placement. The placement was executed at a price of € 51.65 per share, Changes to Equity during the reporting period are presented in the Consolidated Statement of Changes in Equity.

**Number of shares outstanding**

As of the end of the reporting period, the Company had registered capital (Grundkapital) of € € 17,664,427.00 (Dec. 31, 2023: € € 16,053,025.00), divided into 17,664,427 bearer shares without par value (Dec. 31, 2023: 16,053,025 shares). All shares have full voting and dividend rights.

**Authorized Capital 2024**

By resolution of the Annual General Meeting of June 12, 2024, the Management Board is authorized, subject to the approval of the Supervisory Board, to increase the Company's registered capital one or more times at any time until June 11, 2029, and by no more than a total of € 8,828,451.00, through the issuance of up to 8,828,451 new no-par-value common bearer shares, against contributions in cash and/or in kind (Authorized Capital 2024). The Company's shareholders shall, in general, be granted subscription rights (which may also be by way of indirect subscription rights pursuant to sec. 186 para. 5 sentence 1 of the Stock Corporation Act). Notwithstanding the foregoing, the Management Board shall be authorized, subject to the approval of the Supervisory Board, to fully or partly exclude the general statutory subscription rights of shareholders in the following specific cases:

— For the exclusion of fractional shares from subscription rights.

— In the case of capital increases against non-cash contributions for the issuance and granting of shares as consideration for the purchase of companies, parts of companies, equity interests in companies, or other assets or rights.

— In the case of capital increases made against cash contributions, provided that the issuance price of the new shares is not significantly lower than the stock exchange price at the time that the issuance price is determined and that the new shares issued under exclusion of subscription rights pursuant to sec. 186 para. 3 sentence 4 of the Stock Corporation Act do not exceed 10% of the Company's share capital, either at the time of entry into effect or at the time of exercise. The calculation of this 10% limit shall include (a) any shares which are issued or sold during the term of this authorization under an exclusion of subscription rights through the direct application of, and in accordance with, sec. 186 para. 3 sentence 4 of the Stock Corporation Act, and/or (b) any shares issued, or which may be issued, to fulfill the Company's obligations arising from the exercise of warrants and/or conversion rights, or other stock option rights or obligations, arising from bonds or profit participation rights, provided that these financial instruments have been issued subsequent to the entry into force of this authorization and under exclusion of subscription rights pursuant to sec. 186 para. 3 sentence 4 of the Stock Corporation Act.

— In the case of capital increases made against cash contributions, insofar as necessary to grant sufficient shares to holders of bonds or profit participation rights with warrants and/ or conversion rights, or involving other stock option rights or obligations, and issued by the Company or by a direct or indirect subsidiary thereof, to the extent that they would be entitled as shareholders upon exercise of the relevant option or conversion right or fulfillment of option or conversion obligation, or following any right to substitute which the Company may have.

— For the granting of shares issued in lieu of cash dividends (scrip dividends), whereby shareholders are offered the option of contributing their dividend entitlement (in whole or in part) to the Company as a contribution in kind against the granting of new shares from Authorized Capital.

The Management Board is authorized, subject to the approval of the Supervisory Board, to determine further details regarding the specific implementation of any such capital increase and issuance of new shares, including the issuance price, as well as regarding the rights of shareholders thereunder. The Supervisory Board is further authorized to amend the Company's Articles of Incorporation to reflect any such increase in registered capital and corresponding decrease in Authorized Capital 2023 in the event of any such full or partial utilization of the Authorized Capital 2023 or in the event of its expiry.

**Conditional Capital 2022**

By resolution of the Annual General Meeting of June 30, 2022, the Company's registered capital

has been conditionally increased by a maximum of € 6,497,125.00.

This conditional capital increase shall serve for the granting of shares to holders of convertible bonds and/or bonds with attached warrants issued by the Company, or by a group company within the meaning of sec. 18 of the Stock Corporation Act, on the basis of the corresponding authorization resolved by the Annual General Meeting on June 30, 2022 and at any time until June 29, 2027, which become due upon the exercise of bondholder conversion and/or option rights, or upon fulfillment of conversion or subscription obligations, or upon the exercise by the Company of its optional rights to redeem bonds, in whole or in part, through the granting of Company shares in lieu of cash. The conversion or option exercise price at which the new shares are issued shall be determined in accordance with the authorizing shareholder resolution. Capital increases under the Conditional Capital 2022 shall be carried out only to the extent necessary for the exercise of conversion or option rights, or for the fulfillment by creditors or bondholders of conversion or subscription obligations, or for the exercise by the Company of its optional rights to redeem bonds, in whole or in part, through the granting of new Company shares to holders of convertible bonds and/or bonds with attached warrants as consideration due and only insofar as such consideration due is not granted in the form of cash or existing treasury shares, or as shares of another listed company as substitute consideration. Although newly issued shares should, in principle, participate in profits from the beginning of the fiscal year during which they are issued, any shares newly issued on the basis of a bond conversion or warrant exercise declared prior to the annual general meeting of the Company in which a resolution is passed regarding the application of retained profits from the prior fiscal year shall also be entitled to participate in any dividends declared for the prior fiscal year. To the extent legally permissible, the Board of Management may, with the approval of the Supervisory Board, determine the profit participation of such newly issued shares in deviation from sec. 60 para. 2 of the Stock Corporation Act. The Management Board is authorized, subject to the approval of the Supervisory Board, to determine further details regarding the specific implementation of any capital increases hereunder.

**Number of subscription rights per sec. 192 para. 2 no. 3 of the Stock Corporation Act**

**Conditional Capital 2015**

“The Company’s registered capital has been conditionally increased by a maximum of € 376,000 for the issuance of a maximum of 376,000 new no-par-value bearer shares (Conditional Capital 2015).” The Conditional Capital 2015 serves exclusively to secure subscription rights (stock options) granted to members of the Management Board and Company employees, as well as executives and employees of Company subsidiaries and associated companies, under the authority granted by resolution of the Annual General Meeting of June 30, 2015 to issue such stock options at any time up to and including June 29, 2020. This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Management Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Management Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company’s articles of incorporation to reflect such utilization of conditional capital.

A total of 7,525 sahres were issued during the fiscal year under the Conditional Capital 2015 yb exercise of such stock options.

As of the period closing date, a total of 194,450 stock options remained issued under the Conditional Capital 2015 that were neither expired nor 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 (Conditional Capital 2020). The Conditional Capital 2020 serves exclusively to secure subscription rights (stock options) granted to members of the Management Board and Company employees, as well as executives and employees of Company subsidiaries and associated companies, under the authority granted by resolution of the Annual General Meeting of December 10, 2020 to issue such stock options at any time up to and including December 9, 2025. This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Management Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Management Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital. 0 (Dec. 31, 2023: 28,000) stock options were granted and 2,000 options expired during the fiscal year. Thus as of the period closing date, a total of 230,000 stock options were issued thereunder and not either expired or exercised.

**Equity ratio in € thousand**

| | 2024 | 2023 |
|---|---|---|
| Equity | 461,843 | 502,751 |
| Non-current liabilities | 275,979 | 318,305 |
| Current liabilities | 33,893 | 69,306 |
| **Liabilities and equity** | **771,715** | **890,363** |
| **Equity ratio** | **59.8%** | **56.5%** |

## 21. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management regularly monitors liquidity and the Equity ratio in order to ensure their adequacy. In the fiscal year 2022, a significant long-term debt position was created for the first time arising from the business combination and the associated financing by key shareholders. This financing arrangement serves to facilitate the Group's medium-term to long-term strategy and to enable Formycon to continue its development projects independently without necessarily having to rely on the support of external partners. At the same time, the equity ratio has fallen significantly as a result of the new long-term debt, although it should be recognized here that this long-term debt is provided exclusively by Formycon shareholders. During the fiscal year, the equity base was further strengthened through the capital increase against cash contributions, with the result that despite the impairment losses recognized in the financial year, the Group's equity ratio was mainly kept stable.

**Other current liabilities in € thousand**

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Shareholder loans | - | 20,485 |
| Current portion of conditional purchase price obligation | 8,680 | 27,179 |
| Staff-related liabilities | 3,069 | 2,684 |
| Taxes | - | 194 |
| Other current liabilities | 1,183 | 806 |
| **Total** | **12,932** | **51,349** |

## 22. Other current liabilities

The amount of the shareholder loan in the previous year includes loan nominal and accrued interest. The loan was granted to the Group by key shareholders (or affiliates thereof) to facilitate the strategic transaction. The loan is a revolving credit line, originally in the amount of € 68,000 thousand with a term of 24 months from the first drawdown. The credit line was reduced to € 48,000 thousand by repayments in the previous year. Interest is charged on drawdowns at market rates which can be repaid at any time. During the fiscal year, the remaining € 20,000 thousand was repaid along with the interest amount due. As of the reporting date, € 0 thousand of this credit line remained drawn by the Group and outstanding.

## 23. Other non-current liabilities

Other non-current liabilities include the conditional purchase price payments relating to the acquisition of subsidiaries in the amount of € 164,249 thousand (Dec. 31, 2023: € 187.644 thousand) along with obligations under cash-settled equity-based compensation arrangements in the amount of € 477 thousand (Dec. 31, 2023: € 44 thousand).

## 24. Financial instruments

### Valuation

The Group generally classifies all financial assets and liabilities as financial instruments measured at amortized cost. The sole exception to this is the conditional portion of the purchase price for the acquisition of the shareholdings in FYB202 Project GmbH and Bioeq AG (see preceding Notes 22 and 23), which is measured at fair value. For all financial assets and liabilities except for the shareholder loan to Bioeq AG, which is at a non-market interest rate, book value is an adequate approximation of fair value. The book values and fair values of the Group's financial assets and liabilities are summarized on the right side. In the prior fiscal year, the book value for all financial assets and liabilities represented a reasonable approximation of their respective fair value, and thus the fair values were not specifically disclosed.

The contingent purchase price obligations are measured at fair value based on level 3 input factors under the fair value hierarchy (see Note 6).

**Book values and fair values of the Group's financial assets and liabilities in € thousand**

| | Book value at Dec. 31, 2024 | Fair value at Dec. 31, 2024 | FV category |
|---|---|---|---|
| Financial assets not carried at fair value | 0 | 0 | 0 |
| Financial assets | 66,134 | 55,673 | 3 |
| Trade and other receivables | 23,693 | 23,693 | 3 |
| Contract assets | 7,016 | 7,016 | 3 |
| Prepayments | 22,123 | 22,123 | 3 |
| Cash and cash equivalents | 41,834 | 41,834 | 3 |
| Financial liabilities carried at fair value | - | - | - |
| Current portion of conditional purchase price | 8,680 | 8,680 | 3 |
| Non-current portion of conditional purchase price | 164,249 | 164,249 | 3 |
| Financial liabilities not carried at fair value | - | - | - |
| Trade payables | 17,437 | 17,437 | 3 |

Book values and fair values of the Group's financial assets and liabilities in € thousand

| | Book value at Dec. 31, 2023 | Fair value at Dec. 31, 2023 | FV category |
|---|---|---|---|
| Financial assets not carried at fair value | 0 | 0 | 0 |
| Financial assets | 90,907 | 82,765 | 3 |
| Trade and other receivables | 11,612 | 11,612 | 3 |
| Contract assets | 16,561 | 16,561 | 3 |
| Cash and cash equivalents | 27,035 | 27,035 | 3 |
| Financial liabilities carried at fair value | - | - | - |
| Current portion of conditional purchase price | 27,179 | 27,179 | 3 |
| Non-current portion of conditional purchase price | 187,645 | 187,645 | 3 |
| Financial liabilities not carried at fair value | - | - | - |
| Shareholder Loans | 20,485 | 20,485 | 3 |
| Trade payables | 16,319 | 16,319 | 3 |

The contingent purchase price payments were valued at a fair value of € 172,929 thousand as of the reporting date (Dec. 31, 2023: € 214,824 thousand). During the fiscal year, € 20,807 thousand of the contingent purchase price payments were paid. The remaining difference in the amount of € 21,088 thousand was recognized as profit or loss in the finance income (finance costs).

The valuation model is based upon the expected cash flows discounted at risk-adjusted rates depending upon the respective future payment dates. As of the reporting date, the rate used to discount the conditional purchase price payments was 10.04%. The estimated fair value would increase if the expected cash flows occurred earlier or if the risk-adjusted discount rates were lower. A 1% decrease (increase) in the discount rate would result in an increase (decrease) in fair value of € 10,596 thousand (€ 9,641 thousand), which would have to be recognized as profit or loss.

Advance payments in the amount of € 22,123 thousand (Dec. 31, 2023: € 11,335 thousand) are mainly advance payments for development services.

| Liquidity risk in € thousand | | | |
|---|---|---|---|
| as of Dec. 31, 2024 | due within 1 year | 1-2 years | 2-3 years |
| Lease obligations | 1,597 | 1,523 | 1,409 |
| Conditional purchase price payments | 9,107 | 12,555 | 20,730 |

| Liquidity risk in € thousand | | | |
|---|---|---|---|
| as of Dec. 31, 2023 | due within 1 year | 1-2 years | 2-3 years |
| Lease obligations | 1,294 | 1,223 | 1,136 |
| Shareholder loan | 20,485 | - | - |
| Conditional purchase price payments | 28,743 | 28,671 | 33,654 |

### Risk management

For a description of the methods, processes, responsibilities and objectives of Formycon's risk management system, please refer to the respective section of the combined Management Report. The Group has exposure to the following risks arising from financial instruments:

— Credit risk

— Liquidity risk

— Foreign currency risk

### Risk management framework

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

### Credit risk

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

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

| 3-4 years | 4-5 years | > 5 years | **Total** | **Book value** |
|---|---|---|---|---|
| 1,349 | 1,198 | 5,179 | **12,255** | **10,593** |
| 32,900 | 28,324 | 243,742 | **347,358** | **172,929** |

| 3-4 years | 4-5 years | > 5 years | **Total** | **Book value** |
|---|---|---|---|---|
| 1,069 | 1,013 | 3,602 | **9,337** | **9,001** |
| - | - | - | **20,485** | **20,485** |
| 44,964 | 32,378 | 240,080 | **408,489** | **214,824** |

external credit ratings where available, this information may also include credit agency information and industry information. During the fiscal year, reversal write-downs in the amount of € 78 thousand (Dec: 31, 2023: 447 thousand) were recorded based on the expected credit losses (ECL) for loans of the same credit rating.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal, e.g. foreign currency risk, and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The remaining contractual maturities of financial liabilities as of the reporting date are shown below. The amounts are gross and undiscounted and include contractual interest payments but not the impact of netting agreements.

**Foreign currency risk in thousand**

| as of Dec. 31, 2024 | USD | GBP | CHF | JPY |
|---|---|---|---|---|
| Bank accounts | 1,268 | - | - | - |
| Trade payables | 91 | 22 | 206 | - |
| Net risk exposure | -1,177 | 22 | 206 | - |

**Foreign currency risk in thousand**

| as of Dec. 31, 2023 | USD | GBP | CHF | JPY |
|---|---|---|---|---|
| Bank accounts | 368 | - | - | - |
| Trade payables | 52 | 1 | 294 | 84 |
| Net risk exposure | -316 | 1 | 294 | 84 |

### Foreign currency risk

To the extent that there is a mismatch between the currencies in which purchase and credit transactions are denominated and the functional currency of the relevant consolidated company, the Group is exposed to transactional foreign currency risk. The functional currency of consolidated companies is, in all cases, the euro (€). The transactions from which such foreign currency risk may arise are primarily denominated in U.S. dollars (USD), British pounds (GBP) and Swiss francs (CHF), as well as to a small extent Japanese yen (JPY). In addition, the Group holds bank accounts denominated in USD. As of the reporting date, the net foreign currency risk reflected in Group's balance sheet (for each of the currencies, in thousands) was as shown above.

A hypothetical strengthening or weakening of the euro, U.S. dollar, British pound, Swiss franc or Japanese yen relative to the other currencies would, as of December 31, have influenced the valuation of financial instruments denominated in foreign currencies and would have affected the equity account and profit or loss account according. A 10% change in the USD/EUR exchange rate would result in a gain/loss of € 9 thousand (2023: € 6 thousand), while a 10% change in the CHF/EUR exchange rate would result in a gain/loss of € 21 thousand (2023: € 28 thousand). This analysis assumes that all other influencing factors, especially interest rates, remain unchanged.

**Lease liabilities in € thousand**

| as of Dec. 31, 2024 | due within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years | Total |
|---|---|---|---|---|---|---|---|
| Current lease obligations | 1,496 | - | - | - | - | - | **1,496** |
| Non-current lease obligations | - | 1,214 | 1,147 | 1,133 | 1,021 | 4,582 | **9,097** |

**Lease liabilities in € thousand**

| as of Dec. 31, 2023 | due within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years | Total |
|---|---|---|---|---|---|---|---|
| Current lease obligations | 1,186 | - | - | - | - | - | **1,186** |
| Non-current lease obligations | - | 1,166 | 1,089 | 1,028 | 978 | 3,555 | **7,816** |

## 25. Leases

The Group enters into lease contracts solely as a lessee. These contracts include the Group's leased head offices in Martinsried/Planegg on the outskirts of Munich, leased property, plant and equipment primarily for laboratory purposes, and leased vehicles for certain staff members. For information about the capitalization of right-of-use assets, see Note 17. Interest expenses of € 301 thousand (2023: € 80 thousand) were incurred during the fiscal year and recognized in the income statement (Consolidated Statement of Comprehensive Income). In addition, administrative expenses during the fiscal year included lease payments for low-value assets not recognized as right-of-use assets with corresponding lease liabilities in the amount of € 18 thousand (2023: € 19 thousand).

The table above provides an overview of the maturities of the Group's lease liabilities.

**Renumeration according to IAS 24.17 in € thousand**

| | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| Short-term employee benefits | 1,906 | 1,678 |
| Stock option expenses | 1,331 | 998 |
| **Total** | **3,237** | **2,676** |

## 26.Transactions with related parties

### Key management personnel and members of Supervisory Board

The Group's key management personnel are the members of the Management Board of Formycon AG. During the reporting period, remuneration to Management Board members was as shown above. In addition premiums to an retirement bonus program on behalf of a family member of one of our Management Board member were paid in the amount of € 27 thousand (2023: € 0). During the fiscal year, remuneration to members of the Supervisory Board was € 211 thousand (2023: € 109 thousand).

Beyond regular remuneration, there were no transactions with any member of the Management Board or Supervisory Board during the reporting period or prior-year period.

### Related companies

Since the acquisition by Athos in 2022 of a shareholding in Formycon AG along with representation on the Supervisory Board, Athos Group companies have been recognized as related companies. Bioeq AG, an entity jointly controlled by Formycon, is likewise recognized as a related company.

During the reporting period, sales revenue in the amount of € 34,969 thousand (2023: € 40,341 thousand) was recognized with related companies, of which € 17,293 thousand (2023: € 14,885 thousand) was with jointly controlled Bioeq AG. Out of the Group's total trade receivables on the closing balance sheet, receivables in the amount of € 6,049 thousand (Dec. 31, 2023: € 6,471 thousand) were due from related companies. The balance sheet also includes a loan receivable from Bioeq AG in the nominal amount of € 66,419 thousand (Dec. 31, 2023: € 91,300 thousand) including accrued interest.

In addition to the sales revenue and trade receivables resulting from these development partnerships, the Group has also received a loan facility from key shareholders (see Note 22). In addition, Formycon has liabilities relating to conditional purchase price payments to Athos Group companies resulting from the business combination transaction. As of the reporting date, the amount of this recorded liability was € 172,929 thousand (Dec. 31, 2023: € 214,824 thousand), while finance income during the fiscal year included € 21,088 thousand (2023: € 96,618 thousand) arising from the fair value measurement of these obligations.

Some of these companies had transactions with the Group during the Financial Years. The terms and conditions of such transactions have been at armths length.

There were no other transactions with related persons or companies during the reporting period.

**Average number of employees (FTE) during the reporting period**

| | 2024 | 2023 |
|---|---|---|
| Research & development | 176 | 162 |
| Business operations | 12 | 10 |
| General & administrative | 47 | 25 |
| **Total** | **235** | **197** |

**Staff expenses calculated in accordance with total cost method in € thousand**

| | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| Wages and salaries | 21,912 | 18,853 |
| Expenses for social security contributions | 3,525 | 3,247 |
| Expenses for retirement contributions | 603 | 275 |
| **Total** | **26,040** | **22,375** |

## 27. Other information

### Renumeration

During the fiscal year, the members of the Supervisory Board received total remuneration of € 211 thousand (2023: € 109 thousand), while total remuneration to members of the Management Board, within the meaning of sec. 315e in connection with section 314 no. 6 of the Commercial Code, was € 2.980 thousand (2023: € 1,814 thousand), of which € 587 thousand (2023: € 604 thousand) was success-based, and including € 1,096 thousand from the granting of 22,740 rights under a performance-based stock option plan.

### Declaration of compliance

The declaration of the management on the German Corporate Governance Codex can be found on the homepage at *www.formycon.com* in the Investor Relations section.

**Consolidated financial statement auditor fees per sec. 314 para. 1 no. 9 of the Commercial Code in € thousand**

| | Jan. 1 – Dec. 31, 2024 | Jan. 1 – Dec. 31, 2023 |
|---|---|---|
| Audit services | 631 | 582 |
| Other confirmatory services | 969 | 0 |
| **Total** | **1,600** | **582** |

## 28. Subsequent events

No events of material significance that are not reflected in the consolidated statement of profit or loss or the consolidated statement of financial position have occurred since the end of the fiscal year.

## 29. Subsequent report

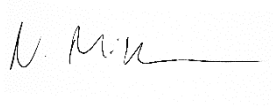
After the reporting date Formycon shares were included in the TecDAX. FYB203 Eylea®-Biosimilar received approval in the European Union as well as in United Kingdom and commercialization partnerships for FYB203 were agreed with Teva Pharmaceuticals International GmbH covering large parts of Europe as well as with Lotus Pharmaceutical for the Asia-Pacific region. FYB202/Otulfi® received approval in Canada and in United Kingdom.

## Responsibility statement

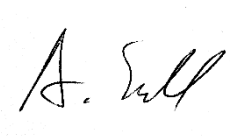
To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, finances, and operating results of the Formycon AG and the Group, and the combined management report includes a fair view of the development and performance of the business and the position of Formycon AG and the Group, together with a description of the principal opportunities and risks associated with the expected development of Formycon AG and the Group.

**Martinsried/Planegg, Germany, March 21, 2025**

Dr. Stefan Glombitza



Nicola Mikulcik



Dr. Andreas Seidl

Enno Spillner

# Independent Auditor’s Report

Independent auditor's report

## *Report on the audit of the consolidated financial statements and the combined management report*

### Audit Opinions

We have audited the consolidated financial statements of Formycon AG, Planegg-Martinsried, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Formycon AG and the Group (the "combined management report") for the financial year from January 1 to December 31, 2024.

In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in the "Other Information" section of our auditor's report.

The combined management report contains cross-references marked as unaudited that are not required by law. In accordance with German legal requirements, we have not audited the content of these cross-references or the information to which the cross-references relate.

In our opinion, based on the findings of our audit, the accompanying consolidated financial statements

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS accounting standards issued by the International Accounting Standards Board (IASB) (referred to subsequently as "IFRS accounting standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2024 and of its financial performance for the financial year from January 1 to December 31, 2024, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of those parts of the combined management report listed in the "Other information" section. The combined management report contains cross-references marked as unaudited that are not required by law. Our audit opinion does not cover these cross-references or the information to which the cross-references relate.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

### Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of

European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

**Key audit matters in the audit of the consolidated financial statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## *The recoverability of the shares in associates (Bioeq AG)*

Please refer to Note 6 to the consolidated financial statements for information on the accounting policies applied and the assumptions made. Information on the amount of the investment in Bioeq AG and the amount of the impairment loss recognized can be found in Note19 to the consolidated financial statements. Explanations on the economic development of the FYB201 project can be found in the combined management report in the section on net assets, sales and earnings development.

### *The Risk for the financial Statements*

Shares in associates (Bioeq AG) amounted to EUR 151.9 million as at December 31, 2024 and represent a significant proportion of assets at 20% of total assets.

The company accounts for the shares in the associated company Bioeq AG using the equity method. If there are indications of an impairment of the net investment in Bioeq AG, the company determines the recoverable amount as at the reporting date and compares this with the respective carrying amount. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of fair value less costs to sell and value in use. The recoverable amount of the net investment is determined on the basis of the higher value in use (the net investment in Bioeq AG) and is largely based on the discounted planned cash inflows from the marketing of the FYB201 product.

The impairment test of the net investment in Bioeq AG is complex and is based on a number of discretionary assumptions. These include, in particular, the long-term amortization rate and the planning horizon as key assumptions for determining the forecast sales of the FYB201 product. The discount rates used on the basis of the term-dependent cost of capital are also discretionary.

In the 2024 financial year, the intensity of competition among biosimilar providers of the FYB201 product in the USA increased significantly. In the fourth quarter, the company was informed by the marketing partner in the USA about expected significant price reductions and possible strategic consequences. In light of the reduction in expected future cash inflows due to changed market expectations, the company recognized impairment losses of EUR 27.3 million on the shares in associates (Bioeq AG) in the 2024 financial year.

There is a risk for the consolidated financial statements that the existing impairment was not recognized in a sufficient amount and that the shares in associates are therefore not recoverable. There is

also a risk that the related disclosures in the notes are not appropriate.

### *Our Audit approach*

We obtained an understanding of the Company's process for identifying indications of impairment and determining the recoverable amounts by obtaining explanations from finance staff and assessing the basis of preparation of the consolidated financial statements. We analyzed the indications of impairment identified by the Company and assessed them on the basis of the information obtained during our audit

With the involvement of our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions and the Company's calculation method. For this purpose, we discussed the expected sales of the FYB201 product with those responsible for planning. We also performed reconciliations with other internally available forecasts, e.g. for tax purposes, and the budget prepared by the executive directors and assessed their internal consistency. The appropriateness of the assumptions was also assessed using external market assessments.

In addition, we satisfied ourselves of the quality of the company's forecasts to date by comparing forecasts from previous financial years with the results actually realized at a later date and analyzing deviations.

We compared the assumptions and data underlying the discount rate, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to assess the methodologically and mathematically appropriate implementation of the valuation method, we verified the valuation performed by the company using our own calculations and analyzed deviations.

In order to account for the existing forecast uncertainty, we also examined the effects of possible changes in the discount rate and the expected cash inflows on the recoverable amount by calculating alternative scenarios and comparing them with the valuation results of the company (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes regarding the impairment of the net investment in Bioeq AG are appropriate.

### *Our Conclusions*

The approach underlying the impairment test for the shares in associates (Bioeq AG) is appropriate and consistent with the applicable valuation principles. The assumptions and data used by the company are appropriate. The related disclosures in the notes are appropriate.

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## *The recoverability of the capitalized development costs for the product FYB202*

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Please refer to section 6 of the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions made. Information on the amount of the capitalized development costs for the FYB202 product and the amount of the impairment loss recognized can be found in section 18 of the notes to the consolidated financial statements. Information on the economic development of the FYB202 project can be found in the combined management report in the section on net assets, sales and earnings development.

### *The risk for the financial Statements*

The capitalized development costs for the FYB202 product amount to EUR 300.4 million as at 31 December 2024 and represent a significant proportion of assets at 39% of total assets.

Capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. Since approval in the fourth quarter of 2024, the company has amortized

the capitalized development costs for the FYB202 product on a straight-line basis over its estimated useful life of up to 16 years. If there are indications of an impairment of the capitalized development costs for the FYB202 product, the company determines the recoverable amount as at the reporting date and compares this with the respective carrying amount. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of fair value less costs to sell and value in use. The recoverable amount for the FYB202 product was determined using the higher value in use and is based on the discounted planned cash inflows from the marketing of the FYB202 product.

The impairment test of the capitalized development costs for the FYB202 product is complex and is based on a number of discretionary assumptions. These include, in particular, the forecast sales of the FYB202 product and the planning horizon as key assumptions for the calculation. The discount rates used on the basis of the term-dependent cost of capital are also discretionary.

With the receipt of approval for the product FYB202 in the past financial year 2024, the commercialization partner Fresenius Kabi AG plans to launch the product FYB202 in the USA in 2025. In the context of the planned market launch in the USA, unexpected price developments for the product FYB202 are emerging, which will lead to adjustments to the planned market sales. In light of the reduction in expected future market sales, the company has recognized impairment losses of EUR 106.7 million on intangible assets (FYB202).

There is a risk for the consolidated financial statements that the existing impairment has not been recognized to a sufficient extent and that the capitalized development costs are therefore not recoverable. There is also a risk that the related disclosures in the notes are not appropriate.

### *Our Audit approach*

We obtained an understanding of the Company's process for identifying indications of impairment and determining the recoverable amounts by obtaining explanations from finance personnel and assessing the basis of preparation of the consolidated financial statements. We analyzed the indications of impairment identified by the Company and, based on the information obtained in the course of our audit, assessed whether there were any other indications of impairment not identified by the Company.

With the involvement of our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions and the Company's calculation method. For this purpose, we discussed the expected sales of the FYB202 product with those responsible for planning. We assessed their internal consistency by reconciling them with other internally available forecasts, e.g. for tax purposes, and the budget prepared by the executive directors. The appropriateness of the assumptions was also assessed using external market assessments.

Furthermore, we satisfied ourselves of the quality of the Company's forecasts to date by comparing forecasts from previous financial years with the results actually realized at a later date and analyzing deviations.

We compared the assumptions and data underlying the discount rate, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to assess the methodologically and mathematically appropriate implementation of the valuation method, we verified the valuation performed by the company using our own calculations and analyzed deviations.

In order to account for the existing forecast uncertainty, we also examined the effects of possible changes in the discount rate and the expected cash inflows on the recoverable amount by calculating alternative scenarios and comparing them with the valuation results of the company (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes regarding the impairment of capitalized development costs for the product FYB202 are appropriate.

### *Our Conclusions*

The approach underlying the impairment test for the capitalized development costs for the FYB202 project is appropriate and consistent with the valuation principles. The assumptions and data used by the company are appropriate. The related disclosures in the notes are appropriate.

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## *The determination of the fair value of the contingent purchase price payment resulting from the corporate transaction for the acquisition of the shares in Bioeq AG (FYB201) and FYB202 Project GmbH is appropriate.*

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Please refer to section 6 of the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions made. Information on the amount of financial liabilities can be found in sections 23 and 24 of the notes to the consolidated financial statements. Explanations on the economic development of the FYB202 project can be found in the combined management report in the section on net assets, revenue and earnings development.

### *The risk for the financial Statements*

The financial liabilities from contingent purchase price payments resulting from the acquisition of the shares in Bioeq AG and FYB202 Project GmbH in the 2022 financial year amounted to EUR 172.9 million as at December 31, 2024 and, at 22% of total assets, represent a significant proportion of liabilities.

As at the reporting date, the company determines the fair value of the contingent purchase price payments using the discounted cash flow method. The starting point for the calculation is the cash inflows for the rights to the FYB201 and FYB202 products held by the respective subsidiaries/joint ventures, which are determined on the basis of current planning and have a direct impact on the amount of the contingent purchase price payments.

The determination of the fair values of the contingent purchase price payments is complex and is based on a number of discretionary assumptions. These include, in particular, the long-term amortization rate and the planning horizon as key assumptions for determining the forecast sales of the FYB201 and FYB202 products. The discount rates used on the basis of the term-dependent cost of capital are also subject to judgment.

In the 2024 financial year, the intensity of competition in the biosimilar market has increased significantly for both the FYB201 product (via Bioeq AG) and the FYB202 product in the USA. This leads to considerable adjustments in the expected price development. Against the background of the reduction in expected sales of the products FYB201 and FYB202, the company has reduced the fair values of the financial liabilities of the contingent purchase price payments by EUR 41.9 million.

There is a risk for the consolidated financial statements that the fair values have not been determined appropriately. There is also a risk that the related disclosures in the notes are not appropriate.

### *Our Audit approach*

We obtained an understanding of the Company's process for determining fair values by obtaining explanations from finance staff and assessing the basis of preparation of the consolidated financial statements.

With the involvement of our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions and the Company's calculation method. For this purpose, we discussed the expected sales of the FYB201 and FYB202 products with those responsible for planning. We assessed their internal consistency by reconciling them with other internally available forecasts, e.g. for tax purposes, and the budget prepared by the

executive directors. The appropriateness of the assumptions was also assessed using external market assessments. Furthermore, we satisfied ourselves of the quality of the Company's forecasts to date by comparing forecasts from previous financial years with the results actually realized at a later date and analyzing deviations.

We compared the assumptions and data underlying the discount rate, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

To assess the methodologically and mathematically appropriate implementation of the valuation method, we verified the valuation performed by the company using our own calculations and analyzed deviations.

Finally, we assessed whether the disclosures in the notes regarding the description of the valuation technique and the input factors used in the fair value measurement are appropriate in accordance with IFRS 13.93(d).

### *Our Conclusions*

The calculation method underlying the determination of the fair values from contingent purchase price payments is appropriate and is consistent with the applicable valuation principles. The assumptions and data used by the company are appropriate. The related disclosures in the notes are appropriate.

### *Other information*

The Executive Board and the Supervisory Board are responsible for the other information. The other information comprises the following components of the combined management report, the content of which has not been audited

- the combined corporate governance statement of the company and the Group included in chapter "Corporate governance statement pursuant to § 289f and § 315d HGB" of the combined management report, and
- the information contained in the combined management report that is not part of the management report and is marked as unaudited.

The other information comprises the remaining parts of the annual report. The other information does not include the consolidated financial statements, the audited content of the combined management report and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information referred to above and, in doing so, consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited disclosures in the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

**Responsibilities of the Executive Board and the Supervisory Board for the consolidated financial statements and the combined management report**

The Executive Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. Furthermore, the Management Board is

responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or fraudulent misrepresentation) or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. Furthermore, it is responsible for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Executive Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

**Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, comply with German legal requirements and appropriately present the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. In addition

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated

financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control or on the effectiveness of these arrangements and measures.

— Evaluate the appropriateness of accounting policies used by the Executive Board and the reasonableness of accounting estimates and related disclosures made by the Executive Board.

— Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

— we plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence for the accounting information of the companies or business divisions within the Group as a basis for the formation of the audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit activities performed for the purpose of the audit of the consolidated financial statements. We are solely responsible for our audit opinions.

— Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

— Perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions

taken or safeguards applied to address independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

### *Other legal and regulatory requirements*

**Statement on the non-issuance of an audit opinion on the electronic reproduction of the consolidated financial statements and the combined management report to be prepared for publication purposes in accordance with Section 317 (3a) HGB**

We were engaged to perform a reasonable assurance engagement in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the combined management report (hereinafter also referred to as "ESEF documents") prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format").

We do not express an audit opinion on the ESEF documents. Due to the significance of the matter described below, we have not been able to obtain sufficient appropriate audit evidence as a basis for our opinion on the ESEF documents.

As the Executive Board has not provided us with any ESEF documents for audit up to the date of our auditor's report, we do not express an opinion on the ESEF documents.

The Company's Executive Board is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

Furthermore, the company's Management Board is responsible for such internal control as it determines is necessary to enable the preparation of ESEF documents that are free from material noncompliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

It is our responsibility to perform an assurance engagement on the ESEF documents in accordance with § 317 Abs. 3a HGB and IDW Auditing Standard: Assurance in Accordance with § 317 Abs. 3a HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW PS 410 (06.2022)) [if conducive to an understanding of the report in an international environment: and International Standard on Assurance Engagements 3000 (Revised)]. Based on the matter described above, we were not able to obtain sufficient appropriate audit evidence as a basis for our audit opinion on the ESEF documents.

**Other information according to Art. 10 EU-APrVO**

We were elected as auditor of the consolidated financial statements by the annual general meeting on June 12, 2024. We were engaged by the audit committee on January 30, 2025. We have been the auditor of the consolidated financial statements of Formycon AG without interruption since the financial year 2022, including one financial year during which the Company met the definition of a public-interest entity within the meaning of Section 316a sentence 2 HGB without interruption.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (audit report).

We have performed the following services, which are not disclosed in the consolidated financial statements or in the combined management report, in addition to the audit of the financial statements for the company and its controlled entities:

In addition to the consolidated financial statements, we have audited the annual financial statements together with the combined management report of Formycon AG and reviewed interim financial statements. The other assurance services relate to the issuance of a comfort letter and the audit of pro forma financial information.

### *Auditor responsible for the audit*

The auditor responsible for the audit is Alexander Hutzler.

Munich, March 26, 2025

**KPMG AG**

Certified Public Accountants

## Imprint

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