PROSPECTUS

for the public offering

of

2,000,000 newly issued ordinary bearer shares with no par value (*Stückaktien*) from a capital increase against contributions in cash resolved by an extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Issuer on April 28, 2021

and of

1,600,000 existing ordinary bearer shares with no par value (*Stückaktien*) from the holdings of The Paragon Fund II GmbH & Co. KG as the Selling Shareholder in a base deal

and of

up to 1,000,000 existing ordinary bearer shares with no par value (*Stückaktien*) from the holdings of The Paragon Fund II GmbH & Co. KG as the Selling Shareholder, subject to the exercise of an upsize option upon its decision, in consultation with the Joint Bookrunners based on market demand on the date of pricing

and of

up to 690,000 existing ordinary bearer shares with no par value (*Stückaktien*) from the holdings of The Paragon Fund II GmbH & Co. KG in connection with a possible over-allotment

– each such share with a notional value of EUR 1.00 in the Issuer's share capital and with full dividend rights as of January 1, 2021 –

of

APONTIS PHARMA AG
Monheim am Rhein, Germany

Price Range: EUR 18.50 – EUR 24.50

International Securities Identification Number (ISIN): DE000A3CMGM5
German Securities Code (*Wertpapierkennnummer (WKN)*): A3CMGM
Common Code: 227152273
Trading symbol: APPH

Sole Global Coordinator and Joint Bookrunner
Hauck & Aufhäuser

Joint Bookrunner
M.M.Warburg

The date of the Prospectus is April 29, 2021.

Warning regarding the validity of the Prospectus

The validity of the Prospectus will expire on the end of the date of the closing of the offer period which is expected to occur on May 6, 2021. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.

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SUMMARY OF THE PROSPECTUS

A. Introduction and Warnings

This prospectus ("**Prospectus**") relates to ordinary bearer shares with no par value (*Stückaktien*) of APONTIS PHARMA AG, a stock corporation (*Aktiengesellschaft* or *AG*) established under the laws of the Federal Republic of Germany ("**Germany**"), having its registered seat in Monheim am Rhein, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf, Germany ("**Commercial Register**"), under the registration number HRB 92340, with business address at Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany, and Legal Entity Identifier ("**LEI**") 894500ETO1J6MR8PDF91 (telephone: +49 2173 8955 1540; website: www.apontis-pharma.de) ("**Issuer**", and, together with its consolidated subsidiaries, "**APONTIS PHARMA**", "**we**", "**our**" and "**us**"), with International Securities Identification Number ("**ISIN**") DE000A3CMGM5 (the ordinary bearer shares with no par value (*Stückaktien*) of the Issuer outstanding from time to time, the "**Shares**").

The subject of the Prospectus is the public offering of 5,290,000 Shares ("**Offer Shares**") consisting of:

- 2,000,000 newly issued Shares from a capital increase against contributions in cash ("**IPO Capital Increase**") resolved by an extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Issuer on April 28, 2021 ("**New Shares**");
- 1,600,000 existing Shares from the holdings of The Paragon Fund II GmbH & Co. KG, a German limited partnership (*Kommanditgesellschaft* or *KG*) with a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) as general partner (*persönlich haftender Gesellschafter*), having its registered seat in Munich, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under the registration number HRA 102127, with business address at Leopoldstr. 10, 80802 Munich, Germany, and LEI 391200ZY4IG3R79PH531 (telephone: +49 (0) 89 388 88 700) ("**Selling Shareholder**" or the "**Paragon Fund**") in a base deal ("**Secondary Base Shares**");
- up to 1,000,000 existing Shares from the holdings of the Selling Shareholder subject to the exercise of an upsize option ("**Upsize Option**") upon its decision, in consultation with the Joint Bookrunners (as defined below), based on market demand on the date of pricing ("**Upsize Shares**" and, together with the Secondary Base Shares, "**Sale Shares**"); and
- up to 690,000 existing Shares from the holdings of the Selling Shareholder in connection with a potential over-allotment ("**Over-Allotment Shares**").

The Offer Shares are offered by the Issuer, Hauck & Aufhäuser, a German stock corporation (*Aktiengesellschaft* or *AG*), having its registered seat in Frankfurt am Main, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under the registration number HRB 108617, with business address at Kaiserstraße 24, 60311 Frankfurt am Main, Germany, and LEI 529900OOZP78CYPYF471 (telephone: +49 (0) 69 21610; website: www.hauck-aufhaeuser.com) ("**Hauck & Aufhäuser**" or "**Sole Global Coordinator**") and M.M.Warburg, a German limited partnership on shares (*Kommanditgesellschaft auf Aktien* or *KG a.A*), having its registered seat in Hamburg, Germany, under the registration number HRB Nr. 84168, with business address at Ferdinandstraße 75, 20095 Hamburg, Germany, and LEI MZI1VDH2BQLFZGLQDO60 (telephone: +49 (0) 40 32820; website: www.mmwarburg.de) (**"M.M.Warburg"** or, together with Hauck & Aufhäuser, the **"Joint Bookrunners"**). The Issuer, the Selling Shareholder and the Joint Bookrunners assume responsibility for the contents of the Prospectus.

On April 29, 2021, the Federal Financial Supervisory Authority (*Bundesanstalt fur Finanzdienstleistungsaufsicht* – "**BaFin**"), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone: +49 (0) 228 41080; website: www.bafin.de), approved the Prospectus as the competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended ("**Prospectus Regulation**").

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

B. Key information on the Issuer

Who is the Issuer of the securities?

Issuer information

The Issuer is a stock corporation (*Aktiengesellschaft* or *AG*) incorporated and existing under German law. The Issuer was established as Blitz 18-394 GmbH on May 24, 2018, and on September 28, 2018 (at that time operating under the name PP Pharma HoldCo GmbH) became the parent company of APONTIS PHARMA, when it indirectly through its wholly-owned subsidiary PP Apontis Pharma GmbH acquired 99.01% of the partnership interest (*Festkapitalanteil*) in APONTIS PHARMA Deutschland GmbH & Co. KG ("**APONTIS KG**"), during the periods under review and until the date of this Prospectus, the only operating entity of APONTIS PHARMA, as well as the entire share capital of UCB Primary Care GmbH, the sole limited partner of APONTIS KG holding the remaining the 0.99% partnership interest, from UCB Innere Medizin GmbH & Co. KG by a share purchase agreement dated July 27, 2018 (the "**Acquisition**"). For the time period before the implementation of the Acquisition and the effective date of the initial consolidation of APONTIS KG in the financial statements of the Issuer on September 28, 2018, the terms "**APONTIS PHARMA**", "**we**", "**our**" and "**us**" refer to APONTIS KG.

Principal activities	We believe we are a leading specialty pharmaceutical company for single pills in the German market in which we develop, promote and sell a broad portfolio of single pills and other leading pharmaceutical products, with a particular focus on cardiovascular diseases ("**CVDs**"). We have a scalable business model in which we outsource our entire manufacturing base to a number of third party contract manufacturing organizations ("**CMOs**") or third party suppliers, store our pharmaceutical products at our logistics provider and ship directly to wholesalers. Having introduced eight new products since 2013, we have a proven track record in the category of so-called single pills, *i.e.,* medicinal products that combine two to three generic active pharmaceutical ingredients ("**APIs**") that patients are typically prescribed together as a loose combination (separate medicinal products) in one single pill. In this field, we believe to have a first mover advantage and leadership role in Germany. In addition to single pills, we also market a number of pharmaceutical products for various chronic diseases such as diabetes and respiratory ailments (through our co-marketing or co-promotion agreements), to a lesser extent heritage products (i.e., well established products which we and our predecessor company SCHWARZ PHARMA have been selling for a number of years), and a limited number of products related to women´s health, including contraception. We believe that the increased sales of single pill products will be the main driver of our revenue growth in the future as they are increasingly seen as an improved and viable treatment therapy for chronic indications in Germany. This is supported by the development of treatment guidelines introduced by the European Society of Cardiology ("**ESC**") which recommends single pill therapy as an initial treatment for hypertension. In addition, the effectiveness of single pill therapies was shown in a first time ever retrospective analysis available globally which compared a single pill therapy with multi-pill treatment therapies in terms of clinical outcomes, highlighting the value and advantages of single pill therapies over traditional treatments. Our single pill portfolio accounted for 48.5%, or EUR 19.05 million, of our total revenues of EUR 39.24 million and accounted for 57.2%, or EUR 14.32 million, of our total gross profit EUR 25.03 million in the fiscal year ended December 31, 2020 and included in particular single pills to treat CVDs, especially hypertension, including Tonotec®, Tonotec® HCT, Caramlo®, Biramlo®, Stapressial® and LosAmlo®, and for secondary prophylaxis of cardiovascular events, IItria® and for hypercholesterolemia, Atorimib®. We have over 190 employees, most of whom work as sales representatives in our dedicated sales force. We are headquartered in Monheim am Rhein, Germany and operate exclusively in the German market.
Major shareholders	As of the date of the Prospectus, the Issuer's existing shareholders are the Paragon Fund, a private equity fund raised and managed by Paragon Partners (as defined below)and the Boost Management GmbH & Co. KG, a German limited partnership (*Kommanditgesellschaft* or *KG*) with a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) as general partner (*persönlich haftender Gesellschafter*), having its registered seat in Munich, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under the registration number HRA 110204 ("**Boost KG**"), which has been established as a management participation vehicle in connection with the Acquisition.
Control	The Paragon Fund holds the majority of the Issuer's share capital and voting rights and, therefore, has a controlling influence (*beherrschender Einfluss*) over the Issuer within the meaning of Section 17 para. 1 of the German Stock Corporation Act (*Aktiengesetz*). The Paragon Fund is controlled by Paragon GP II GmbH, Munich, Germany ("**Paragon GP**"), as its sole general partner (*persönlich haftender Gesellschafter*). Paragon GP is wholly owned and, therefore, controlled by Paragon Partners GmbH, Munich, Germany ("**Paragon Partners**").
Managing directors	The members of the Management Board are Karlheinz Gast (Chief Executive Officer) and Thomas Milz (Chief Product Officer).
Statutory auditors	The Issuer's statutory auditor is Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Germany, Bonn office, Joseph-Schumpeter-Allee 25, 53227 Bonn, Germany ("**Ebner Stolz**").

What is the key financial information regarding the Issuer?

The following selected key financial information regarding APONTIS PHARMA has been taken or derived from (i) the Issuer's audited financial statements as of and for the full fiscal year ended December 31, 2020, (ii) the Issuer's audited financial statements as of and for the full fiscal year ended December 31, 2019, (ii) the Issuer's audited financial statements as of and for the short fiscal year from May 24, 2018 to December 31, 2018 (the financial statements in (i), (ii) and (iii), the "**Audited Consolidated Financial Statements**", (iv) APONTIS KG's audited financial statements as of and for the fiscal year ended December 31, 2019, (v) APONTIS KG's audited financial statements as of and for the fiscal year ended December 31, 2018, and (vi) APONTIS KG's audited statements of cash flows and changes in equity for the fiscal year ended December 31, 2019 (with comparative financial information for the fiscal year ended December 31, 2018) (the financial statements in (iv)-(vi) the "**Audited KG Financial Statements**"). Each of the financial statements in (i)-(v) have been prepared in accordance with the German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch* – "**HGB**"). Ebner Stolz audited the aforementioned German language financial statements in accordance with Section 317 HGB and in compliance with the German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer e.V., Düsseldorf* – "**IDW**") and issued German language unqualified independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. Where financial information is labelled "audited" in the following tables, it has been taken from the financial statements in (i)-(v) above. The label "unaudited" in the following tables indicates financial information that has been taken or derived from APONTIS PHARMA's accounting records or internal management reporting systems or has been calculated based on financial information from the aforementioned sources.

According to the Commission delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation, the Issuer is deemed to have a complex financial history. The Issuer has been established by the Selling Shareholder as a holding vehicle in connection with the Acquisition,

and, for the periods covered by the financial statements listed above, has not conducted any operating business activities of its own. The Issuer's consolidated income statement and the consolidated cash flow statement included in the consolidated financial statements as of and for the short fiscal year from May 24, 2018 to December 31, 2018 reflects the results of operations and cash flows of APONTIS KG only upon its initial consolidation effective September 28, 2018. Therefore, in order to present the results of operations and cash flows of APONTIS PHARMA's operating business for the twelve-month period ended December 31, 2018, the Issuer deems it necessary to include APONTIS KG's audited financial statements as of and for the financial year ended December 31, 2019 with comparative financial information as of and for the financial year ended December 31, 2018.

Key financial information from the income statements of the Issuer and APONTIS KG

	APONTIS PHARMA AG			APONTIS KG	
	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2019	For the short fiscal year ended December 31, 2018	For the fiscal year ended December 31, 2019	For the fiscal year ended December 31, 2018
		(audited)		(audited)	
(EUR in thousand)					
Revenue	39,240	40,035	11,731	40,035	44,403
Other operating income	2,639	1,304	790	1,292	2,037
Cost of materials	14,215	11,064	3,685	11,064	11,344
Earnings after taxes	(1,141)	(2,351)	258	(2,140)	2,414
Consolidated profit/loss for the year	(1,183)	(2,393)	257	(2,183)	2,374

Key financial information from the Issuer's balance sheet

	As of December 31,		
	2020	2019	2018
		(audited)	
(in EUR thousand)			
Total assets	29,691	30,586	34,842
Equity	3,458	4,641	7,035

Key financial information from the cash flow statements of the Issuer and APONTIS KG

	APONTIS PHARMA AG			APONTIS KG	
	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2019	For the short fiscal year ended December 31, 2018	For the fiscal year ended December 31, 2019	For the fiscal year ended December 31, 2018
		(audited)		(audited)	
(EUR in thousand)					
Cash flow from operating activities	1,451	(238)	782	(63)	4,459
investing activities	(777)	(1,388)	(10,791)	(1,099)	(1,939)
Financing activities	(2)	(2)	19,011	(260)	(1,577)

Key other financial performance indicators

In this Prospectus, we present unaudited financial information that is not required by or prepared in accordance with HGB, including gross profit ("**Gross Profit**"), Gross Profit margin, earnings before interest, taxes, depreciation and amortization ("**EBITDA**") EBITDA margin, earnings before interest and taxes ("**EBIT**"), and EBIT margin, (together, the "**APMs**"). The APMs are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ("**ESMA**") on October 5, 2015 on APMs ("**ESMA Guidelines**"). We track the APMs to measure our general performance, achievement versus our (short- and mid-term) business plan and to make strategic decisions. The APMs are not recognized under the German generally accepted accounting principles of the HGB, should not be considered as substitutes for an analysis of APONTIS PHARMA's operating results prepared in accordance with the German generally accepted accounting principles of the HGB.

	APONTIS PHARMA AG			APONTIS KG	
	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2019	For the short fiscal year ended December 31, 2018	For the fiscal year ended December 31, 2019	For the fiscal year ended December 31, 2018
	(unaudited, unless otherwise noted)			(unaudited, unless otherwise noted)	
(EUR in thousand)					
Gross Profit[(1)]	25,025	28,971	8,046	28,971	33,059
Gross Profit margin[(1)]	63.8	72.4	68.6	72.4	74.5
EBITDA[(2)]	998	(1,716)	704	(1,665)	2,810
EBITDA margin[(2)]	2.5	(4.3)	6.0	(4.2)	6.3
EBIT[(3)]	(656)	(2,286)	639,1	(2,112)	2,504
EBIT margin[(3)]	(1.7)	(5.7)	5. 5	(5.3)	5,6

(1) Calculated as revenues minus cost of materials, each audited and as shown in the income statements included in the Audited Consolidated Financial Statements and the Audited KG Financial Statements, respectively. Gross profit margin is calculated as a percentage of revenue.

(2) Calculated as EBIT plus amortization/depreciation, each audited and as shown in the each audited and as shown in the income statements included in the Audited Consolidated Financial Statements and the Audited KG Financial Statements, respectively. EBITDA margin is calculated as a percentage of revenue.

(3) Calculated as the sum of revenue and other operating income minus cost of materials, personnel expenses, amortization/depreciation, other operating expenses and other taxes, each audited and as shown in the each audited and as shown in the income statements included in the Audited Consolidated Financial Statements and the Audited KG Financial Statements, respectively. EBIT margin is calculated as a percentage of revenue.

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

- We operate in a highly competitive market, and such competition may intensify in the future, in particular with regard to the increasing pricing pressure on pharmaceutical products, which could adversely affect our revenues and profitability.
- The budgets of public health insurance companies in Germany may be significantly reduced as a result of shortfalls caused by the COVID-19 pandemic. If any budgetary shortfalls were not compensated by the federal, state or local governments or otherwise, this could create significant downward pressure on the price of pharmaceutical products, which could lead to a loss in revenues for us.
- We derive a significant portion of our revenues from sales of certain key pharmaceutical products, in particular, single pill therapies to treat CVD, and any adverse developments affecting these pharmaceutical products could have a disproportionate adverse effect on our revenues and profitability.
- We may not be able to successfully develop new pharmaceutical products and obtain marketing authorizations for such products in a timely fashion, which may adversely affect the growth of our business and reduce our revenues and profitability.
- We may not be able successfully to launch our new pharmaceutical product developments, which may prevent us from expanding our revenues.
- Our future success depends on the continued market acceptance and growth of single pill therapy as a viable treatment alternative to traditional multi-pill therapy and other future alternative therapies, as well as on the broad acceptance of our pharmaceutical products and brands by patients, physicians and the general public.
- Certain APIs contained in our pharmaceutical products are only produced by a limited number of CMOs, which could lead to delays in the production of APIs in our pharmaceutical products and adversely affect our revenues.
- We may be adversely affected by changes in laws and regulations, in particular those governing the development, manufacture and distribution of pharmaceutical products.

C. Key information on the securities

What are the main features of the securities?

Type, class, par value	The Offering relates to ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Issuer; ISIN DE000A3CMGM5; German Securities Code (*Wertpapierkennnummer (WKN)*) A3CMGM; Common Code 227152273; Trading symbol: APPH.
Number of securities	As of the date of the Prospectus, the Issuer's share capital amounts to EUR 6,500,000.00 and is divided into 6,500,000 existing Shares ("**Existing Shares**"). The Issuer's share capital has been fully paid up. All Shares are bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*). Each Share represents a notional value of EUR 1.00 in the Issuer's share capital.
Currency	The Shares are denominated in Euros.
Rights attached and transferability	Each Share carries one vote at the Issuer's shareholders' meeting (*Hauptversammlung*). There are no restrictions on voting rights. All Shares carry full dividend rights from January 1, 2021. The Shares are freely transferable in accordance with the legal requirements for bearer shares (*Inhaberaktien*). There are no restrictions on the transferability of the Shares other than certain lock-up agreements entered into between the Issuer, the Sole Global Coordinator and the existing shareholders.
Seniority	The Shares are subordinated to all other securities and claims in case of an insolvency of the Issuer.
Dividend policy	The Issuer currently does not intend to pay any dividends in the near future and intends to continue to invest in the development of its business. The Issuer's ability and intention to pay dividends in the future will be made in accordance with applicable laws and will depend on the amount of net retained profits available to the Issuer. The Issuer is not in

a position to make any statements on the amount of future retained profits or on whether retained profits will exist at all in the future. The Issuer, therefore, is unable to guarantee that dividends will be paid in future years.

Where will the securities be traded?

The Issuer will apply for inclusion of the Shares to trading in the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) with simultaneous inclusion in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) ("**Listing**"). In the future, the Issuer aims to have the Shares admitted to trading on the Regulated Market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

What are the key risks attached to the securities?

- Following the Offering (as defined below), the Paragon Fund will retain a significant influence over the Issuer and the interests of Paragon Fund may conflict with those of the Issuer and its other shareholders.
- The articles of association of the Issuer provide for significant amounts of authorized and contingent capital. Future issuances of shares could adversely affect the market price of the Shares and lead to a substantial dilution.
- There is no guarantee that following the Offering a liquid market for the Shares will develop.

D. Key information on the offer of securities to the public

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

Offer conditions

This offering ("**Offering**") relates to the sale of the Offer Shares, i.e., a total of 5,290,000 Shares, consisting of

- 2,000,000 New Shares;
- 1,600,000 Secondary Base Shares;
- up to 1,000,000 Upsize Shares; and
- up to 690,000 Over-Allotment Shares.

The total number of Over-Allotment Shares will not exceed 15% of the final number of New Shares and the Sale Shares (i.e., the Secondary Base Shares and the Upsize Shares) placed in the Offering.

Scope of the Offering

The Offering consists of an initial public offering of the Offer Shares in Germany ("**IPO**") and private placements in certain jurisdictions outside Germany ("**Private Placement**"). In the Private Placement, the Offer Shares will be offered (i) in the European Economic Area to "qualified investors" (as defined in Art. 2 lit. e) of the Prospectus Regulation), (ii) in the United States of America ("**United States**") to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended ("**Securities Act**")) ("**QIBs**"), and (iii) in other countries (except for Canada, Australia and Japan) to institutional investors. The Offer Shares have not been, and will not be, registered under the Securities Act. Outside the United States, the Offer Shares will be offered only in "offshore transactions" in compliance with Regulation S under the Securities Act. In the United States, the Offer Shares will be offered only in private placement transactions to a limited number of QIBs pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

Offer period

The offer period during which purchase orders for the Offer Shares may be submitted is expected to commence on April 30 and is expected to end on May 6 ("**Offer Period**"). On the last day of the Offer Period, purchase orders may be submitted (i) until 12:00 hrs Central European Time ("**CET**") by retail investors (natural persons) and (ii) until 16:00 hrs CET by qualified investors. Qualified investors may place purchase orders directly with the Joint Bookrunners during the Offer Period. Retail investors may make purchase orders in the IPO two business days after the beginning of the Offer Period, i.e., beginning on May 4, through the special subscription functionality (*Zeichnungsfunktionalität*) DirectPlace of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) ("**Subscription Functionality**").

Timetable of the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

April 29, 2021	Approval of the Prospectus by BaFin
	Publication of the Prospectus on the Issuer's website (apontis-pharma.de) under the "IPO" section
	Application for Listing
April 30, 2021	Commencement of the Offer Period
May 4, 2021	Commencement of the Subscription Functionality
May 6, 2021	Close of the Offer Period
	Determination of the Offer Price (as defined below) and the final number of Offer Shares placed in the Offering

		Publication of the Offer Price and the final number of Offer Shares placed in the Offering in the form of an ad hoc announcement on an electronic information dissemination system and on the Issuer's website (apontis-pharma.de) under the "*Investor Relations*" section
		Allotment of Offer Shares to investors
	May 10, 2021	Decision of Deutsche Börse Aktiengesellschaft, Frankfurt am Main, Germany, on the Listing
	May 10, 2021	Registration of the consummation of the IPO Capital Increase regarding the New Shares with the Commercial Register
	May 11, 2021	Commencement of trading in the Shares in the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) and simultaneously in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
	May 12, 2021	Book-entry delivery of the Offer Shares placed in the Offering against payment of the Offer Price (settlement and closing)

Price range	EUR 18.50 to EUR 24.50 per Offer Share ("**Price Range**").
Offer price	The offer price for the Offering ("**Offer Price**") has not yet been fixed as of the date of the Prospectus and is expected to be determined by the Issuer, the Selling Shareholder and the Joint Bookrunners on May 6, 2021. The Offer Price will be set on the basis of purchase orders submitted by investors during the Offer Period that have been collected in the order book during the bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the Offer Price is, in principle, aimed at achieving the highest Offer Price.
Amendments to the terms of the Offering	The Issuer and the Selling Shareholder reserve the right, after consultation with the Joint Bookrunners, to increase or decrease the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period. Changes in relation to the number of Offer Shares, changes in the Price Range and/or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. Under certain conditions, the Joint Bookrunners may terminate the Underwriting Agreement (as defined below), even after commencement of trading of the Shares in the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) up to delivery and settlement. In such case, the Offering will not take place and any allotments already made to investors will be invalidated.
Stabilization measures, Over-Allotment, Greenshoe option	In connection with the placement of the Offer Shares and to the extent permitted by the applicable legal requirements, the Joint Bookrunners, or persons acting on their behalf, will act as stabilization manager and may make overallotments and take stabilization measures to support the market price of the Shares and thereby counteract any selling pressure. The Joint Bookrunners are under no obligation to take any stabilization measures. Where stabilization measures are taken, these may be terminated at any time and without notice. Such measures must be terminated no later than 30 calendar days from the date of the Listing. Under the possible stabilization measures, investors may, in addition to the New Shares and the Sale Shares, be allotted the Over-Allotment Shares (up to 15% of the total number of the New Shares and Sale Shares) from the holdings of the Paragon Fund granted to the Joint Bookrunners under a securities loan (*Wertpapierdarlehen*). In order to cover a potential over-allotment, the Paragon Fund granted the Joint Bookrunners an option to purchase up to 690,000 Existing Shares at the Offer Price (less agreed commissions) in order to satisfy the retransfer obligation of the Joint Bookrunners under the securities loan ("**Greenshoe Option**").
Plan for distribution	The allotment of Offer Shares to retail investors and qualified investors will be decided by the Issuer after consultation with the Joint Bookrunners. With respect to the purchase orders via the Subscription Functionality, the Issuer and the Joint Bookrunners will adhere to the "Principles for the Allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) issued on June 7, 2000 by the German Commission of Stock Exchange Experts (*Börsensachverständigenkommission*).
Dilution	As of December 31, 2020, the net asset value attributable to the shareholders of the Company in its consolidated statement of financial position based on the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2020 (calculated as total assets less total provisions and total liabilities), amounted to EUR 3.46 million, which corresponds to EUR 0.53 per share based on 6,500,000 outstanding shares immediately prior to the Offering. Assuming a placement of 2,000,000 New Shares at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, after completion of the Offering, the net asset value attributable to the shareholders as of December 31, 2020, would amount to EUR 5.02 per share, which would correspond to an immediate accretion of EUR 4.49 per share, or 847.17%, for the existing shareholders, and a direct dilution of EUR 16.48 per share, or 76.65%, for the new shareholders.
Total expenses	Assuming an Offer Price at the mid-point of the Price Range of EUR 18.50 – EUR 24.50 and placement of the maximum number of New Shares, the costs of the Issuer related to the Offering of the New Shares and the Listing, including underwriting, placement and discretionary commissions payable to the Joint Bookrunners, are expected to total approximately EUR 3.78 million. The costs, including underwriting, placement and discretionary commissions, payable to the Joint Bookrunners by the Selling Shareholder is dependent on the number of Secondary Base Shares placed by

	the Selling Shareholder in the Offering as well as the exercise of the Upsize Option and of the Greenshoe Option by the Paragon Fund. The Paragon Fund intends to offer the maximum number of Secondary Base Shares, irrespective of the Offer Price determined in the bookbuilding process. Assuming (i) an Offer Price at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, (ii) placement of 1,600,000 Secondary Base Shares by the Paragon Fund (iii) full exercise of the Upsize Option by the Paragon Fund, and (iv) full exercise of the Greenshoe Option by the Joint Bookrunners, the costs of the Selling Shareholder related to the Offering of the Sale Shares and the Over-Allotment Shares, including underwriting, placement and discretionary commissions payable to the Joint Bookrunners, are expected to total approximately EUR 5.3 million.
Expenses charged to investors	Only customary transaction and handling fees charged by the investors' brokers.

Who is the offeror and/or the person asking for admission to trading?

Offeror	The Issuer and the Joint Bookrunners, each of them incorporated and with its registered seat in, and operating under the laws, of Germany.
Admission to trading	The Issuer, together with the Joint Bookrunners, intends to apply for the Listing.

Why is the Prospectus being produced?

Reasons for the Offering and the Listing	The Issuer intends to use the net proceeds from the Offering in the following priority: approximately 42.5% to invest in research and development of new development candidates; approximately 15.0% to accelerate the development of its existing product pipeline; approximately 25.0% to expand its marketing and sales activities; and approximately 17.5% for general corporate purposes. Further, the Issuer assumes that the Listing will improve its access to capital markets and diversify its shareholder base, all of which will allow it to grow as a business. The Selling Shareholder intends to partially divest its shareholding in the Issuer to ensure sufficient free float and trading liquidity in the Shares and to facilitate stabilization measures.
Total net proceeds	Assuming placement of the maximum number of New Shares, the Issuer estimates that at the mid-point of the Price Range, net proceeds would amount to approximately EUR 39,224 thousand. Assuming (i) an Offer Price at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, (ii) placement of 1,600,000 Secondary Base Shares by the Paragon Fund, (iii) full exercise of the Upsize Option, and (iv) full exercise of the Greenshoe Option, the Selling Shareholder estimates that at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, net proceeds would amount to in total approximately EUR 65,460 thousand.
Underwriting agreement	On April 28, the Issuer, the Selling Shareholder and the Joint Bookrunners entered into an underwriting agreement relating to the offer and sale of the Offer Shares in connection with the Offering ("**Underwriting Agreement**"). In the Underwriting Agreement, the Joint Bookrunners agreed, subject to certain conditions, to acquire the Offer Shares at the Offer Price with a view to offering them to investors in the Offering.
Interests material to the issue / offer including conflicting interest	Hauck & Aufhäuser has been appointed by the Issuer and the Selling Shareholder as Sole Global Coordinator and Joint Bookrunner. M.M.Warburg has been appointed by the Issuer and the Selling Shareholder as Joint Bookrunner. Hauck & Aufhäuser is advising the Issuer and the Selling Shareholder on the Offering and is coordinating the structuring and execution of the Offering. In addition, Hauck & Aufhäuser has been appointed to act as designated sponsor and capital markets partner. Hauck & Aufhäuser and M.M.Warburg will receive a commission for their activities upon successful completion of the Offering. Hauck & Aufhäuser and M.M.Warburg therefore have an interest in the successful completion of the Offering and that as many Offer Shares as possible are placed at the highest price possible. The Paragon Fund will receive the net proceeds from the sale of the Secondary Base Shares, and the Paragon Fund will receive the net proceeds from the potential sale of the Upsize Shares and of the Over-Allotment Shares in the Offering. In addition, the two members of the Issuer's Management Board as well as certain members of the Issuer's senior management hold Shares in the Issuer indirectly through their holdings in Boost KG. Accordingly, the Paragon Fund and Boost KG (including their shareholders) have an interest in the successful completion of the Offering and the Listing and that the Existing Shares can be traded on a stock exchange. Moreover, the members of the Issuer's Management Board and Senior Management will receive an IPO bonus in the event of a successful completion of the Offering. Therefore, the members of the Issuer's Management Board and Senior Management have an interest in a successful completion of the Offering. Other than the interests described above, there are no material interests with respect to the Offering or the Listing. None of the aforementioned interests in the Offering constitute a conflict of interests or a potential conflict of interests. Consequently, there are no conflicts of interests with respect to the Offering or the Listing.

ZUSAMMENFASSUNG DES PROSPEKTS

A.Einleitung mit Warnhinweisen

Dieser Prospekt ("**Prospekt**") bezieht sich auf nennwertlose, auf den Inhaber lautende Stammaktien (Stückaktien) der APONTIS PHARMA AG, einer Aktiengesellschaft nach dem Recht der Bundesrepublik Deutschland ("**Deutschland**"), mit Satzungssitz in Monheim am Rhein, Deutschland, eingetragen im Handelsregister des Amtsgerichts Düsseldorf, Deutschland ("**Handelsregister**"), unter der Registernummer HRB 92340, mit Geschäftsanschrift Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Deutschland, und Rechtsträgerkennung ("**LEI**") 894500ETO1J6MR8PDF91 (Telefon: +49 2173 8955 1540; Internetseite: www.apontis-pharma.de) ("**Gesellschaft**", und, zusammen mit ihren konsolidierten Tochtergesellschaften, "**APONTIS PHARMA**", "**wir**", "**unser**" und "**uns**"), mit internationaler Wertpapier-Identifikationsnummer ("**ISIN**") DE000A3CMGM5 (die nennwertosen, auf den Inhaber lautenden Stammaktien der Gesellschaft (Stückaktien) zu jedem Zeitpunkt ausstehend, die "**Aktien**").

Der Gegenstand des Prospekts ist das öffentliche Angebot von 5.290.000 Aktien ("**Angebotsaktien**"), bestehend aus:

- 2.000.000 neu ausgegebenen Aktien aus einer Kapitalerhöhung gegen Bareinlagen ("**IPO-Kapitalerhöhung**"), die in einer außerordentlichen Hauptversammlung der Gesellschaft am 28. April 2021 beschlossen wurde ("**Neue Aktien**");
- 1.600.000 bestehenden Aktien aus dem Bestand der The Paragon Fund II GmbH & Co. KG, einer deutschen Kommanditgesellschaft (KG) mit einer deutschen Gesellschaft mit beschränkter Haftung (GmbH) als persönlich haftender Gesellschafterin, mit Satzungssitz in München, Deutschland, eingetragen im Handelsregister des Amtsgerichts München, Deutschland, unter der Registernummer HRA 102127, mit Geschäftsanschrift Leopoldstr. 10, 80802 München, Deutschland, und LEI 391200ZY4IG3R79PH531 (Telefon: +49 (0) 89 38 88 700) ("**Paragon Fund**") in einem Base Deal ("**Sekundäre Basisaktien**");
- bis zu 1.000.000 bestehenden Aktien aus dem Bestand der Paragon Fund, vorbehaltlich der Ausübung einer Aufstockungsoption ("**Aufstockungsoption**"), über die die Paragon Fund am Tag der Preisfestlegung, in Abstimmung mit den Joint Bookrunners (wie unten definiert), basierend auf der Marktnachfrage entscheiden wird ("**Aufstockungsaktien**" und, zusammen mit den Sekundären Basisaktien, "**Verkaufsaktien**"); und
- bis zu 690.000 bestehenden Aktien aus dem Bestand der Paragon Fund im Zusammenhang mit einer möglichen Mehrzuteilung ("**Mehrzuteilungsaktien**").

Die Angebotsaktien werden angeboten durch die Gesellschaft, Paragon Fund, Hauck & Aufhäuser, eine deutsche Aktiengesellschaft (AG), mit Satzungssitz in Frankfurt am Main, Deutschland, eingetragen im Handelsregister des Amtsgerichts Frankfurt am Main, Deutschland, unter der Registernummer HRB 108617, mit Geschäftsanschrift Kaiserstraße 24, 60311 Frankfurt am Main, Deutschland, und LEI 529900OOZP78CYPYF471 (Telefon: +49 (0) 69 21610; Internetseite: www.hauck-aufhaeuser.com) ("**Hauck & Aufhäuser**" oder "**Sole Global Coordinator**") und M.M.Warburg, eine deutsche Kommanditgesellschaft auf Aktien (KG a.A), mit Satzungssitz in Hamburg, Deutschland, eingetragen im Handelsregister des Amtsgerichts Hamburg, Deutschland, unter der Registernummer HRB 84168, mit Geschäftsanschrift Ferdinandstraße 75, 20095 Hamburg, Deutschland, und LEI MZI1VDH2BQLFZGLQDO60 (Telefon: +49 (0) 40 32820; Internetseite: www.mmwarburg.de) (**„M.M.Warburg“** oder, zusammen mit Hauck & Aufhäuser, die **„Joint Bookrunners“**). Die Gesellschaft und die Joint Bookrunners übernehmen Verantwortung für die Inhalte des Prospekts.

Die Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**"), Marie Curie Straße 24-28, 60439 Frankfurt am Main, Deutschland (Telefon: +49 (0) 228 4108 0; Internetseite: www.bafin.de), hat den Prospekt als zuständige Behörde gemäß der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 über den Prospekt, der beim öffentlichen Angebot von Wertpapieren oder bei deren Zulassung zum Handel an einem geregelten Markt zu veröffentlichen ist, in der jeweils gültigen Fassung ("**Prospektverordnung**"), am 29. April 2021 gebilligt.

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

B. Basisinformationen über den Emittenten

Wer ist der Emittent der Wertpapiere?

Informationen über den Emittenten	Die Gesellschaft ist eine Aktiengesellschaft (AG), die nach deutschem Recht gegründet wurde und deutschem Recht unterliegt. Die Gesellschaft wurde am 24. Mai 2018 als Blitz 18-394 GmbH gegründet und wurde am 28. September 2018 (zu diesem Zeitpunkt operierend under dem Namen PP Pharma HoldCo GmbH) zur Muttergesellschaft von APONTIS PHARMA, als sie indirekt über ihre hundertprozentige Tochtergesellschaft PP Apontis Pharma GmbH, 99,01 % der Gesellschaftanteile (Festkapitalanteil) an der APONTIS PHARMA Deutschland GmbH & Co. KG ("**APONTIS KG**"), während der Berichtszeiträume und bis zum Datum dieses Prospekts, die einzige operative Gesellschaft der APONTIS PHARMA, sowie das gesamte Stammakapital der UCB Primary Care GmbH, der alleinigen Kommanditistin der APONTIS KG, die die restlichen 0,99 % der Gesellschaftsanteile hält, von der UCB innere Medizin GmbH & Co. KG durch einen Anteilskaufvertrag vom 27. Juli 2018 erwarb (die "**Akquisition**"). Für den Zeitraum vor der Durchführung der

Akquisition und dem Stichtag der Erstkonsolidierung der APONTIS KG im Jahresabschluss der Gesellschaft am 28. September 2018, beziehen sich die Begriffe "**APONTIS PHARMA**", "**wir**", "**unser**" und "**uns**" auf die APONTIS KG.

Haupttätigkeiten Wir sind davon überzeugt, dass wir ein führendes pharmazeutisches Spezialunternehmen auf dem deutschen Markt sind. Auf diesem Markt bieten wir ein breites Portfolio von Single Pills und anderen führenden pharmazeutischen Produkten an, mit besonderem Fokus auf Herz-Kreislauf-Erkrankungen ("**CVDs**"). Wir haben ein skalierbares Geschäftsmodell, bei dem wir unsere gesamte Produktion an eine Reihe von Drittanbietern von Auftragsfertigungsunternehmen ("**CMOs**") oder Drittzulieferern outsourcen. Unsere pharmazeutischen Produkte werden von unserem Logistikdienstleister gelagert und direkt zum Großhändler geliefert. Wir haben eine nachgewiesene Erfolgsgeschichte in der Kategorie der so genannten Single Pills, d. h. Arzneimittel, die zwei bis drei generische pharmazeutische Wirkstoffe ("**APIs**") kombinieren, die den Patienten typischerweise als lose Kombination (getrennte Arzneimittel) in einer einzigen Pille verschrieben werden. In diesem Segment glauben wir, einen First-Mover-Vorteil und eine führende Rolle in Deutschland zu haben. Wir vermarkten auch eine Reihe von pharmazeutischen Produkten für verschiedene chronische Krankheiten wie Diabetes und Atemwegserkrankungen (über unsere Co-Marketing und Co-Promotion Vereinbarungen), und verkaufen Single Pills und in geringerem Umfang seit langem bestehende Produkte sowie eine begrenzte Anzahl von Produkten für die Gesundheit von Frauen, einschließlich Verhütung. Wir glauben, dass der verstärkte Absatz von single pill Produken in Zukunft der Haupttreiber unseres Umsatzwachstums sein wird, da sie in Deutschland zunehmend als verbesserte und praktikable Behandlungstherapie für chronische Indikationen angesehen werden. Dies wird durch die Entwicklung von Behandlungsrichtlinien unterstützt, die von der Europäischen Gesellschaft für Kardiologie (**"ESC"**) eingeführt wurden und die eine single pill Therapie als Erstbehandlung für Bluthochdruck empfehlen. Darüber hinaus wurde die Wirksamkeit von single pill Therapien in einer weltweit erstmalig verfügbaren Analyse zum Vergleich einer single pill Therapie mit Therapien aus mehreren Tabletten in Bezug auf die klinischen Ergebnisse gezeigt. Die Studie hebt die Vorteile von single pill Therapien gegenüber herkömmlichen Behandlungen hervor. Unser Single Pill-Portfolio erwirtschaftete 48,5 % bzw. 19,05 Mio. EUR unserer Gesamterlöse von 39,24 Mio. EUR und erwirtschaftete 57,2 % bzw. 14,32 Mio. EUR unseres gesamten Bruttoergebnisses in Höhe von 25,03 Mio. EUR im Geschäftsjahr zum 31. Dezember 2020 und umfasste insbesondere Single Pills zur Behandlung von CVDs, insbesondere Bluthochdruck einschließlich Tonotec®, Tonotec® HCT, Caramlo®, Biramlo®, Stapressial® und LosAmlo®, sowie zur Sekundärprophylaxe von kardiovaskulären Ereignissen, IItria® und für Hypercholesterinämie, Atorimib®. Wir haben über 190 Mitarbeiter, von denen die meisten als Vertriebsmitarbeiter in unserem spezialisierten Außendienst arbeiten. Wir haben unseren Hauptsitz in Monheim am Rhein, Deutschland, und sind ausschließlich auf dem deutschen Markt tätig.

Hauptanteilseigner Zum Datum dieses Prospekts sind die bestehenden Aktionäre der Gesellschaft Paragon Fund, ein Private Equity Unternehmen, gegründet und verwaltet von Paragon Partners (wie unten definiert), und die Boost Management GmbH & Co. KG, einer deutschen Kommantditgesellschaft (KG) mit einer deutschen Gesellschaft mit beschränkter Haftung (GmbH) als persönlich haftender Gesellschafterin, mit Satzungssitz in München, Deutschland, eingetragen im Handelsregister des Amtsgerichts München, Deutschland, unter der Registernummer HRA 110204 (die „**Boost KG**“) Die Boost KG wurde im Zusammenhang mit der Akquisition als Mangementbeteiligungsvehikel gegründet.

Beherrschung Paragon Fund hält die Mehrheit des Grundkapitals und der Stimmrechte der Gesellschaft und übt deshalb beherrschenden Einfluss im Sinne des § 17 Abs. 1 des Aktiengesetzes (AktG) auf die Gesellschaft aus. Paragon Fund wird von der Paragon GP II GmbH, Munich, Deutschland ("**Paragon GP**"), ihrer alleinigen persönlich haftenden Gesellschafterin, beherrscht. Die Paragon GP ist eine hundertprozentige Tochter der Paragon Partners GmbH, Munich, Deutschland ("**Paragon Partners**"), und wird daher durch diese beherrscht.

Geschäftsführer Die Mitglieder des Vorstands sind Karlheinz Gast (Chief Executive Officer) und Thomas Milz (Chief Product Officer).

Abschlussprüfer Der gesetzliche Abschlussprüfer der Gesellschaft ist Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Deutschland, Büro Bonn, Joseph-Schumpeter-Allee 25, 53227 Bonn, Deutschland ("**Ebner Stolz**").

Welches sind die wesentlichen Finanzinformationen der Gesellschaft?

Die folgenden ausgewählten Finanzkennzahlen über APONTIS PHARMA wurden entnommen oder abgeleitet aus (i) den geprüften Jahresabschlüssen der Gesellschaft für die zum 31. Dezember 2020 und 31. Dezember 2019 endenden Geschäftsjahre der Gesellschaft, (ii) den geprüften Jahresabschlüssen der Gesellschaft für das Rumfgeschäftsjahr vom 24. Mai 2018 bis zum 31. Dezember 2018, und (iii) APONTIS KG's geprüften Jahresabschlüssen für die zum 31. Dezember 2018 endenden Geschäftsjahr, (die Abschlüsse in (i), (ii) und (iii), die **"Geprüften Konzernabschlüsse"**, (iv) der geprüfte Jahresabschluss der APONTIS KG zum und für das Geschäftsjahr zum 31. Dezember 2019, (v) der geprüfte Jahresabschluss der APONTIS KG zum und für das Geschäftsjahr zum 31. Dezember 2018, und (vi) die geprüfte Kapitalflussrechnung und Eigenkapitalveränderungsrechnung der APONTIS KG für das Geschäftsjahr zum 31. Dezember 2019 (mit vergleichenden Finanzinformationen für das Geschäftsjahr zum 31. Dezember 2018) (die Abschlüsse in (iv)-(vi) die **"Geprüften KG-Abschlüsse"**). Jeder der Jahresabschlüsse in (i)-(v) wurden in Übereinstimmung mit den deutschen Rechnungslegungsgrundsätzen des Handelsgesetzbuches ("**HGB**") erstellt. Ebner Stolz hat die in deutscher Sprache erstellten Geprüften Jahresabschlüsse gemäß § 317 HGB sowie unter Beachtung der vom Institut der Wirtschaftsprüfer e. V., Düsseldorf, ("**IDW**") festgestellten Grundsätze ordnungsmäßiger Abschlussprüfung geprüft und in deutscher Sprache uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers erteilt. Sofern in den folgenden Tabellen Finanzinformationen mit dem Hinweis "geprüft" versehen sind, wurden diese den Abschlüssen (i)-(v) entnommen. Die Bezeichnung "ungeprüft" in den folgenden Tabellen weist auf Finanzinformationen hin, die aus den Buchhaltungsunterlagen oder internen Management-Berichtssystemen von APONTIS PHARMA entnommen oder auf Basis von Finanzinformationen aus den oben genannten Quellen berechnet wurden. Gemäß der delegierten Verordnung (EU) 2019/980 der Kommission zur Ergänzung der Prospektverordnung, gilt die Gesellschaft als

komplex in ihrer finanziellen Vorgeschichte. Die Gesellschaft wurde von Paragon Fund als Holding-Vehikel im Zusammenhang mit der Akquisition gegründet und hat in den Zeiträumen, die von den oben aufgeführten Jahresabschlüssen abgedeckt werden, keine eigenen operativen Geschäftstätigkeiten ausgeübt. Die im Konzernabschluss enthaltene Gewinn- und Verlustrechnung sowie die Kapitalflussrechnung der Gesellschaft zum und für das Rumpfgeschäftsjahr vom 24. Mai 2018 bis zum 31. Dezember 2018 spiegelt die Ertragslage und die Zahlungsströme der APONTIS KG seit der Erstkonsolidierung zum 28. September 2018 ab. Um die Darstellung der Ertragslage und der des operativen Geschäfts von APONTIS PHARMA für den Zwölfmonatszeitraum zum 31. Dezember 2018 darzustellen, hält es die Gesellschaft daher für erforderlich den geprüften Jahresabschluss der APONTIS KG zum und für das am 31. Dezember 2018 endende Geschäftsjahr einzubeziehen.

Wesentliche Daten aus der Gewinn- und Verlustrechnung der Gesellschaft und der APONTIS KG

	APONTIS PHARMA AG			APONTIS KG	
	Geschäftsjahr endend zum 31. Dezember 2020	Geschäftsjahr endend zum 31. Dezember 2019	Rumpfge-schäftsjahr endend zum 31. Dezember 2018	Geschäftsjahr endend zum 31. Dezember 2019	Geschäftsjahr endend zum 31. Dezember 2018
		(geprüft)		(geprüft)	
(in Tausend EUR)					
Umsatzerlöse	39.240	40.035	11.731	40.035	44.403
Sonstige bestriebliche Erträge	2.639	1.304	790	1.292	2.037
Materialaufwendungen	14.215	11.064	3.685	11.064	11.344
Ergebnis nach Steuern	(1.141)	(2.351)	258	(2.140)	2.414
Konzern-Jahresüberschuss/-fehlbetrag	(1.183)	(2.393)	257	(2.183)	2.374

Wesentliche Daten aus der Bilanz der Gesellschaft

	Zum 31. Dezember		
	2020	2019	2018
		(geprüft)	
(in Tausend EUR)			
Aktiva	29.691	30.586	34.842
Eigenkapital	3.458	4.641	7.035

Wesentliche Daten aus der Kapitalflussrechnung

	APONTIS PHARMA AG			APONTIS KG	
	Geschäftsjahr endend zum 31. Dezember 2020	Geschäftsjahr endend zum 31. Dezember 2019	Rumpfge-schäftsjahr endend zum 31. Dezember 2018	Geschäftsjahr endend zum 31. Dezember 2019	Geschäftsjahr endend zum 31. Dezember 2018
		(geprüft)		(geprüft)	
(in Tausend EUR)					
Cashflow aus der laufenden Geschäftstätigkeit	1.451	(238)	782	(63)	4,459
Investitionstätigkeit	(777)	(1.388)	(10.791)	(1.099)	(1.939)
Finanzierungstätigkeit	(2)	(2)	19.011	(260)	(1.577)

Wesentliche sonstige finanzielle Leistungsindikatoren

In diesem Prospekt stellen wir ungeprüfte Finanzinformationen dar, die nicht nach HGB vorgeschrieben oder erstellt sind, einschließlich Bruttogewinn ("**Bruttogewinn**"), Bruttogewinnmarge, Ergebnis vor Zinsen, Steuern und Abschreibungen ("**EBITDA**"), EBITDA-Marge, Ergebnis vor Zinsen und Steuern ("**EBIT**") und EBIT-Marge (zusammen die "**APMs**"). Bei den APMs handelt es sich um alternative Leistungskennzahlen gemäß der Definition in den von der Europäischen Wertpapier- und Marktaufsichtsbehörde ("**ESMA**") am 5. Oktober 2015 herausgegebenen Leitlinien zu APMs ("**ESMA-Leitlinien**"). Wir verfolgen die APMs, um unsere allgemeine Leistung und das Erreichen unseres (kurz- und mittelfristigen) Geschäftsplans zu messen und um strategische Entscheidungen zu treffen. Die APMs sind nach den deutschen Grundsätzen ordnungsgemäßer Buchführung (HGB) nicht anerkannt und sollten nicht als Ersatz für eine nach den deutschen Grundsätzen ordnungsgemäßer Buchführung (HGB) erstellte Analyse der Betriebsergebnisse des Unternehmens angesehen werden.

	APONTIS PHARMA AG			APONTIS KG	
	Geschäftsjahr endend zum 31. Dezember 2020	Geschäftsjahr endend zum 31. Dezember 2019	Rumpfge-schäftsjahr endend zum 31. Dezember 2018	Geschäftsjahr endend zum 31. Dezember 2019	Geschäftsjahr endend zum 31. Dezember 2018
	(geprüft, soweit nicht anders angegeben)			(geprüft, soweit nicht anders angegeben)	
(in Tausend EUR)					
Bruttogewinn[(1)]	25.025	28.971	8.046	28.971	33.059
Bruttogewinnmarge[(1)]	63, 8	72,4	68,6	72,4	74,5
EBITDA[(2)]	998	(1.716)	704	(1.665)	2.810
EBITDA-Marge[(2)]	2,5	(4,3)	6,0	(4,2)	6,3
EBIT[(3)]	(656)	(2.286)	639	(2.112)	2.504
EBIT-Marge[(3)]	(1,7)	(5,7)	5,5	(5,3)	5,6

(1) Berechnet als Umsatzerlöse minus Materialaufwand, jeweils geprüft und wie in den Gewinn- und Verlustrechnungen im geprüften Konzernabschluss bzw. im geprüften KG-Abschluss ausgewiesen. Die Bruttogewinnmarge wird als Prozentsatz der Umsatzerlöse berechnet.

(2) Berechnet als EBIT plus Abschreibungen, jeweils geprüft und wie in den Gewinn- und Verlustrechnungen des geprüften Konzernabschlusses bzw. des geprüften KG-Abschlusses dargestellt. Die EBITDA-Marge wird als Prozentsatz des Umsatzes berechnet.

(3) Berechnet als Summe aus Umsatzerlösen und sonstigen betrieblichen Erträgen abzüglich Materialaufwand, Personalaufwand, Abschreibungen, sonstige betriebliche Aufwendungen und sonstige Steuern, jeweils geprüft und wie in den Gewinn- und Verlustrechnungen im geprüften Konzernabschluss bzw. im geprüften KG-Abschluss dargestellt. Die EBIT-Marge wird als Prozentsatz des Umsatzes berechnet.

Welches sind die zentralen Risiken, die für die Gesellschaft spezifisch sind?

- Wir sind in einem wettbewerbsintensiven Markt tätig, und dieser Wettbewerb könnte sich in Zukunft verschärfen, insbesondere im Hinblick auf den zunehmenden Preisdruck auf pharmazeutische Produkte, was sich negativ auf unsere Umsatzerlöse und Rentabilität auswirken könnte.
- Die Budgets der gesetzlichen Krankenkassen in Deutschland könnten signifikant reduziert werden als Folge der Budgetausfälle die durch die COVID-19 Pandemie verursacht wurden. Sollten etwaige Budgetausfälle nicht durch Bund, Länder oder Kommunen oder auf andere Weise kompensiert werden, könnte dies zu einem erheblichen Preisdruck auf pharmazeutische Produkte führen, was für uns Umsatzeinbußen zur Folge haben könnte.
- Wir erzielen einen erheblichen Teil unserer Umsatzerlöse aus dem Verkauf bestimmter pharmazeutischer Schlüsselprodukte, insbesondere von Single Pill Therapien zur Behandlung von CVD, und jede nachteilige Entwicklung, die diese pharmazeutischen Produkte betrifft, könnte sich überproportional negativ auf unsere Umsatzerlöse und Rentabilität auswirken.
- Wir könnten nicht in der Lage sein, erfolgreich neue pharmazeutische Produkte zu entwickeln und die Marktzulassung für solche Produkte rechtzeitig zu erhalten. Dies könnte sich nachteilig auf das Wachstum unseres Geschäfts auswirken und unsere Umsätze und Rentabilität verringern.
- Wir könnten nicht in der Lage sein, unsere neuen pharmazeutischen Produktentwicklungen erfolgreich auf den Markt zu bringen, was uns daran hindern könnte unsere Umsätze zu steigern.
- Unser zukünftiger Erfolg hängt von der anhaltenden Marktakzeptanz und dem Wachstum der Single Pill Therapie als praktikable Behandlungsalternative zur der traditionellen Multi-Pillen Therapie und anderen zukünftigen alternativen Therapien sowie von der breiten Akzeptanz unserer pharmazeutischen Produkte und Marken bei Patienten, Ärzten und der Öffentlichkeit ab.
- Bestimmte Wirkstoffe, die in unseren pharmazeutischen Produkten enthalten sind, werden nur von einer begrenzten Anzahl von CMOs hergestellt, was zu Verzögerungen bei der Lieferung von APIs in unseren pharmazeutischen Produkten führen und unsere Umsatzerlöse negativ beeinflussen könnte.
- Wir könnten durch Änderungen von Gesetzen und Vorschriften nachteilig beeinflusst werden, insbesondere durch solche, die die Entwicklung, Herstellung und den Vertrieb von pharmazeutischen Produkten regeln.

C. Basisinformationen über die Wertpapiere

Welches sind die wichtigsten Merkmale der Wertpapiere?

Art, Gattung, Nennwert	Das Angebot bezieht sich auf nennwertlose, auf den Inhaber lautende Stammaktien (*Stückaktien*) der Gesellschaft; ISIN DE000A3CMGM5; Wertpapierkennnummer (WKN) A3CMGM; Common Code 227152273; Börsenkürzel: APPH.
Anzahl der Wertpapiere	Zum Zeitpunkt des Prospekts beträgt das Grundkapital der Gesellschaft EUR 6.500.000,00 und ist eingeteilt in 6.500.000 bestehende Aktien ("**Bestehende Aktien**"). Das Grundkapital der Gesellschaft ist vollständig eingezahlt. Alle Aktien sind auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien). Jede Aktie entspricht einem anteiligen Betrag am Grundkapital der Gesellschaft von EUR 1,00.
Währung	Die Aktien sind in Euro denominiert.
Verbundene Rechte und Übertragbarkeit	Jede Aktie berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen. Alle Aktien sind ab dem 1. Januar 2021 in voller Höhe gewinnanteilsberechtigt. Die Aktien sind in Übereinstimmung mit den gesetzlichen Anforderungen für Inhaberaktien frei übertragbar. Es bestehen keine Beschränkungen für die Übertragbarkeit der Aktien mit Ausnahme bestimmter Lock-up-Vereinbarungen zwischen der Gesellschaft, dem Sole Global Coordinator und den bestehenden Aktionären.
Rang	Die Aktien sind im Fall einer Insolvenz der Gesellschaft gegenüber allen anderen Wertpapieren und Forderungen nachrangig.

Dividendenpolitik Die Gesellschaft beabsichtigt derzeit nicht, in naher Zukunft Dividenden auszuschütten, und weiterhin in die Entwicklung ihres Geschäfts zu investieren. Die Fähigkeit und Absicht der Gesellschaft, in Zukunft Dividenden auszuschütten, wird in Übereinstimmung mit den geltenden Gesetzen erfolgen und hängt von der Höhe des der Gesellschaft zur Verfügung stehenden Bilanzgewinns ab. Die Gesellschaft ist derzeit nicht in der Lage, Aussagen über die Höhe zukünftiger Gewinne oder darüber zu machen, ob es in Zukunft überhaupt Gewinne geben wird. Die Gesellschaft kann daher nicht garantieren, dass in zukünftigen Jahren Dividenden gezahlt werden.

Wo werden die Wertpapiere gehandelt?

Die Gesellschaft wird die Einbeziehung der Aktien in den Handel im Freiverkehr der Frankfurter Wertpapierbörse (Segment Scale) mit gleichzeitiger Einbeziehung in das Basic Board des Freiverkehrs der Frankfurter Wertpapierbörse beantragen ("**Listing**"). In der Zukunft strebt die Gesellschaft die Zulassung der Aktien zum Handel am regulierten Markt an der Frankfurter Wertpapierbörse an.

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

- Nach dem Angebot (wie nachstehend definiert) behält Paragon Fund einen erheblichen Einfluss auf die Gesellschaft, und die Interessen der Paragon Fund können mit denen der Gesellschaft und ihrer anderen Aktionäre in Konflikt geraten.
- Die Satzung der Gesellschaft sieht erhebliche Volumina an genehmigtem und bedingtem Kapital vor. Zukünftige Aktienemissionen könnten den Marktpreis der Aktien nachteilig beeinflussen und zu einer erheblichen Verwässerung führen.
- Es gibt keine Garantie dafür, dass sich nach dem Angebot ein liquider Markt für die Aktien entwickeln wird.

D. Basisinformationen über das öffentliche Angebot von Wertpapieren

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

Angebotskonditionen Das Angebot ("**Angebot**") bezieht sich auf den Verkauf der Angebotsaktien, d.h. insgesamt 5.290.000 Aktien, bestehend aus 2.000.000 Neuen Aktien, 1.600.000 Sekundären Basisaktien, bis zu 1.000.000 Aufstockungsaktien und bis zu 690.000 Mehrzuteilungsaktien. Die Gesamtanzahl der Mehrzuteilungsaktien wird 15 % der finalen Anzahl an Neuen Aktien und Verkaufsaktien (d.h., Sekundäre Basisaktien und Aufstockungsaktien), die in dem Angebot platziert werden, nicht überschreiten.

Umfang des Angebots Das Angebot besteht aus einem erstmaligen öffentlichen Angebot der Angebotsaktien in Deutschland ("**Öffentliches Angebot**") und Privatplatzierungen in bestimmten Ländern außerhalb Deutschlands ("**Privatplatzierung**"). Im Rahmen der Privatplatzierung werden die Angebotsaktien (i) im Europäischen Wirtschaftsraum "qualifizierten Anlegern" (wie in Art. 2 lit. e) der Prospektverordnung definiert), (ii) in den Vereinigten Staaten von Amerika ("**Vereinigte Staaten**") "qualifizierten institutionellen Käufern" (*qualified institutional buyers*) (im Sinne von Rule 144A unter dem U.S. Securities Act von 1933 in der jeweils geltenden Fassung ("**Securities Act**")) ("**QIBs**") und (iii) in anderen Ländern (außer Kanada, Australien und Japan) institutionellen Investoren angeboten. Die Angebotsaktien wurden und werden nicht gemäß dem Securities Act registriert. Außerhalb der Vereinigten Staaten werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen (*offshore transactions*) in Übereinstimmung mit der Regulation S des Securities Act angeboten. In den Vereinigten Staaten werden die Angebotsaktien nur in Privatplatzierungen gemäß einer Ausnahme von den Registrierungsanforderungen des Securities Act, oder in Transaktionen, die nicht den Registrierungsanforderungen des Securities Act unterfallen, einer begrenzten Zahl an QIBs angeboten.

Angebotszeitraum Die Angebotsfrist, innerhalb der Kaufangebote für die Angebotsaktien abgegeben werden können, beginnt voraussichtlich am 30. April und endet voraussichtlich am 6. Mai ("**Angebotszeitraum**"). Am letzten Tag des Angebotszeitraums können Kaufangebote übermittelt werden (i) bis um 12:00 Uhr Mitteleuropäische Zeit ("**MEZ**") für Privatinvestoren (natürliche Personen) und (ii) bis um 16:00 Uhr MEZ für institutionelle Investoren. Institutionelle Investoren können ihre Kaufangebote innerhalb der Angebotsfrist unmittelbar bei den Joint Bookrunners abgeben. Privatinvestoren können ihre Kaufangebote im Rahmen des Öffentlichen Angebots zwei Bankarbeitstage nach Beginn des Angebotszeitraums, d.h. ab dem 4. Mai, über die Zeichnungsfunktionalität DirectPlace der Frankfurter Wertpapierbörse ("**Zeichnungsfunktionalität**") abgeben.

Zeitplan des Angebots Nachstehend ist der voraussichtliche Zeitplan des Angebots dargestellt, der verlängert oder verkürzt werden kann:

29. April 2021	Billigung des Prospekts durch die BaFin
	Veröffentlichung des Prospekts auf der Website der (apontis-pharma.de) unter der Rubrik "Börsengang"
	Antrag für das Listing
30. April 2021	Beginn des Angebotszeitraums
4. Mai 2021	Beginn der Zeichnungsfunktionalität
6. Mai 2021	Ende des Angebotszeitraums
	Bestimmung des Angebotspreises (wie nachstehend definiert) und der endgültigen Anzahl der im Rahmen des Angebots platzierten Angebotsaktien

		Veröffentlichung des Angebotspreises und der endgültigen Anzahl der im Rahmen des Angebots platzierten Angebotsaktien in Form einer Ad hoc-Mitteilung über ein elektronisches Informationsverbreitungssystem und auf der Website der Gesellschaft (apontis-pharma.de) unter der Rubrik "Investor Relations"
		Zuteilung der Angebotsaktien an die Investoren
	10. Mai 2021	Entscheidung der Deutsche Börse Aktiengesellschaft, Frankfurt am Main, Deutschland, über das Listing
	10. Mai 2021	Eintragung der Durchführung der IPO-Kapitalerhöhung bezüglich der Neuen Aktien im Handelsregister
	11. Mai 2021	Aufnahme des Handels der Aktien im Freiverkehr der Frankfurter Wertpapierbörse (Segment Scale) und gleichzeitigt in das Basic Board des Freiverkehrs der Frankfurter Wertpapierbörse
	12. Mai 2021	Buchmäßige Lieferung der im Rahmen des Angebots platzierten Angebotsaktien gegen Zahlung des Angebotspreises (Abwicklung und Vollzug)

Preisspanne

EUR 18,50 bis EUR 24,50 je Angebotsaktie ("**Preisspanne**").

Angebotspreis

Der Angebotspreis für das Angebot ("**Angebotspreis**") ist zum Datum des Prospekts noch nicht festgelegt worden und wird voraussichtlich am 6. Mai 2021 von der Gesellschaft und Paragon Fund nach Rücksprache mit den Joint Bookrunners festgelegt werden. Der Angebotspreis wird auf der Grundlage von Kaufaufträgen festgelegt, die von Investoren während des Angebotszeitraums eingereicht und während des Bookbuilding-Verfahrens im Orderbuch gesammelt wurden. Diese Aufträge werden entsprechend den angebotenen Preisen und den erwarteten Anlagehorizonten der jeweiligen Investoren bewertet. Diese Methode zur Festsetzung des Angebotspreises zielt grundsätzlich darauf ab, den höchsten Angebotspreis zu erzielen.

Änderungen der Angebotsbedingun-gen

Die Gesellschaft und Paragon Fund behalten sich das Recht vor, nach Rücksprache mit den Joint Bookrunners die Gesamtzahl der Angebotsaktien zu erhöhen oder zu verringern, die Obergrenze und/oder die Untergrenze der Preisspanne zu erhöhen oder zu senken und/oder die Angebotsfrist zu verlängern oder zu verkürzen. Änderungen in Bezug auf die Anzahl der Angebotsaktien, Änderungen der Preisspanne und/oder die Verlängerung oder Verkürzung der Angebotsfrist machen bereits eingereichte Kaufangebote nicht ungültig. Unter bestimmten Bedingungen können die Joint Bookrunners den Übernahmevertrag (wie unten definiert) auch nach Aufnahme des Handels der Aktien im Freiverkehr der Frankfurter Wertpapierbörse bis zur Lieferung und Abwicklung kündigen. In einem solchen Fall findet das Angebot nicht statt, und bereits erfolgte Zuteilungen an Anleger werden für ungültig erklärt.

Stabilisierungsmaß-nahmen, Mehrzuteilung, Greenshoe-Option

Im Zusammenhang mit der Platzierung der Angebotsaktien werden die Joint Bookrunners oder in ihrem Namen handelnde Personen im Rahmen der anwendbaren gesetzlichen Bestimmungen als Stabilisierungsmanager fungieren und kann Mehrzuteilungen vornehmen und Stabilisierungsmaßnahmen ergreifen, um den Marktpreis der Aktien zu stützen und dadurch einem Verkaufsdruck entgegenzuwirken. Die Joint Bookrunners sind nicht verpflichtet, Stabilisierungsmaßnahmen zu ergreifen. Sofern Stabilisierungsmaßnahmen ergriffen werden, können diese jederzeit und ohne Vorankündigung beendet werden. Solche Maßnahmen müssen spätestens 30 Kalendertage nach dem Datum des Listings beendet werden. Im Rahmen der möglichen Stabilisierungsmaßnahmen können Investoren zusätzlich zu den Neuen Aktien und den Verkaufsaktien die Mehrzuteilungsaktien (bis zu 15 % der Gesamtzahl der Neuen Aktien und der Basisaktien) aus den Beständen von Paragon Fund zugeteilt werden, die Paragon Fund den Joint Bookrunners im Rahmen eines Wertpapierdarlehens gewährt. Um eine potentielle Mehrzuteilung abzudecken, haben Paragon Fund und die Joint Bookrunners eine Option zum Kauf von bis zu 690.000 Aktien zum Angebotspreis (abzüglich vereinbarter Provisionen) zu gewähren, um die Rückübertragungsverpflichtung der Joint Bookrunners im Rahmen des Wertpapierdarlehens zu erfüllen ("**Greenshoe-Option**").

Plan für den Vertrieb

Die Zuteilung der Angebotsaktien an Privatanleger und institutionelle Investoren wird von der Gesellschaft nach Rücksprache mit den Joint Bookrunners beschlossen. In Bezug auf über die Zeichnungsfunktionalität abgegebene Kauforders werden die Gesellschaft und die Joint Bookrunners die "Grundsätzen für die Zuteilung von Aktienemissionen an Privatanleger" der Börsensachverständigenkommission vom 7. Juni 2000 beachten.

Verwässerung

Zum 31. Dezember 2020 beträgt das den Aktionären zurechenbare Nettovermögen in der Konzernbilanz der Gesellschaft auf Basis des geprüften Konzernabschlusses der Gesellschaft zum und für das am 31. Dezember 2020 endende Geschäftsjahr (berechnet als Summe der Aktiva abzüglich der Summe der Rückstellungen und der Summe der Verbindlichkeiten) EUR 3,46 Mio., was EUR 0,53 je Aktie auf Basis von 6.500.000 ausstehenden Aktien unmittelbar vor dem Angebot entspricht. Unter der Annahme einer Platzierung von 2.000.000 Neuen Aktien in der Mitte der Preisspanne von EUR 18,50 bis EUR 24,50 würde der den Aktionären zurechenbare Nettovermögenswert nach Abschluss des Angebots zum 31. Dezember 2020 EUR 5,02 je Aktie betragen, was einem unmittelbaren Zuwachs von EUR 4,49 je Aktie oder 847,17 % für die Altaktionäre und einer direkten Verwässerung von EUR 16,48 je Aktie oder 76,65 % für die Neuaktionäre entsprechen würde.

Gesamtkosten

Geht man von einem Angebotspreis in der Mitte der Preisspanne von EUR 18,50 bis EUR 24,50 und der Platzierung der maximalen Anzahl Neuer Aktien aus, dürften sich die Kosten der Gesellschaft im Zusammenhang mit dem Angebot der Neuen Aktien und dem Listing, einschließlich der an die Joint Bookrunners zu zahlenden Zeichnungs-, Platzierungs- und Ermessensprovisionen, auf etwa EUR 3,78 Mio. belaufen. Die von Paragon Fund an die Joint Bookrunners zu zahlenden Kosten einschließlich der Übernahme-, Platzierungs- und Ermessensprovisionen sind abhängig von der Anzahl der Sekundären Basisaktien sowie von der Ausübung der Aufstockungsoption und der Greenshoe-Option durch

	Paragon Fund. Paragon Fund beabsichtigt, unabhängig von dem im Bookbuilding-Verfahren ermittelten Angebotspreis die maximale Anzahl an Sekundären Basisaktien anzubieten. Unter der Annahme (i) eines Angebotspreises in der Mitte der Preisspanne von EUR 18,50 bis EUR 24,50, (ii) der Platzierung von 1.800.000 Sekundären Basisaktien durch Paragon Fund, (iii) der vollständigen Ausübung der Aufstockungsoption durch Paragon Fund und (iv) der vollständigen Ausübung der Greenshoe-Option durch Paragon Fund, dürften sich die Kosten von Paragon Fund im Zusammenhang mit dem Angebot der Verkaufsaktien und der Mehrzuteilungsaktien, einschließlich Zeichnungs-, Platzierungs- und Ermessensprovisionen, die an die Joint Bookrunners zu zahlen sind, auf etwa EUR 5,3 Mio. belaufen.
Kosten, die den Investoren in Rechnung gestellt werden	Ausschließlich marktübliche Transaktions- und Abwicklungskosten, die durch die Broker der Investoren in Rechnung gestellt werden.

Wer ist der Anbieter und/oder die Zulassung zum Handel beantragende Person?

Anbieter	Die Gesellschaft und die Joint Bookrunners, jeweils in Deutschland gegründet, dort mit eingetragenem Sitz und deutschem Recht unterliegend.
Zulassung zum Handel	Die Gesellschaft, zusammen mit den Joint Bookrunners, beabsichtigt, das Listing zu beantragen.

Weshalb wird dieser Prospekt erstellt?

Gründe für das Angebot und die Zulassung zum Handel	Die Emittentin beabsichtigt, den Nettoerlös aus dem Angebot in folgender Priorität zu verwenden: ca. 42,5% für Investitionen in die Forschung und Entwicklung neuer Produktentwicklungskandidaten, ca. 15,0% für die Beschleunigung der Entwicklung ihrer bestehenden Produktpipeline, ca. 25,0% für den Ausbau ihrer Marketing- und Vertriebsaktivitäten und ca. 17,5% für allgemeine Unternehmenszwecke. Darüber hinaus geht die Gesellschaft davon aus, dass das Listing ihren Zugang zu den Kapitalmärkten verbessern und ihre Aktionärsbasis diversifizieren wird, was dazu beitragen wird, dass die Gesellschaft wachsen kann. Paragon Fund beabsichtigt, seine Beteiligung an der Gesellschaft im Zuge des Angebots teilweise zu veräußern, um einen ausreichenden Streubesitz und Handelsliquidität in den Aktien sicherzustellen und Stabilisierungsmaßnahmen zu erleichtern.
Gesamtnettoerlöse	Unter der Annahme der Platzierung der maximalen Anzahl Neuer Aktien schätzt die Gesellschaft, dass sich der Nettoerlös in der Mitte der Preisspanne von EUR 18,50 bis EUR 24,50 auf etwa TEUR 39,224 belaufen würde. Unter der Annahme (i) eines Angebotspreises in der Mitte der Preisspanne von EUR 18,50 bis EUR 24,50, (ii) der Platzierung der maximalen Anzahl von Sekundären Basisaktien durch Paragon Fund, (iii) der vollständigen Ausübung der Aufstockungsoption durch Paragon Fund und (iv) der vollständigen Ausübung der Greenshoe-Option durch die Joint Bookrunners schätzt Paragon Fund, dass sich der Nettoerlös in der Mitte der Preisspanne von EUR 18,50 bis EUR 24,50 auf etwa TEUR 65,460 belaufen würde.
Übernahmevertrag	Am 29. April 2021 schlossen die Gesellschaft, Paragon Fund und die Joint Bookrunners einen Übernahmevertrag im Zusammenhang mit dem Angebot und dem Verkauf der Angebotsaktien im Rahmen des Angebots ("**Übernahmevertrag**"). In dem Übernahmevertrag haben sich die Joint Bookrunners dazu verpflichtet, unter bestimmten Bedingungen die Angebotsaktien zum Angebotspreis zu zeichnen und zu erwerben, um sie Investoren im Rahmen des Angebots anzubieten.
Wesentliche Interessen an der Emission/dem Angebot einschließlich Interessenkonflikten	Hauck & Aufhäuser wurde von der Gesellschaft und Paragon Fund als Sole Global Coordinator beauftragt. Hauck & Aufhäuser und M.M.Warburg wurden von der Gesellschaft und Paragon Fund als Joint Bookrunners beauftragt. Hauck & Aufhäuser berät die Gesellschaft und Paragon Fund bei dem Angebot und koordiniert die Strukturierung und Durchführung des Angebots. Darüber hinaus wurde Hauck & Aufhäuser als Designated Sponsor und Capital Market Partner ernannt. Hauck & Aufhäuser und M.M.Warburg werden nach erfolgreichem Abschluss des Angebots eine Provision für ihre Tätigkeit erhalten. Hauck & Aufhäuser und M.M.Warburg haben daher ein Interesse daran, dass das Angebot erfolgreich durchgeführt wird und möglichst viele Angebotsaktien zum höchstmöglichen Preis platziert werden. Paragon Fund wird den Nettoerlös aus dem Verkauf der Sekundären Basisaktien, aus dem potentiellen Verkauf der Mehrzuteilungsaktien und aus dem potentiellen Verkauf der Aufstockungsaktion im Rahmen des Angebots erhalten. Dementsprechend hat Paragon Fund ein Interesse daran, dass im Angebot so viele Angebotsaktien wie möglich zum höchstmöglichen Preis platziert werden. Paragon Fund hat auch ein Interesse daran, dass das Listing erfolgt und die Bestehenden Aktien an einer Börse gehandelt werden können. Darüber hinaus erhalten die Vorstandsmitglieder und die Mitglieder des Senior Managements der Gesellschaft einen IPO Bonus für den Fall eines erfolgreichen Abschlusses des Angebots. Sie haben daher ein Interesse an einem erfolgreichen Abschluss des Angebots. Abgesehen von den oben beschriebenen Interessen gibt es keine wesentlichen Interessen in Bezug auf das Angebot. Keine der oben beschriebenen Interessen in Bezug auf das Angebot und das Listing stellt einen Interessenkonflikt oder einen potenziellen Interessenkonflikt dar. Folglich gibt es keine Interessenkonflikte in Bezug auf das Angebot oder das Listing.

1 RISK FACTORS

*An investment in shares of APONTIS PHARMA AG (the "**Issuer**" and, together with its consolidated subsidiaries, "**we**", "**us**", "**our**" or "**APONTIS PHARMA**", and all shares of the Issuer outstanding from time to time, together, the "**Shares**" and each share, a "**Share**") is subject to risks. Potential investors should carefully consider the following risks together with the other information provided in the prospectus (the "**Prospectus**") as well as their personal circumstances prior to making an investment decision with respect to the Shares.*

An investment in the shares of the Issuer is subject to risks. According to Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended, the risk factors featured in a prospectus must be limited to risks which are specific to the issuer and/or to the securities and which are material for taking an informed investment decision. Therefore, the following risks are only those risks that are specific to APONTIS PHARMA and to the Issuer's shares and based on the Issuer's current assessment material for making an informed investment decision, and consequently do not cover general risks faced by any company operating in the markets in which APONTIS PHARMA operates.

The following risk factors are categorized into categories (e.g. 1.1, 1.2) and subcategories (e.g. 1.1.1, 1.1.2) based on their respective nature. Categories 1.1-1.4 refer to risks specific to the Issuer. Category 1.5 refers to risks specific to the Shares, the Offering and the Shareholder Structure. Within each category and subcategory, the order of risk factors is based on the Issuer's current assessment with respect to the probability of occurrence and expected magnitude of the adverse impact of such risk factors, with at least the two most material risk factors (i.e., those the Issuer believes are most likely to have a material adverse impact) mentioned at the beginning of each category or subcategory. The market price of the Shares could fall if any or all of these risks were to materialize, and prospective investors could lose all or part of their invested capital.

1.1 Risks specific to the Issuer: Risks related to the Issuer's Industry and Market

1.1.1 We operate in a highly competitive market, and such competition may intensify in the future, in particular with regard to the increasing pricing pressure on pharmaceutical products, which could adversely affect our revenues and profitability.

The sale and distribution of pharmaceutical products is a highly competitive industry which is driven by a variety of factors, including price, local market expertise, delivery capabilities, availability of raw materials and manufacturers, reliability of product quality, efficiency of distribution channels, breadth of product portfolio, our ability to meet and manage applicable regulatory and marketing authorizations (*Arzneimittelzulassung*), product purchase prices and sale prices, efficiency of marketing, quality of packaging and levels of brand loyalty.

Many of our competitors are well-known pharmaceutical companies with substantial financial and other resources, including Aristo Pharma, Servier, Hexal, Ratiopharm and TAD Pharma. Companies with more human, financial and capital resources and/or their own production capabilities may have a greater ability to conduct the development work necessary to obtain marketing and sales authorizations. Certain competitors already offer pharmaceutical products which are at the same price or less expensive than our pharmaceutical products, which may result in us losing existing market share. For example, we have experienced a loss in market share in Germany with regard to the active agent combination Tonotec® (Ramipril/Amlodipine), a treatment against hypertension, as a result of losing public tenders, issued by a public health insurance company (*Krankenkasse*) against other pharmaceutical companies.

Our pharmaceutical products could also, for example, be rendered obsolete through the development of new pharmaceutical products or technological advances in manufacturing or production by our competitors. Our competitors' pharmaceutical products may also be, or perceived to be, more effective for medicinal purposes than our pharmaceutical products or our competitors may more effectively market and sell such pharmaceutical products. Our competitors may also be able to reduce the prices for their pharmaceutical products for longer periods of time. This could result in significantly increased pricing pressure in an increasingly commoditized market, which, in turn, may reduce our sales and market share. In addition, competition in Germany is particularly intense due to the use of public tenders. Public tenders for pharmaceutical products have been implemented by public health insurance companies (*Krankenkassen*) in Germany in an effort to lower prices. Public tenders are issued by more than 100 public health insurance companies when several companies offer an identical product. These public health insurance companies (*Krankenkassen*) publish their public tenders on a special tender portal online to invite a number of companies to participate in a particular public tender in order to drive down the net selling price for the particular pharmaceutical product and require the various competitors to offer rebates. Each of the more than 100 public health insurance companies can issue a public tender on its own or can work together with other public health insurance companies, which can lead to a significant number of public tenders at once. If the required rebates for the pharmaceutical products in question are set too high, we may not compete in such public tenders at all because the associated profit margins are too low. Therefore, losing or choosing not to participate in a public tender may lead to a significant loss in market share as the pharmacies are obliged to sell the winning product of a specific public tender to the insured persons of that particular public health insurance company. Unless a physician prescribes a specific pharmaceutical product by name and ticks the "aut idem" box on the prescription form, meaning that the specific product cannot be replaced by another pharmaceutical product, the pharmacy is not allowed to sell another pharmaceutical product other than the one which has won the public tender. Therefore, the market share of similar pharmaceutical products which have not won a public tender may generally decrease.

The pharmaceutical industry is also characterized by continuous product development and technological change. The introduction of new pharmaceutical products in Germany may make it difficult for us to increase our market share and retain our existing competitive position. If we fail to maintain our competitive position or if any of our competitors successfully offer similar products at lower prices than our products, or at a perceived higher quality, this could materially adversely affect our revenues and profitability.

1.1.2 The budgets of public health insurance companies in Germany may be significantly reduced as a result of shortfalls caused by the COVID-19 pandemic. If any budgetary shortfalls were not compensated by the federal, state or local governments or otherwise, this could create significant downward pressure on the price of pharmaceutical products, which could lead to a loss in revenues for us.

It is estimated that public health insurance companies will most probably experience a budgetary shortfall due to lower national insurance contributions driven by short-time work (*Kurzarbeit*), increased unemployment and higher expansion costs in the hospital sector to build up intensive care units (and additionally stronger than expected growth of drug expenses in 2020 (plus 6.6% vs. an expected growth rate of 3.7%) (Source: *Press information of the Federation of German Pharmacists` Associations ("***ABDA***"), January 27, 2021*). If any budgetary shortfalls were to occur and if they were not compensated by the federal, state or local governments or otherwise, this could create significant price pressure on pharmaceutical products in Germany and ultimately lead to a loss of revenues for us.

1.1.3 Negative developments in European markets for pharmaceutical products, in particular in Germany caused by the COVID-19 pandemic and negative business developments, could adversely affect demand for our products, thereby adversely affecting our revenues.

We primarily develop single pill products principally for cardiovascular diseases ("**CVD**"), especially to address the growing market for treating hypertension. The sale of single pills accounted for 48.54% of our total revenues of EUR 39.24 million in the fiscal year ended December 31, 2020.

A number of adverse developments have resulted in a growing degree of uncertainty in European markets, including Germany, such as rising political tensions around the globe, in particular in the Middle East, tariff disputes between the United States of America and other countries such as China, the ongoing refugee crisis in Europe, the formal exit by the UK government from the European Union which took place in December 2020 and political and economic instability in key European markets triggered by the ongoing COVID-19 pandemic. The onset of the COVID-19 pandemic in particular has affected all key economies worldwide, including the German market in which we operate, disrupted public life and supply chains around the globe and led to a downturn in the economies of many of the world´s largest countries.

The ongoing COVID-19 pandemic and negative business developments has also had a direct adverse impact on our revenue growth. Due to the considerable uncertainty of the long-term development of the COVID-19 pandemic, it is not possible accurately to state how it will affect our business in the fiscal year ended December 31, 2021 and beyond. As fewer patients visit physician practices during the COVID-19 pandemic and our sales force cannot meet with physicians as often as normally to promote and convince them of the effectiveness of our single pill therapies, physicians have ultimately prescribed and will likely continue to prescribe fewer of our new pharmaceutical products during the COVID-19 pandemic. This reduction in the prescriptions of our pharmaceutical products by physicians reduces the amount of such pharmaceutical products which we ultimately sell, which, in turn, reduces our revenues. As a result of the ongoing COVID-19 pandemic, there is a real risk that Europe will be confronted by a significant economic downturn. The European Commission recently warned that there is a very real risk of a severe and deep recession in the European markets, including the German market, in which we operate (Source: *EEF*), and the German economy has already contracted by 5% in 2020 as a result of the COVID-19 pandemic. (Source: *Bloomberg*). Any development of a serious recession in Europe in general and Germany in particular would likely result in a deterioration of consumer purchasing power and consumer confidence, meaning that we may not be able to generate revenues comparable to previous periods.

Negative business developments also adversely affected our revenues. In 2019, before the outbreak of the COVID-19 pandemic, deliveries of Caramlo® were delayed for several months due to a worldwide shortage of the active ingredient candesartan caused by a significant increase in global demand for this active ingredient. We also experienced a shortfall in revenues as a result of a new framework agreement between the Federal Union of the German Association of Pharmacists (*Deutscher Apothekerverband e.V.*, ("**DAV**")) and the National Association of Public Health Insurance Companies (*Spitzenverband der gesetzlichen Krankenversicherungen*, ("**GKV**")) in July 2019 which substituted Ulunar® for a less expensive parallel import of Ultibro®. In addition, the awarding of the marketing authorization and introduction of Atorimib® was delayed and took place in December 2019 instead of July 2019. These pre-COVID-19 factors led us to introduce short-time work (*Kurzarbeit*) for approximately 20% of our workforce in October 2019, which was primarily limited to our sales force. This short-term work (*Kurzarbeit*) was extended to 100% of our sales force for the months of March and April 2020 as a result of the outbreak of the COVID-19 pandemic. Starting in May 2020, our short-term work (*Kurzarbeit*) reverted back to 20% of our entire work force. Short-term work (*Kurzarbeit*) ended on December 31, 2020. We have also been forced to scale back the number of office visits to physicians conducted by our sales force during the COVID-19 pandemic. In addition, as a result of fewer patients visiting physicians during the COVID-19 pandemic, the growth of our business has been adversely affected because physicians cannot make changes in the existing medication of a particular patient from a loose combination of pills to a single pill. Initial sales of our newly introduced pharmaceutical products, especially Atorimib®, were not as strong as we had expected, as we could not promote it as strongly due to the limited access to the physicians caused by the COVID-19 pandemic. We also cannot ensure that wholesalers will not reduce their orders for our products – even significantly – depending on the duration and scope of the COVID-19 pandemic in response to a potential decline in demand from their customers. Any such developments could adversely affect our revenues.

1.2 Risks specific to the Issuer: Risks related to the Issuer's Business and Products

1.2.1 We derive a significant portion of our revenues from sales of certain key pharmaceutical products, in particular, single pill therapies to treat CVD, and any adverse developments affecting these pharmaceutical products could have a disproportionate adverse effect on our revenues and profitability.

We derive a substantial portion of our revenues from sales of a limited number of key pharmaceutical products, in particular single pills (accounting for 48.5% of our revenues for the year ended December 31, 2020). Hypertension drugs like Tonotec® (Ramipril/Amlodipine), Tonotec® HCT (Ramipril/Amlodipine/HCT), Caramlo® (Candesartan/Amlodipine), Biramlo® (Bisoprolol/Amlodipine) and LosAmlo® (Losartan/Amlodipine) represented 29.5% of our sales for the same time period. The drug product Atorimib®, which is used to treat hypercholesterolemia, represented 14.3% of total sales and the single pill for secondary prevention of cardiovascular events IItria® (Ramipril/Atorvastatin/ASA) represented 3.7% of our sales for the same time period. In addition, for the year ended December 31, 2020, we generated 24.4% of our total revenues from sales of Ulunar® for the treatment of chronic obstructive pulmonary disease ("**COPD**") and 17.9% of our revenues from sales of Jalra® and Icandra®, both of which are used to treat type 2 diabetes. The co-marketing agreement with Novartis Pharma for Ulunar® will terminate on March 31, 2021. See "*1.2.9. Our Co-Marketing Agreement with Novartis Pharma for Ulunar® will end on March 31, 2021 as planned. If we are not able to recover the revenues earned under this Co-Marketing Agreement through our new Co-Promotion Agreement with AstraZeneca for Trixeo Aerosphere® and Bevespi®, which addresses the same COPD market as Ulunar®, this would materially adversely affect our revenues and planned growth*."

There can be, however, no guarantee that sales of these key pharmaceutical products will continue to grow or be sustainable at their current levels in the future. If our competitors obtain marketing authorizations to distribute pharmaceutical products with identical indications and dosage forms as our key pharmaceutical products, this could lead to pricing pressure or force us to invest more heavily in marketing to maintain our market position. In addition, as public health insurance companies (*Krankenkassen*) encourage public tenders to drive down net selling prices, especially if a number of companies offer an identical product and all of those companies compete in the particular public tender for that pharmaceutical product, the public tenders have the effect of driving down the net selling price for such pharmaceutical products and might lead us not to compete in such public tender procedures because the low net selling prices would lead to unacceptable margins. In addition, pharmacies in Germany are obliged to sell only the winning pharmaceutical product of the public tender procedure to a patient who is insured with a public health insurance company which has issued a public tender and has entered into a discount agreement with the pharmaceutical company. Therefore, losing or choosing not to participate in a public tender may lead to a significant loss in market share for us as pharmacies sell less of our pharmaceutical products to the patients. Other factors, including the introduction of alternative forms of treatment, unexpected side effects, recalls, negative publicity as well as regulatory actions, in particular with respect to the relevant marketing authorizations for our most important pharmaceutical products, could adversely affect sales of our key products. Further, certain of our pharmaceutical products which we sell through co-promotion and co-marketing agreements are of a limited duration such as our co-marketing agreement with Novartis Pharma for Ulunar® and if we do not replace such products with new products capable of generating similar or greater revenues, this could also adversely affect our revenues. Any adverse developments affecting these key pharmaceutical products could have a disproportionate effect on our revenues and profitability.

1.2.2 We may not be able to successfully develop new pharmaceutical products and obtain marketing authorizations for such products in a timely fashion, which may adversely affect the growth of our business and reduce our revenues and profitability.

The process of developing new pharmaceutical products and obtaining marketing authorizations for such pharmaceutical products is crucial to our business primarily because we are able to maximize our margins on sales of our own new pharmaceutical products as compared to purchasing license rights for a particular pharmaceutical product. Depending on the amount of pre-launch and post-launch milestones we pay developers of our pharmaceutical products, we spend on average between EUR 1.5 million and EUR 2.1 million to develop a new pharmaceutical product for the market. The normal development process usually takes between three and a half to five years to obtain marketing authorizations from the start of the development process depending on the scope and complexity of the particular pharmaceutical product.

There can be no assurance, however, that the investments of time and financial resources made in the development of and marketing authorizations for new pharmaceutical products will generate sufficient revenues to offset the costs associated with these efforts in part or in whole. Our ability to continue to increase our revenues, therefore, depends on our ability to expand our pharmaceutical product portfolio, especially in the market for single pill therapies, with pharmaceutical products which gain market acceptance at competitive prices to offset the costs associated with the development of, and the need to obtain marketing authorizations for, these pharmaceutical products in the market. After an initial strong increase in sales, the sales of a product can decline significantly if consumers migrate to a competitor's product. If we are not able to grow our key pharmaceutical products or successfully to launch new pharmaceutical products or if the pharmaceutical product in question is stopped during the development process e.g., due to negative results of the bioequivalence study or failure to develop a stable dosage form, we may not be able to grow or maintain our current sales levels and operations.

To identify attractive market opportunities, we monitor the development of the loose combination of pills over a five year period relating to their price development, the introduction of new products from competitors, regulatory developments affecting our products and the market in general and changes in medical guidelines. Once we have identified a potential pharmaceutical candidate, we compare the market need to our existing pipeline to see whether a suitable remedy is available. In most cases, we need, however, to identify suitable chemically synthesized active pharmaceutical ingredients ("**APIs**") for the relevant indication and develop a corresponding new formulation. There can be, however, no guarantee that we will be able to identify suitable market opportunities in the future and prepare the formulation required for the manufacturing of a corresponding product.

For the introduction of a new product, we require a marketing authorization (*Arzneimittelzulassung*) granted by the competent governmental authority. When we submit an application to obtain such marketing authorization, a number of factors may frustrate our development efforts or delay the application process, including:

- the relevant governmental authority may change standards; or
- such governmental authority may request us to provide additional information on the pharmacological effects, efficacy, quality and safety of the product; or
- we may fail to adhere to guidelines, legislation, or internal requirements of governmental authorities; or
- the competent regulatory authority may issue a negative benefit/risk assessment for the relevant new pharmaceutical product.

As a result of these uncertainties, the approval process required to obtain marketing authorizations for new pharmaceutical products is typically complex, lengthy, and subject to unanticipated delays, and we may incur higher costs than originally anticipated or fail to obtain the required marketing authorization in time to market a new product ahead of competitors or at all.

In addition, standards for the granting of marketing authorizations may change at any time and the competent governmental authorities have substantial discretion. As a result, the application process for new marketing authorizations may become even more difficult, time-consuming and expensive in the future, which could prevent us from successfully developing new products.

1.2.3 We may not be able successfully to launch our new pharmaceutical product developments, which may prevent us from expanding our revenues.

Even if we successfully develop new pharmaceutical products, the success of new pharmaceutical product launches depends on a variety of factors, some of which are outside our control (e.g., actions of competitors and consumer perception regarding new pharmaceutical products). A pharmaceutical product considered promising at the beginning of its development cycle may become less attractive throughout its development cycle (e.g., if a competitor manages to reach the market earlier).

We may also fail to correctly assess the potential market for new pharmaceutical products and the actual market at the time of introduction may be significantly less attractive than at the time development commenced (e.g., if alternative forms of treatment are discovered or if more effective or cost efficient products are introduced). For any pharmaceutical product that is discontinued shortly after launch or that does not otherwise gain market acceptance, any initial investments in the development and marketing of such product may not be recoverable. Failure to successfully establish strong market positions for new pharmaceutical products in a timely manner could prevent us from successfully maintaining and expanding our business, thus leading to a loss in revenue.

In addition, the prices we can charge for pharmaceutical products are influenced by the GKV (mainly the National Association of Public Health Insurance Companies) that can introduce reference prices for such pharmaceutical products. If the German government or the National Association of the Public Health Insurance Companies lowers the reimbursement price during the development period by introducing a so-called jumbo reference price group, we may decide not to market the particular pharmaceutical product because of expected low margins. Such a reimbursement risk can arise any time a public health insurance company "locks in" a particular reimbursement price for a class of similar pharmaceutical products which means that the reimbursed amount will stay fixed for a particular period of time, often for several years.

1.2.4 Our future success depends on the continued market acceptance and growth of single pill therapy as a viable treatment alternative to traditional loose combination of pills and other future alternative therapies, as well as on the broad acceptance of our pharmaceutical products and brands by patients, physicians and the general public.

Our future success depends on the continued development and growth of single pill treatment therapies as opposed to traditional loose combination of pills or other alternative forms of therapy. We believe that such growth will primarily depend on the acceptance by physicians of the use of single pill therapy to treat their patients. However, if physician acceptance of the single pill therapy does not increase strongly in the coming years, if single pill therapy does not otherwise gain broad market acceptance or if the market does not develop as expected, our revenues and profitability could be adversely affected.

In addition, we are exposed to the risk that general public will not trust pharmaceutical products in general (e.g., due to negative reporting with respect to the effectiveness of such pharmaceutical products). Given that we have one brand family for Tonotec® and plan to extend the brand Caramlo® to a brand family in the future, any adverse effects influencing any of these brand families could have adversely effect on our sales and profitability.

The perception of our single pill brands typically also depends on the continued expansion of the product portfolio marketed under our current brands Tonotec® and Caramlo®. As a result, the relevance of our current Tonotec® and Caramlo® brands may suffer if we fail to introduce new pharmaceutical products under these brands, which may not always be possible at all or in a timely fashion.

When launching new brands or seeking to enhance the recognition of its existing brands, we typically spend significant funds to enable our sales force to advertise directly with physicians and interest groups in face-to-face meetings. Should these efforts not lead to the success we had anticipated, there is no guarantee that we will be able to find alternative marketing channels that are similarly effective in reaching our target group.

1.2.5 The import of identical pharmaceutical products usually with the same brand name as domestically marketed pharmaceutical products at significantly lower prices from other European jurisdictions may lead to a market share decrease in the use of our pharmaceutical products and a loss of revenue.

A number of pharmaceutical products identical to ours are produced and sold in other European jurisdictions, some at significantly lower prices. Parallel trade companies or wholesalers purchase identical pharmaceutical products from foreign markets in other European jurisdictions and also register these pharmaceutical products in Germany. The German government supports parallel trade to increase savings on pharmaceutical products. There is a quota of parallel trade for each pharmacy of 5% to be fulfilled for each public health insurance company per quarter. External factors, such as the limited availability of particular pharmaceutical products, can lead to significantly higher parallel import quotas. The occurrence of these factors may lead to a market share decrease in the use of our pharmaceutical products and a loss of revenue.

1.2.6 The results of the START Study to show the positive effects of our single pill products may not be published by leading medical journals, which could lead to slower acceptance by physicians of our single pill products and thus decrease the number of prescriptions of our single pills, which would lead to a decrease in our revenues.

We commissioned the START Study (the "**START Study**") to test the effectiveness of single pill therapies and to create for the first time ever an analysis available globally to compare a single pill therapy with multi-pill treatment therapies in terms of clinical outcomes (rates of mortality, infarction, strokes, hospitalization, etc.). The START Study, which was conducted by AOK PLUS, INGRESS-Health HMW GmbH, and APONTIS PHARMA, has shown that the use of single pills has a positive impact on adherence. While the improved adherence was already known from previous studies, the START Study proved that the improved adherence led to a decrease in mortality rates and morbidity rates. In addition, the patients who are insured by a public health insurance company have to pay a contribution for each pharmaceutical product they purchase. By reducing the number of products to a single pill, this contribution only has to be paid once. Should we not be able to publish the results of the START Study in a leading medical journal, the positive feedback from the START Study with regard to the positive effects of certain single pills may not directly translate into the growth we would have expected to be triggered by such a publication. The START Study is also not specific to our single pill products but rather refers to the single pill concept in general as the subjects of the study were not exclusively treated with our single pills. Our competitors may also attempt to use the START Study to promote their own single pill products. The occurrence of any of these factors could lead to a reduced or delayed acceptance of our single pills by physicians and the slower growth in the development of certain single pill products, both of which would lead to a decrease in our revenues.

1.2.7 We depend on physicians to increase the acceptance of single pills in the medical market and among the general public, and there is a risk that these physicians will not accept our single pills or choose alternative therapies, which could significantly adversely affect our revenues.

We primarily market our single pills to physicians throughout Germany. As of December 31, 2020, we had a dedicated sales force of 130 sales representatives who concentrate primarily on marketing our single pills directly to physicians. Our sales force conducted an estimated 138,000 office visits to physicians in 2020, which was a lower number than the 200,000 office visits in 2019 as a result of the COVID-19 pandemic. For the years ended December 31, 2018, 2019 and 2020, we spent EUR 6.7 million, EUR 5.6 million and EUR 4.4 million, respectively, on these marketing efforts with physicians, which totalled approximately 23% of our total expenses in those years. Because we do have face-to-face interactions with these physicians and regularly correspond with them via email and other digital channels, the individual relationships between our sale representatives and our physicians are of crucial importance to our business. Any perceived failure or unsatisfactory interaction with these physicians could lead to these physicians not to accept our single pills or choose alternative therapies, which could significantly adversely affect our revenues.

1.2.8 Our co-marketing efforts may not be successful, which could lead to a loss in revenues.

An important part of our current business is focused on the co-marketing of certain pharmaceutical products which are still patent protected with key marketing partners. During the periods under review, we co-marketed a number of products with Novartis Pharma, for example Ulunar®, used to relieve symptoms of COPD as well as Jalra® and Icandra®, used to treat type 2 diabetes in adults. For the year 2020 ended December 31, we generated approximately 24.4% of our total revenues from sales of Ulunar® and approximately 17.9% of our total revenues from sales of Jalra® and Icandra® from these co-marketing efforts. See "*1.2.9. Our Co-Marketing Agreement with Novartis Pharma for Ulunar® will end on March 31, 2021 as planned. If we are not able to recover the revenues earned under this Co-Marketing Agreement through our new Co-Promotion Agreement with AstraZeneca for Trixeo Aerosphere® and Bevespi®, which addresses the same COPD market as Ulunar®, this would materially adversely affect our revenues and planned growth*." These co-marketing agreements have traditionally been important to our business because they ensure a reliable stream of recurring revenues for the co-marketed products. There can be no guarantee, however, that such co-marketing efforts will be successful in the future. When we enter into such co-marketing agreements, we need to divert management and financial resources from other marketing efforts. If our marketing efforts for these co-marketing projects are not successful, if we fail to meet certain prescribed minimum sales targets, subject to a contractual healing period, if we fail to make a certain amount of calls to physicians` practices for whatever reason, or if we fail to spend a certain amount on marketing costs for the pharmaceutical product in question, or otherwise materially breach the co-marketing agreement, our co-marketing partners have the right to terminate

these co-marketing agreements or they may decide not to renew these agreements after the term of the license for the pharmaceutical product in question has expired, which could mean that we would have invested significant funds in a particular pharmaceutical product which will then no longer be sold in the market without having received any form of compensation for this loss. In addition, certain co-marketing agreements such as the co-marketing agreement with Novartis Pharma for Dafiro® expire as a normal course of business and are not renewed and may also be terminated due to external market factors or regulatory conditions.

1.2.9 Our Co-Marketing Agreement with Novartis Pharma for Ulunar® will end on March 31, 2021 as planned. If we are not able to recover the revenues earned under this Co-Marketing Agreement through our new Co-Promotion Agreement with AstraZeneca for Trixeo Aerosphere® and Bevespi®, which addresses the same COPD market as Ulunar®, this would materially adversely affect our revenues and planned growth.

Our Co-Marketing Agreement with Novartis Pharma for Ulunar® will end on March 31, 2021 as planned. For the fiscal year ended December 20, 2020, we generated 24.4% of our total revenues through sales of Ulunar®, which was our leading product in terms of revenue in fiscal year 2020. We entered into a co-promotion agreement with AstraZeneca on April 1, 2021 for Trixeo Aeropsphere® and Bevespi Aerosphere®, which are similar products to Ulunar® and address the COPD market. If we are not able to recover the revenues earned through the Co-Marketing Agreement for Ulunar® through future sales of Trixeo Aeropsphere® and Bevespi Aerosphere®, this could materially adversely affect our revenues and planned growth.

1.2.10 Our co-marketing and co-promotion agreements are of a limited duration. If we are not able to replace the products we market under these agreements when they expire as a normal course of business, this may adversely affect our revenues.

Our co-marketing and co-promotion agreements are entered into for a limited duration of time for a particular product. Once these agreements expire, we need to replace these products with similar products under other co-marketing and co-promotion agreements to offset any revenue shortfalls from the expiration of the original co-marketing and co-promotion agreements. For example, we generated 24.4% of our total revenues from sales of Ulunar for the year ended December 31, 2020 and are currently replacing it with products from AstraZeneca. If we are unable in the future to replace such products on a timely basis or at all, it could have a material adverse effect on our revenues.

1.2.11 Certain of our pharmaceutical products may contain chemical components and chemically synthesized APIs which may increase the risk of various illnesses or have harmful side effects.

Our pharmaceutical products contain a number of chemical synthesized APIs as part of their chemical composition for a number of different applications depending on the particular product. We cannot ensure that that the chemically synthesized APIs in these pharmaceutical products will not lead to adverse reactions in some of the patients who take these pharmaceutical products to treat certain illnesses. For example, we were notified by European Health Authorities that one of our chemically synthesized APIs (HCT) may increase the risk of certain skin cancer types depending on the dosage taken, likely due to the photosensitizing actions of this compound. This risk is generally more prevalent in our co-marketing agreements because the pharmaceutical products subject to these co-marketing agreements have generally not been out in the market for significant periods of time and thus there is little known about potentially very rare adverse effects of these pharmaceutical products. We also cannot ensure that future studies of pharmaceutical products will not conclude that other chemical synthesized APIs which are included in our pharmaceutical products also increase the risk for various illnesses or have harmful side effects. Should any of our current pharmaceutical products on the market or future products subject to further studies be found to potentially increase the risk of various illnesses or have harmful side effects, this could adversely affect our revenues.

1.2.12 Third party manufacturers of our pharmaceutical products may not be available, may fail properly to perform their obligations to us or may completely terminate their business relationships with us, which could adversely affect our revenues, profitability and market position.

We depend on third-party contract manufacturing organizations ("**CMOs**") to manufacture our pharmaceutical products. There are a number of factors which could seriously impede CMOs from manufacturing our pharmaceutical products, including difficulties in the manufacture of sufficient quantities of our pharmaceutical products, limited production capacities of the CMOs, poor quality of APIs procured from API manufacturers earlier in the supply chain, local political developments in countries in which are pharmaceutical products are produced, and demand driven by our competitors making the manufacturing of our products more difficult. In addition, we may not have alternative manufacturers for our APIs, especially if they are produced in Asia. As a result, the required raw materials to manufacture our pharmaceutical products may not be available in sufficient quantities and at acceptable prices in order to keep up with the demand.

There is also no guarantee that CMOs for our pharmaceutical products will continue to be available and willing to manufacture our pharmaceutical products and that they will have sufficient capacities to handle our growing product portfolio. Given that we are typically required to order our pharmaceutical products several months in advance and our CMOs are required to complete a qualification process, our reliance on CMOs exposes us to significant risk. A lack of manufacturing capacities in the market may force us to incur higher costs, and there is no guarantee that we will be able to pass such costs on to our customers. If we are not able to find suitable CMOs to manufacture our pharmaceutical products, we may not be able to introduce new pharmaceutical products or maintain our product portfolio.

We have only limited control over the operations of our CMOs, and we cannot guarantee that these parties will always comply with good manufacturing process ("**GMP**") standards and manufacture our products in accordance with our specifications and applicable laws and

regulations. Any failure to comply with these requirements could result in enforcement action against us or our suppliers, including the seizure of products and shutting down of manufacturing facilities. Such enforcement as well as other factors (e.g., fires, natural hazards and power outages) could interrupt the manufacture of our products, which may prevent us from meeting customer demand and adversely affect our revenues, profitability and market position.

1.2.13 Certain APIs contained in our pharmaceutical products are only produced by a limited number of CMOs, which could lead to delays in the production of APIs in our pharmaceutical products and adversely affect our revenues.

Certain APIs included in our pharmaceutical products are only produced by a limited number of CMOs globally. There can be no guarantee that these APIs can always be timely manufactured by the CMOs in the event of problems with the supply chain, delivery issues, lack of raw materials or other events which are beyond the control of the CMOs or us. For example, in 2019, deliveries of Caramlo® were delayed for several months due to a worldwide shortage of the active ingredient candesartan caused by a significant increase in global demand for this active ingredient. Should there be any problem in the manufacture of certain chemically synthesized APIs which are crucial to our pharmaceutical products in the future, this could adversely affect our revenues.

1.2.14 We depend on one major logistics provider to warehouse our pharmaceutical products and distribute these pharmaceutical products through transportation companies to wholesalers, which sell our pharmaceutical products to pharmacies throughout Germany. Any failure of this logistics network could adversely affect our revenues.

Our finished pharmaceutical products are stored by Movianto Deutschland GmbH ("**Movianto**") and are distributed by Movianto through the transportation company Transoflex ("**TOF**") to wholesalers, which then distribute our pharmaceutical products to over 19,000 pharmacies throughout Germany. We depend on Movianto to ensure the safe storage of our pharmaceutical products and the timely delivery of these products through TOF to our customers, the wholesalers. Should there be any problems with the storage of our pharmaceutical products such as the shutdown or damages to the warehousing facilities caused by third parties, external events such as fires or storms, attacks on Movianto´s IT infrastructure and logistics network or other events which could endanger our pharmaceutical products, this could result in a substantial loss of sales and revenues for us, even if we ultimately had legal recourse against Movianto as it could significantly disrupt the logistics network needed to store and transport our pharmaceutical products. In addition, any interruption experienced by the wholesalers which may lead to a delay in the delivery of our pharmaceutical products to pharmacies could also adversely affect our logistics network and lead to a loss of revenue.

1.2.15 The development of our business could be seriously disrupted by the continued adverse economic effects caused by the COVID-19 pandemic and other adverse events affecting our business, leading to a significant decline in our revenues.

The impact of the COVID-19 pandemic and other adverse events affecting our business have been severe. In 2019, before the outbreak of the COVID-19 pandemic, deliveries of Caramlo® were delayed for several months due to a worldwide shortage of the active ingredient candesartan caused by a significant increase in global demand for this active ingredient. We also experienced a shortfall in revenues as a result of a new framework agreement between the DAV and GKV in July 2019 which substituted Ulunar® for a less expensive parallel import of Ultibro®. In addition, the awarding of the marketing authorization and introduction of Atorimib® was delayed and took place in December 2019 instead of July 2019. These pre-COVID-19 factors led us to introduce short-time work (*Kurzarbeit*) for approximately 20% of our workforce in October 2019, which was primarily limited to our sales force. This short-term work (*Kurzarbeit*) was extended to 100% of our sales force for the months of March and April 2020 as a result of the outbreak of the COVID-19 pandemic. Starting in May 2020, our short-term work (*Kurzarbeit*) reverted back to 20% of our work force. Short-term work ended on December 31, 2020. We have also been forced to scale back the number of office visits to physicians conducted by our sales force during the COVID-19 pandemic. In addition, as a result of fewer patients visiting physicians during the COVID-19 pandemic, the growth of our business has been adversely affected because physicians cannot make changes in the existing medication of a particular patient from a loose combination of pills to a single pill. Initial sales of our newly introduced pharmaceutical products, especially Atorimib®, were not as strong as we had expected, as we could not promote it as strongly due to the limited access to the physicians caused by the COVID-19 pandemic. We also cannot ensure that wholesalers will not reduce their orders for our products – even significantly – depending on the duration and scope of the COVID-19 pandemic in response to a potential decline in demand from their customers. Any such developments could adversely affect our revenues.

The extent to which the COVID-19 pandemic will impact our business in the future will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning the COVID-19 pandemic and the evolving political and economic measures to contain the COVID-19 pandemic or successfully address its impact on the global economy. In particular, if COVID-19 were to continue to spread, we may experience ongoing disruptions that could severely impact our business, including:

- newly launched single pills will not reach significant prescription/sales levels due to the fact that less patients with chronic diseases are visiting a physician´s office in person in which case they would be treated by a physician and likely be prescribed new pharmaceutical products or be switched from a loose combination therapy to a single pill therapy;

- reduced number of site visits to physicians by our sales force, which is the primary method through which we promote the sale of our pharmaceutical products;

- delays in receiving authorizations for new pharmaceutical products from local regulatory authorities;

- changes in local regulations as part of a response to the COVID-19 pandemic which may require us to change the ways in which we conduct our business, which may result in unexpected costs, or force us to discontinue sales of certain pharmaceutical products;

- diversion of healthcare resources away from research and development efforts regarding the development of new pharmaceutical products;

- interruption of key clinical trial activities, such as clinical trial site monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others, or interruption of clinical trial subject visits and study procedures, the occurrence of which could affect the integrity of clinical trial data;

- risk that participants enrolled in our clinical trials for our single pill products in the future will acquire COVID-19 while the clinical trial is ongoing, which could impact the results of the clinical trial, including by increasing the number of observed adverse events;

- interruptions in supply chains leading to backlogs in the delivery of our pharmaceutical products;

- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees; and

- limitations in employee resources that would otherwise be focused on the development of pharmaceutical products, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people.

The occurrence of any of these events could adversely affect our business and lead to a significant decline in our revenues.

1.2.16 The market perception of the safety, effectiveness and quality of our single pill products may suffer, which may adversely affect demand for our products and lead to a decrease in revenues.

The perception of the safety, effectiveness and quality of our pharmaceutical products is key to our sales efforts. If any of our products prove to be, or are accused of being, ineffective or even harmful to the ultimate consumers of our pharmaceutical products, or become subject to recalls, either because they violated the applicable laws or because they do not meet our quality standards, this could adversely impact demand for such pharmaceutical products and cause us to incur additional costs. Further, due to the importance of market perception, adverse publicity with respect to us and our pharmaceutical products (e.g., consumers or competitors questioning the quality of our products) could adversely affect demand for such products and lead to a decrease in our revenues.

Even where negative publicity does not relate to our product offering but to similar pharmaceutical products marketed by other companies, this could have a negative effect on demand for our pharmaceutical products if a general negative perception about a certain type of product develops in the market. General discussions on, and scepticism with respect to, the efficiency or quality of our products could adversely affect demand for such products. If doctors, pharmacists and the ultimate consumers perceive other pharmaceuticals to be more effective, consumers may decide to substitute our pharmaceutical products for those products.

Our pharmaceutical products are sold to members of the general public in pharmacies and to hospitals and rehabilitation clinics. While demand for such pharmaceutical products is primarily driven by direct prescriptions written by physicians for their patients, endorsements and comments by pharmacists nevertheless tend to influence the public perception of our pharmaceutical products. In addition to the strength of our pharmaceutical products and their reputation, the acceptance of our pharmaceutical products among pharmacists depends upon a variety of factors (e.g., whether the pharmaceutical product is the subject of a public tender, the availability of substitutes for our pharmaceutical products and the ultimate price of our pharmaceutical products), many of which are beyond our control.

1.2.17 We may not be able to maintain or grow our business, which could lead to a decline in our revenues.

We experienced a decrease in our revenues from 2018 to 2019 while revenues remained stable from 2019 to 2020. Revenues decreased from EUR 44.40 million for the year ended December 31, 2018 to EUR 40.04 million for the year ended December 31, 2019, and to EUR 39.42 million for the year ended December 31, 2020. The decrease in revenues from 2018 to 2019 and the lack of growth in revenues from 2019 to 2020 was attributable to the expiration of the co-marketing agreement with Novartis Pharma for Dafiro® in August 2019, which was replaced until May 2020 with a distribution agreement with significantly reduced profit margins, after which all cooperation with Novartis Pharma for Dafiro® ended. The expiration of Dafiro® led to a loss of revenue of EUR 4.8 million in 2019 and a loss of EUR 10.2 million in 2020. See "*1.2.10 Our co-marketing and co-promotion agreements are of a limited duration. If we are not able to replace the products we market under these agreements when they expire as a normal course of business, this may adversely affect our revenues.*" We have made and are continuing to make substantial investments to expand our business in Germany and to improve further customer experience and the logistics, manufacture and distribution infrastructure provided by our third-party providers. There can be no assurance that these efforts will be sufficient to grow our revenues or the number of our customers in the aggregate or in relation to the costs we incur. If our revenue growth slows or if our revenues decline, this could adversely affect our business.

1.2.18 We are seeking to expand our business into providing single pills for patients in hospitals and rehabilitation clinics and such efforts may not be successful, which could lead to increased costs and lower revenues.

To further drive demand for our single pill products, we started to market our single pill products directly to rehabilitation clinics and hospitals in 2020 based in large part on the positive results of the START Study for the use of single pills and plan to grow this business in the coming years. In general, physicians at hospitals and rehabilitation clinics principally prescribe loose combinations of pills for their patients. In the case of rehabilitation clinics, single pills are offered as a substitute for loose combinations of pills during a patient´s stay and, as a result of patients normally staying for several weeks at a rehabilitation clinic, the physician becomes accustomed to prescribing the single pills and the rehabilitation clinics recommend the use of these single pills to a patient´s physician when the patient leaves the rehabilitation clinic. In the case of hospitals, single pill therapies are increasingly recommended as a substitute to a loose combination of pills in the hospital discharge letter which is provided to the patient´s physician once the patient leaves the hospital. Once the COVID-19 pandemic subsides and we have better access to these facilities, we believe that we will be able to show through the positive results of the START Study the advantages of using single pill products to these hospitals and rehabilitation clinics to improve our sales to these facilities.

1.2.19 Our intention to expand into new markets in Europe in the future may expose us to a variety of different local, regulatory, tax and cultural standards which we could lead to a loss in revenues.

Our business is currently exclusively concentrated in Germany. We are currently contemplating to expand into additional European markets. The penetration of these new markets and our expansion plans will require management attention and resources and may be unsuccessful. Furthermore, we may incur an increase in marketing costs and overall costs in order to popularize and enhance a positive awareness of our brands and pharmaceutical products. We have limited experience in selling our products outside of Germany and conforming to other countries` local cultures, standards, laws, regulations, and policies. In addition, there can be no assurance that the pharmaceutical products we offer will appeal to potential customers in these new markets we intend to enter or that our current strategy of dealing directly with physicians will be effective or even legally permissible. We may also need to alter our business practices in ways with which we have limited or no experience or which are less profitable or expose us to additional risks. When we enter these markets, we will have to compete with local companies which may have a better understanding of the relevant local market than we do. Moreover, it may be necessary to establish a physical presence in such markets, such as facilities to liaise with wholesalers or sales offices, which would require us to make substantial investments before we can operate profitably in such markets. Any failure on our part to address or comply with any of these risks could lead to a loss of revenues.

1.2.20 Erroneous or misleading information provided by pharmacists about our pharmaceutical products may result in potential liability or negative publicity.

In the event that any pharmacist filling prescription orders by physicians for our pharmaceutical products provides erroneous or misleading information to the consumer, we may incur product-related liability or be subject to negative publicity that could have an adverse impact on our business. Pharmacists and their pharmaceutical staff are required by law to offer pharmaceutical counselling and documentation, without additional cost, to consumers about medications, including dosage, administration, common side effects and other safety-related information deemed significant by the pharmacists. Pharmacists may have a duty to warn consumers against potential adverse effects of a prescription drug and against contraindications or other adverse interactions between medications ordered if the warning could reduce or eliminate such effects. Any of these means of communication may increase the risk of miscommunication because the consumer may not have been provided with all relevant information.

In addition, we may incur liability for information that we provide online to the extent that it contains any inaccuracies. For instance, we post product and health-related information online. All of this creates the potential for claims to be made against us for negligence, personal injury, wrongful death, product liability, malpractice and breach of privacy laws or other causes of action. In addition, our reputation could be harmed, to the extent that the content of our online disclosure is perceived as recommending certain pharmaceutical products purely to focus on profit margins rather than the health of the individual consumer. Any failure to manage any of these risks could result in potential liability or negative publicity.

1.2.21 The illegal distribution of counterfeit versions of our pharmaceutical products could adversely affect our sales.

Third parties may illegally distribute and sell counterfeit versions of our pharmaceutical products, which do not meet the rigorous manufacturing and testing standards of our proprietary pharmaceutical products. Counterfeit products are frequently unsafe or ineffective and may contain harmful substances, the wrong dose of active ingredients or no active ingredients at all. Distributors and users may, however, not be able to identify counterfeit products as such. Reports of adverse reactions to counterfeit products or increased levels of counterfeiting could adversely affect customer confidence in our authentic pharmaceutical products and the harm caused by unsafe counterfeit pharmaceutical products may mistakenly be attributed to such authentic pharmaceutical products. Public loss of confidence in the integrity of our products due to counterfeiting of such pharmaceutical products could have a material adverse effect on our sales.

1.2.22 We may not be able to attract and retain qualified employees and we are dependent on key personnel, which could adversely affect our business and future prospects.

Due to the specialized nature of our business, especially our highly qualified scientific, marketing and sales personnel, we are highly dependent upon our ability to attract and retain such top talent. This is reflected in the current composition of our workforce. Competition for qualified employees is especially intense in our industry and due to its comparably small size and limited resources, it may be difficult for

us to attract and retain the services of qualified employees. In addition, given that our employees are employed at our headquarters near Monheim am Rhein, we have to compete for qualified employees in a market that houses multiple international corporations with more funding than us. Furthermore, our existing teams may not be adequately staffed to handle the increased workload that may result from our continued expansion and there is no guarantee that we will be able to hire qualified new employees required to expand its business in a timely manner. In addition, there is a risk in light of the current COVID-19 pandemic that we will not be able to pay the competitive salaries of certain groups of employees, for example our highly qualified sales force, or that the increased payments of such salaries may harm our profitability. In addition, competitors may use this opportunity to attempt to attract as much of our top talent as possible.

We also depend upon the continued services of the members of our governing bodies, senior management and other qualified personnel in particular regarding our medical personnel. We may not be able to retain the services of our qualified employees (e.g., due to higher salaries paid by our competitors) and there is no guarantee that we will be able to attract suitable replacements in a timely manner, or at all. We may also incur significant additional costs to recruit such suitable replacements. Changes in our management board (*Vorstand*) ("**Management Board**") whose members heavily contributed to our development would be disruptive to its further development.

An inability to retain and replace existing personnel or to attract new personnel, especially highly qualified scientific, marketing and sales personnel, could have a material adverse effect on our ability to operate our business and potentially damage our future prospects.

1.2.23 We may not be able to identify and capitalize on attractive acquisition opportunities, which may prevent us from achieving our intended external growth.

As part of our business strategy, we may decide to fuel our growth through selected strategic acquisitions of other businesses, marketing authorizations, products, assets or other arrangements, some of which may even be of considerable size. For example, we may explore potential acquisitions in the future depending on market conditions. There can be, however, no guarantee that we will be able to identify attractive opportunities, given that the number of companies in the pharmacy market with a suitable size is relatively limited. These opportunities may also require us to invest substantial resources, disrupt our ongoing business and divert management's attention.

Even if we were able to identify suitable targets, we may be unable to realize synergies or other benefits expected to result from future acquisitions or to expend more resources on the integration of such acquisitions than originally anticipated and may incur unanticipated liabilities. As a result, such future acquisitions may not yield returns for us or even have a material adverse effect on our existing operations. While there is no guarantee that such funding will be available, we may finance our future acquisitions through a mix of cash reserves, debt financing, or by issuing additional shares, which could lead us to incur significant amounts of debt and/or dilute the holdings of our existing shareholders.

1.2.24 We operate in a rapidly changing market, making it difficult to evaluate our future prospects.

The market for single pill therapy is rapidly changing and did not exist in its current form even a decade ago, which makes it difficult for us to assess the risks and opportunities we are faced with. As a result, we are subject to the risks and uncertainties experienced by early-stage companies in evolving markets. In particular, despite the attractiveness of single pill products fuelled in large part by the START Study, we do not know whether we can continue to grow demand for our pharmaceutical products or whether such demand is sustainable over the long term. In addition, the rapidly changing market increases the risk that we will make operational decisions that prove detrimental to our prospects.

Because the market is changing so rapidly, we may overlook opportunities to maintain our long-term competitiveness and market viability. If we are unsuccessful in addressing any of these risks, our revenues could be adversely affected.

1.2.25 Our information technology systems may be subject to disruptions or failures, which could adversely affect our revenues.

We depend on the efficient and uninterrupted operation of our information technology systems, in particular for our accounting and record keeping functions. We also store data in our data centres (e.g., proprietary information regarding pharmaceutical products as well as details on our customers for these products). Such data is essential to the operation of our business and our ability to analyse our target markets, in particular Germany, with respect to new market opportunities. A disruption, infiltration or failure of our information technology systems (e.g., due to software or hardware malfunctions, system implementations or upgrades, computer viruses, third-party security breaches, employee error, theft or misuse, power disruptions, natural disasters or accidents) could cause breaches of data security, loss of intellectual property or critical data, the release and misappropriation of sensitive information and impair our operations.

New developments in other areas, such as cloud computing providers, could also make it easier for competitors to enter our markets due to lower up-front technology costs. In addition, we may not be able to maintain our existing systems or replace our current systems or introduce new technologies and systems as quickly or profitable as necessary to compete effectively. Failure to invest in and adapt to technological developments and industry trends may reduce our customer base, lead to higher costs, reduce our growth potential, and thereby have a material adverse effect on our revenues.

1.2.26 We rely on email, digital and other messaging services in our marketing efforts, primarily with physicians, and restrictions on sending emails or other messaging services or delays in their delivery could negatively impact physicians` positive reception of our offering and adversely harm our reputation.

In addition to face-to-face promotion, we rely on email, digital and other external and proprietary messaging services to promote our pharmaceutical products. We circulate emails to inform our physicians about our pharmaceutical products and we believe these emails help generate a substantial portion of our revenues. If we are unable to deliver emails, digital services or other messages to these physicians, if such messages are delayed or if these physicians increasingly elect not to open them, our revenues and profitability could be adversely affected. In addition, we rely on a third-party service provider to deliver emails and delays or errors in the delivery of such emails, digital services or other messaging could occur and are largely beyond our control. Further, actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages, as well as legal or regulatory changes limiting our right to send such messages or imposing additional requirements on us in connection with them, could impair our ability to communicate with our physicians using emails or other messages. Our use of email, digital and other messaging services could also result in legal claims against us, which could increase our expenses and potentially expose us to additional liability. The occurrence of these factors could negatively impact physicians` positive reception of our offering and adversely harm our reputation.

1.2.27 Our insurance coverage might prove insufficient in case of interruptions or disturbances of its business operations, which could lead to a loss in profitability.

Our insurance coverage provides for a variety of events, but it is subject to numerous limitations and exclusions. In particular, if we fail to work properly due to interruptions or security breaches, this could potentially lead to interruptions of our business operations or cause it to incur significant costs, all of which may not be fully covered by such insurance. In addition, our insurance coverage is subject to specific limits. Furthermore, if any of our insurance providers becomes insolvent, we may not be able successfully to claim payment from such insurance provider. In the future, we may not be able to obtain coverage at current levels, or at all, and premiums for the insurance may increase significantly.

A lack of adequate insurance coverage could significantly increase our costs and could lead to a loss in profitability.

1.3 Risks specific to the Issuer: Risks related to Regulatory, Legal and Tax specific to the Issuer's Business

1.3.1 We may be adversely affected by changes in laws and regulations, in particular those governing the development, manufacture and distribution of pharmaceutical products.

We are required to comply with a wide range of laws and regulations relating to, *inter alia*, the development, manufacturing, distribution, marketing and monitoring of pharmaceutical products as well as employment matters, and the application of such laws and regulations by local authorities may vary. Key laws applicable to our business and operations in Germany include the German Pharmaceuticals Act (*Arzneimittelgesetz - AMG*), the regulation governing the manufacture and distribution of pharmaceuticals and agents (*Arzneimittel- und Wirkstoffherstellungsverordnung - AMWHV*) as well as the regulation on wholesale and the distribution of pharmaceuticals (*Verordnung über den Großhandel und die Arzneimittelvermittlung (Arzneimittelhandelsverordnung - AM-HandelsV)*), and the German Drug Advertisement Act (*Heilmittelwerbegesetz* ("**HWG**")) as well as overarching legal framework provided by the Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use (special regulations applicable to pharmaceutical products (the "**Directive 2001/83/EC**"). In addition, there are a number of regulatory guidance notes and written administrative practices issued by European and national regulatory bodies, such as the publications by the European Medicines Agency (EMA) with respect to the European centralised marketing authorization process, and the procedural guidances provided by the German Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*) in Germany for licencing, pursuant to which it evaluates whether a medicinal product is efficacious and safe and whether it has the required pharmaceutical quality.

Before we can introduce a new pharmaceutical product, we are required to obtain a marketing authorization from the competent governmental authority (e.g., the German Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*)) for such product in Germany. The process of obtaining such authorizations is complex, lengthy and there is no guarantee we will actually be able to obtain the required marketing authorizations. Even when such marketing authorizations have been granted, the safety, effectiveness, manufacturing, labelling, storing, distribution, record keeping, reporting, marketing and promotion of our pharmaceutical products is strongly regulated and intensely scrutinized by European, national and local governmental authorities. Our products are constantly monitored and it may be required to submit safety and other post-marketing information and reports to ensure regulatory compliance. We are also required to report any adverse reactions as well as major quality and production problems to the competent governmental authorities. Any discovery of defects or failure to comply with regulatory requirements could result in a revocation or suspension of our marketing authorizations and/or our wholesale authorization, marketing restrictions, product recalls, refusal of governmental authorities to approve pending marketing applications, or fines and other administrative, civil and criminal penalties.

Any changes in the laws and regulations applicable to the development and distribution of our pharmaceutical products as well as other aspects of our operations and our business, or changes to the application and interpretation of such laws and regulations by authorities and courts, may give rise to substantial compliance costs, adjustment expenses and other costs as well as fines in connection with our business activities, lead to a revocation of our marketing authorizations or render such authorizations invalid, or prevent us from executing our strategy as planned. Even legislative initiatives and the corresponding public debates could result in significant uncertainty, regardless of whether such initiatives ultimately become law.

1.3.2 The failure by physicians to comply with the various prescription guidelines issued by the sixteen different federal states in Germany related to our pharmaceutical products, especially as they relate to our single pill products, could lead to a loss in revenues for us.

Each of the sixteen federal states in Germany (in North Rhine Westphalia there are two separate guidelines) has its own "board of panel doctors" (*Kassenärztliche Vereinigung*) which issues its own prescription guidelines mostly valid for one calendar year governing how, in what amount and in what form physicians can prescribe medications in the respective state. If a physician violates provisions of these prescription guidelines, it can be charged a financial penalty by the respective state "board of panel doctors". It is crucial that we ensure that the description of our pharmaceutical products, especially our single pill products, are accurately and clearly described in these respective prescription guidelines so that the physicians know exactly how, in what amount and in what form to prescribe them. Any failure by physicians to comply with these guidelines could lead to them being charged financial penalties and us losing revenues if the physicians` noncompliance means that they are unable to prescribe our pharmaceutical products.

1.3.3 Our pharmaceutical products could be subject to product liability claims, actions by governmental authorities or product recalls.

As a distributor of pharmaceutical products, we are exposed to product liability claims, regulatory action by governmental authorities and litigation if our products are alleged to have caused loss or injury (e.g., in case of product defects, such as contamination, adulteration, unintended harmful side effects or interactions with other substances, failure to include adequate instructions for use or failure to include adequate warnings concerning possible side effects or interactions with other substances). Any product liability claims or corresponding regulatory actions against us could result in increased costs and could adversely affect our reputation and the perception of our products by consumers.

In addition, we may be legally required to recall harmful or otherwise faulty pharmaceutical products, in which case we could incur substantial expenses and face legal proceedings, lose a significant share of its revenues and be unable to maintain our profitability. Any pharmaceutical product recalls may require significant management attention and damage our reputation and that of our other products and brand families. Such pharmaceutical product recalls may also lead to increased scrutiny of us by governmental authorities, resulting in the imposition of fines and penalties and cause us to incur higher compliance, legal or other expenses.

Pharmaceutical products are subject to customary risks on the procurement side, such as recalls in case of a non-conforming quality or due to a restricted delivery ability by the manufacturer. Suppliers of pharmaceutical products are thus verified and assessed initially and subsequently assessed on a regular basis. Even though risk mitigation measures are established wherever necessary, we may fail the assessment. Furthermore, the suppliers of medical drugs are audited by the government authorities for compliance with the GMP standards. We are also inspected on a regular basis by the competent supervisory authority. We may fail these GMP or GDP standards.

We support compliance with these standards by applying relevant measures for quality assurance, both toward the toll manufacturers and suppliers and in its internal corporate processes.

1.3.4 Advertisements for pharmaceutical products are subject to extensive regulation and our advertisements may be challenged by governmental authorities, competitors or competition associations.

Advertisements for our pharmaceutical products are subject to extensive regulation (e.g., the HWG in Germany) and heavily scrutinized by various governmental authorities in our target geographies. Such regulation prohibits misleading advertisements of pharmaceutical products, requires the disclosure of specific information and prohibits referrals to certain third-party statements (e.g., recommendations of scientists). In addition, advertisements for pharmaceutical products may only refer to those indications that are covered by the relevant marketing authorization, while advertisements for other healthcare products may not give the impression that such products are suitable remedies for diagnosed ailments or have any other health benefits than those specifically covered by the relevant marketing authorization.

Furthermore, any violations of applicable advertisement regulations may lead to regulatory investigations, restrictions of our marketing activities and civil, administrative and criminal sanctions by governmental authorities. In addition, it is common practice in the healthcare industry to review labelling and advertisements of competitors for compliance with applicable laws and regulations and to challenge any perceived violations. In the future, competitors or competition associations may continue to challenge our labelling and advertisements in accordance with principles of unfair competition law, which could result in injunctions, civil proceedings and criminal prosecutions.

1.3.5 We depend on intellectual property protections for certain of our brands, and any inability on our part to protect such intellectual property against infringements from third parties could adversely affect our competitive position and revenues.

We depend on our ability to obtain and protect our intellectual property, in particular our key trademarks agnus sanol®, Atorimib®, Biramlo®, Codicaps® mono, dehydro comp®, diucomb®, diucomb® mild, Iadonna sanol®, magno sanol®, magno sanol® uno, morea sanol®, Obstinol® M, onefra sanol®, previva sanol® and Tonotec® and other intellectual property such as internet domains and business know-how, against infringements from third parties. There can be, however, no guarantee that effective legal remedies will be available to us in order to protect our intellectual property against infringements by third parties and we may fail to properly utilize any available remedies. In addition, it may not be able to register any additional intellectual property it requires (e.g., to introduce new brand families), in particular if such registration is found to interfere with existing intellectual property held by third parties. If we are not able to adequately protect our intellectual property, competitors may market products similar to our products and utilize brands and domains that interfere with those under which we market our products.

In addition, we seek to protect our business know-how and processes related to our products through confidentiality and non-disclosure agreements with third-party contractors, employees and consultants. We may, however, not have adequate remedies for breaches of these agreements and disputes may arise concerning the ownership of intellectual property or the applicability of such confidentiality agreements.

We do not hold any patents ourselves as they are held by our development partners. When developing a new product, there is a risk that our development partners are unaware of an existing patent and infringe upon it in the development process. This is based on the fact that patent applications in Europe are typically not published until 18 months after filing, or in some cases not at all, and because publications of discoveries in scientific literature lag behind actual discoveries. We cannot be certain that our licensors were the first to make the inventions claimed in any of our in-licensed issued patents or pending patent applications, or that our licensors were the first to file for protection of the inventions set forth in its patents or patent applications.

As a result, our development partners may not be able to obtain or maintain protection for certain inventions. Even if patents do successfully issue, our in-licensed patents may not adequately protect our intellectual property, provide exclusivity for our products or product candidates, prevent others from designing around our claims or otherwise provide us with a competitive advantage. We cannot offer any assurances about which, if any, patents will issue, the breadth of any such patents or whether any issued patents will be found invalid or unenforceable or will be threatened by third parties.

In addition, third parties may challenge the validity, enforceability, ownership, inventorship or scope of any of our development partner's patents. Any successful challenge to any of such patents could deprive us of rights necessary for the successful commercialization of any product candidate that we may develop and could impair or eliminate our ability to collect future revenues and royalties with respect to such products or product candidates. If any of such patent applications with respect to our product candidates fail to issue as patents, if their breadth or strength of protection is narrowed or threatened, or if they fail to provide meaningful exclusivity or competitive position, it could dissuade companies from collaborating with us or otherwise adversely affect our competitive position and revenues.

1.3.6 Changes in tax treaties, laws, rules or interpretations or an adverse outcome of tax audits could materially adversely affect our profitability.

The tax laws in Germany and other jurisdictions in which we operate as well as applicable double taxation treaties may be subject to change, and there may be changes in interpretation and enforcement of such tax laws or regulations, including the value-added treatment of supplies of goods and services. As a result, we may face increases in taxes payable if tax rates increase, or if tax laws or regulations are modified in an adverse manner, or if new tax laws or regulations are introduced by the competent authorities with or without retrospective effect. These or any future tax audit may require us to pay additional taxes plus accrued interest and penalties. In addition, tax authorities in Germany and other relevant jurisdictions may periodically examine us and our subsidiaries. Any additional taxes or other sums that become due could materially adversely affect our profitability.

1.3.7 We may be subject to litigation and other claims.

While we are currently not party to any material litigation, such as product liability claims, warranty obligations claims, alleged violations of trade confidentiality and others, there can be no assurance that we will not be involved in such litigation matters in the future. When we determine that a significant risk of a future claim against us exists, we will have to record provisions in an amount equal to our estimated liability. There can be also no assurance that such provisions, if made in the future, will be sufficient to cover our actual litigation costs. In addition, third-party litigation, including litigation related to competition law, antitrust law, tax law, patent law and to the implementation of individual regulatory requirements in the provision of healthcare at a national or supranational level, could have an indirect, materially adverse impact on APONTIS PHARMA and the market environment in which we operate. In the ordinary course of our business, we are from time to time involved in legal and arbitration proceedings and could become involved in additional legal and arbitration proceedings in the future. There can be no assurance that we will be successful in defending ourselves in pending or future litigation claims or similar matters under various laws or that product-specific provisions will be sufficient to cover litigation costs. Moreover, it may be difficult for us to obtain and enforce claims related to existing litigation under the laws of certain countries in which we operate at affordable costs and without any materially adverse effects on our business.

1.4 Risks specific to the Issuer: Risks related to the Issuer's Financial Situation

1.4.1 The Issuer is a holding company with no material business of its own. As the Issuer does not expect that there will be any distributions and payments from its operating subsidiary in the short to medium term, the Issuer is dependent on generating external funds to secure its liquidity and to meet its financial obligations.

The Issuer is a holding company with no material business of its own. As the Issuer does not expect that there will be any distributions or payments from its operating subsidiary in the short to medium term, it is dependent on generating external funds to secure our liquidity and to meet its financial obligations. If the Issuer were not able to generate external funds or otherwise meet its financial obligations, this would have a material adverse effect on its revenues and may lead to its insolvency.

1.4.2 We may require additional capital, which might not be available on economically acceptable terms, or at all.

In the medium to long term, we will likely require additional capital to finance our future growth or further scaling of its business. If we are unable to raise the required capital on economically acceptable terms, or at all, we may be forced to limit or even scale back our operations,

which may adversely affect our growth, business and market share and could ultimately lead to our insolvency. In addition, we may fail to accurately project and anticipate our capital needs. If we turn to capital increases as financing measures it remains uncertain whether investors might subscribe for the new shares.

If we decide to raise capital through debt financing, we may not be able to raise this capital at all or only on unfavourable terms, which could adversely affect our operational flexibility and profitability. In addition, such debt financing may require us to post collateral in favour of the relevant lenders. In particular, the economic repercussions of the COVID-19 pandemic could compel credit institutions to demand extensive collateral before granting a new loan or to terminate a loan if the slightest signs for an event of default under the respective loan agreement occurs. Alternatively, lenders might impose other restrictions in the form of severe covenants on our business and financial position. Such restrictions may adversely affect our operations and ability to grow the business as intended. A breach of the relevant covenants or other contractual obligations contained in such external financing agreements may trigger immediate prepayment obligations or may lead the relevant lenders to seize collateral posted by us, all of which may adversely affect our business.

An inability to obtain capital on economically acceptable terms, or at all, could significantly increase our costs of capital and have a material adverse effect on our business, and might ultimately lead to our insolvency.

1.4.3 Our financial statements are audited according to generally accepted accounting principles of the German Commercial Code, which may differ in some material aspects from customary international financial reporting standards.

We report our financial statements in accordance with generally accepted accounting principles of the German Commercial Code ("**German GAAP**"). Financial statements audited under German GAAP may differ in some aspects, including the methodologies used to interpret underlying financial reporting as they relate to revenue recognition, from those financial reporting standards used under customary international financial reporting standards ("**IFRS**"). Investors may also not be as familiar with reporting standards under German GAAP as they are under IFRS as IFRS standards are often used as the preferred accounting standards for publicly traded companies.

1.4.4 The assumptions made in preparing our profit forecast and business outlook included in this Prospectus may prove incomplete or inaccurate.

The profit forecast and business outlook included in this Prospectus reflect numerous assumptions made by our management. These assumptions relate to commercial expectations and other external factors, including political, legal, fiscal, market and economic conditions and applicable legislation, regulations or rules, all of which are difficult to predict and are beyond our control. Accordingly, the assumptions made in preparing the profit forecast and business outlook could prove incomplete or inaccurate and there may be differences between our actual and projected results, which could be materials and could in the future impact the price of the Shares. The inclusion of the profit forecast and outlook in this Prospectus should not be regarded as an indication that we consider such financial targets to be achievable or any outlook to be a reliable prediction of future events. Accordingly, investors should not place undue reliance on any of the profit forecast or outlook information included in this Prospectus.

1.5 Risks related to the Shares, the Offering, and our Shareholder Structure

1.5.1 There is no existing market for the Shares and an active or liquid market might not develop for the Shares.

Prior to this initial public offering of the offer shares (the "**Offer Shares**") in the Issuer (the "**Offering**"), there has been no public offering of or public trading in the Issuer's Shares. There can be no assurance that an active, liquid trading market for the Shares will develop or be sustained following the inclusion to trading on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (*Scale* segment) with simultaneous inclusion in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) (the "**Listing**"). The price of the Offer Shares will be determined and established by the Issuer and The Paragon Fund II GmbH & Co. KG, Munich, Germany ("Selling Shareholder" or the "**Paragon Fund**") after consultation with Hauck & Aufhäuser Privatbankiers Aktiengesellschaft and M.M.Warburg & CO (AG& Co.) Kommanditgesellschaft auf Aktien (the "**Joint Bookrunners**") on the basis of a book-building procedure. The price for the Offer Shares determined and established in this manner may not correspond to the price at which the Shares will be traded on the Frankfurt Stock Exchange after the Listing. Active trading in the Shares might not develop or continue after the Offering. If fewer than all Offer Shares are sold or the greenshoe option to purchase up to 690,000 additional Shares from the holdings of the Paragon Fund (the "**Greenshoe Option**") is not exercised by the Joint Bookrunners in full or at all, the free float and thus the liquidity of the Shares after the Listing will be lower, which may have an additional adverse effect on investors' ability to trade the Shares. Investors may not be in a position to sell their Shares quickly or at all or at the market price if there is no active trading in the Shares. If an active market for the shares does not develop after the Listing, the liquidity and market price of the Shares may be adversely affected.

Following the listing of our Shares, the trading volume and share price of the Shares may fluctuate significantly. The price of our Shares will be affected primarily by the supply and demand and could fluctuate significantly in response to numerous factors, many of which are beyond our control. These factors include, among other things, fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts' earnings expectations, the absence of analyst coverage on our shares, changes in trading volumes in our shares, the activities of APONTIS PHARMA's competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception of APONTIS PHARMA 's industry (including due to changes in public opinion, for example as a result of adverse media coverage), negative research reports, changes in the statutory framework in which APONTIS PHARMA operates, changes in macroeconomic conditions, including fluctuations in foreign currencies and general stock market plunges, such as several times in 2020 as a reaction to new developments in relation to COVID-19, and other factors. Stock prices of many companies have experienced price and volume

fluctuations in a manner often unrelated to the operating performance of such companies, including as a result of short seller attacks. In particular, the adoption or further refinement of Environment Social Governance ("**ESG**") investment principles by investors (for example, so-called green funds) might lead to a divestment of shares of certain companies.

If our share price or the trading volume in shares declines as a result of the realization of any or all of these events, investors could lose part or all of their investment in our shares. This also applies in the event of our insolvency since our shares are subordinated to all other securities and claims.

1.5.2 Even if all Offer Shares are placed in the Offering, the Paragon Fund will be able to continue to exercise substantial influence over us and our business activities. The interests of the Paragon Fund could conflict with the interests of our other shareholders.

Upon completion of the Offering, the Paragon Fund will hold approximately 31.3% of the issued Shares (assuming the placement of 5,002,500 Offer Shares and exercise of the Upsize Option and the Greenshoe Option in full). The interests of the Paragon Fund may be different from our interests or those of other shareholders. The remaining stake of the Paragon Fund may have the effect of making certain transactions more difficult or impossible without the support of the Paragon Fund, and may have the effect of delaying, postponing or preventing certain major corporate actions, including a change of control in the Issuer, and could thus prevent mergers, consolidations, acquisitions, or other forms of combination that might be advantageous for investors.

1.5.3 Future sales of Shares or anticipated sales of a substantial number of Shares or similar transactions conducted by the Paragon Fund or other groups of shareholders could adversely affect the Share price.

Assuming that 5,290,000 Offer Shares have been placed in the Offering at the mid-pont of the price range (including 2,000,000 new shares to be issued by the Issuer, 3,290,000 existing shares offered by the Paragon Fund and the Greenshoe Shares from the holdings of the Paragon Fund), the Paragon Fund, which currently holds 89.26%, will continue to hold approximately 29.55% of our share capital assuming after the Offering. Future sales of Shares by the Paragon Fund may have a material adverse effect on the price of the Shares. The Selling Shareholder has undertaken *vis-à-vis* the Sole Global Coordinator that they will not sell additional Shares or enter into similar transactions for a period of six months after the first day of trading of the Shares on the Frankfurt Stock Exchange (so-called “hard” lock-up). Additionally, the Selling Shareholder has agreed that until the expiration of a further six months following the expiration of the aforementioned “hard” lock-up period, they will sell additional Shares or enter into similar transactions only with the approval of the Sole Global Coordinator. However, should the Selling Shareholder or the members of the Management Board take such actions – with or without the Sole Global Coordinator's approval – or should the market come to the conclusion that such events might happen, this could have a material adverse effect on the price of the Shares. The same applies if other groups of large shareholders make sales or similar transactions with respect to a substantial number of Shares in the market, or if the market believes that such sales or similar transactions might occur. Such sales or similar transactions could also make it more difficult for us to issue new shares in the future at a time and price that we deem appropriate.

1.5.4 Future capital-related measures, such as future offerings of equity-linked or equity securities by us or the exercise of possible future stock option programs, may adversely affect the market price of the Shares and could result in a substantial dilution of our existing shareholdings.

We may require further capital in the future to finance our business operations and research and development. Therefore, we may seek to raise capital through offerings of equity-linked securities, additional equity securities or to implement possible future stock option programs. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible bonds or warrant bonds, or the exercise of a stock option program could adversely affect the market price of the Shares and would dilute the economic and voting interests of existing shareholders if made without granting subscription rights to existing shareholders. Even if existing shareholders were granted subscription rights, investors in certain jurisdictions may not be able to acquire and/or exercise any subscription rights due to local laws. Because the timing and nature of any future offering would depend on market conditions, it is not possible to predict or estimate the amount, timing, or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued Shares, as well as a potential exercise of stock options and the issuance to our employees in the context possible future stock option programs, could lead to a dilution of the economic and voting interests of existing shareholders. Furthermore, a proposal to the general shareholders' meeting to take any of the abovementioned measures, with dilutive effects on existing shareholders, or any other announcement of such proposal, could adversely affect the market price of the Shares. Until the expiration of a period of six months after signing the Underwriting Agreement (as defined below) in relation to the Offering, we have undertaken not to directly or indirectly offer or sell our Shares, or announce such sale or take any other measures equivalent to a sale in economic terms. In addition, we have undertaken towards the Joint Bookrunners that for an additional period of another six months, we will initiate the aforementioned measures only with the Joint Bookrunners’ consent. Nevertheless, it cannot be guaranteed that during these six months and beyond, we will not take such actions or propose such actions to the general shareholders' meeting or that the market will not come to the conclusion that this will occur. This could have a material adverse effect on the price of the Shares.

1.5.5 The Offering may not take place.

The underwriting agreement entered into by us, the Selling Shareholder and the Joint Bookrunners (the "**Underwriting Agreement**") provides that the obligations of the Joint Bookrunners are subject to conditions, including, among other things, the conclusion of a pricing agreement, and also provides that the Joint Bookrunners may terminate the Underwriting Agreement under certain circumstances. In the event of a non-occurrence of conditions or a termination of the Underwriting Agreement, the Offering will not take place. Claims for securities commissions already paid and other costs incurred by investors in connection with their subscription are solely subject to the legal relationship between

the respective investor and the institution where the purchase order was placed. Allotments to shareholders already affected will be void. In such a case, investors have no claim to receive our Shares. Short sellers bear the risk of not being able to meet their share delivery obligations.

1.5.6 Shareholders in jurisdictions outside Germany may not be able to participate in future issues of our shares unless we decide to take additional steps to comply with applicable local laws and regulations of such jurisdictions.

In the case of certain increases in our issued share capital, our existing shareholders are generally entitled to subscribe to the newly issued shares unless such subscription rights are specifically excluded. Shareholders outside Germany may however not be able to exercise their subscription rights unless we decide to comply with applicable local laws and regulations. We cannot assure any shareholders outside Germany that steps will be taken to enable them to exercise their subscription rights, or to permit them to receive any proceeds or other amounts relating to their subscription rights.

1.5.7 Our ability to pay dividends depends, among other things, on our financial condition and results of operations.

Any potential future determination by us to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the level of distributable profit for the respective year, our results of operations, financial condition, our investment policy, market developments and capital requirements based on our unconsolidated financial statements prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as well as shareholders' consent. There can be no assurances that we or our subsidiaries' performance will allow us to pay dividends in the foreseeable future. In particular, the ability to pay dividends may be impaired if any of the risks described in this section "1. RISK FACTORS" were to occur.

Any of these factors, individually or in combination, could restrict our ability to pay dividends and could cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

1.5.8 We will incur increased costs as a result of operating as a public company, and the management will be required to devote substantial time to additional compliance initiatives and to additional legal, regulatory and administrative requirements. If we fail to comply with these requirements, it will possibly damage our reputation and may adversely affect an investment in the Shares.

As a public company, we incur significant accounting, legal and other expenses that it did not incur as a private company. Compliance with rules and regulations applicable to public companies will increase our legal and financial compliance costs, introduce new costs (including stock exchange listing fees and costs related to investor relations and shareholder reporting), and make certain activities more time consuming and costly. They also might make it more difficult for us to obtain director and officer liability insurance at reasonable costs and we may incur substantial costs to maintain sufficient coverage.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies generally, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us which could have an adverse effect. We cannot predict or estimate the amount or timing of additional costs we may incur in the future to respond to these continually evolving requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on its administrative board or in other senior management positions.

Furthermore, we might fail to establish and maintain effective systems of internal control over financial reporting or other obligations related to the Listing. These include the obligation to issue half-year interim financial statements for the first time and no assurance can be given that we will comply with such regulations in the future given the fact that we are currently in the process of adjusting its internal functions towards such future requirements. If we fail to provide the necessary data or violates any other applicable rules and regulations, we might be faced with administrative proceedings which could, among other things, result in fines being imposed on us. Furthermore, such non-compliance with the applicable rules and regulations would possibly damage our reputation and may affect an investment in the Shares.

2 GENERAL INFORMATION

2.1 Responsibility statement

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

- APONTIS PHARMA AG, a German stock corporation (*Aktiengesellschaft* or *AG*) with its registered office in Monheim am Rhein, Federal Republic of Germany ("**Germany**"), and its business address at Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf, Germany ("**Commercial Register**"), under the registration number HRB 92340, and Legal Entity Identifier ("**LEI**") 894500ETO1J6MR8PDF91 ("**Issuer**");

- The Paragon Fund II GmbH & Co. KG, a German limited partnership (*Kommanditgesellschaft* or *KG*) with a German limited liability company (*Gesellschaft mit beschränkter Haftung or GmbH*) as general partner (*persönlich haftender Gesellschafter*), having its registered seat in Munich, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under the registration number HRA 102127, with business address at Leopoldstr. 10, 80802 Munich, Germany, and LEI 391200ZY4IG3R79PH531 (telephone: +49 (0) 89 388 88 700) ("**Selling Shareholder**" or the "**Paragon Fund**");

- Hauck & Aufhäuser, a German stock corporation (*Aktiengesellschaft* or *AG*) with its registered office in Frankfurt am Main, Germany, and its business address at Kaiserstraße 24, 60311 Frankfurt am Main, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under the registration number HRB 108617, and LEI 529900OOZP78CYPYF471 ("**Hauck & Aufhäuser**" or "**Sole Global Coordinator**"); and

- M.M.Warburg, a German limited partnership on shares (*Kommanditgesellschaft auf Aktien* or *KG a.A*) with its registered office in Hamburg, Germany, and its business address at Ferdinandstraße 75, 20095 Hamburg, Germany, registered with the commercial register (*Handelsregister*) of the local court *(Amtsgericht*) of Hamburg, Germany, under the registration number HRB 84168, and LEI MZI1VDH2BQLFZGLQDO60 (**"M.M.Warburg"** and, together with Hauck & Aufhäuser, the **"Joint Bookrunners"**).

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

The information contained in the Prospectus will not be updated subsequent to the date hereof except for any significant new factor, material mistake or inaccuracy relating to the information contained in the Prospectus which may affect an assessment of the Offer Shares and which arises or is noted between the time when the Prospectus is approved and the closing of the offer period, which will be disclosed in a supplement of the Prospectus pursuant to Article 23 of the Prospectus Regulation. These updates must be disclosed in a prospectus supplement in accordance with Article 23 of the Prospectus Regulation without undue delay.

The Issuer states that

- the Prospectus has been approved by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "**BaFin**"), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone +49 (0) 228 4108 0; website www.bafin.de), as competent authority under the Prospectus Regulation;

- BaFin only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation;

- such approval should not be considered as an endorsement of the Issuer or of the quality of the securities that are the subject of this Prospectus; and

- investors should make their own assessment as to the suitability of investing in the Shares.

The Issuer's website is apontis-pharma.de. Information contained on the Issuer's website is not incorporated by reference in the Prospectus and is not part of the Prospectus. Hyperlinks to websites do not form part of the Prospectus and have not been scrutinised or approved by BaFin.

2.2 Purpose of the Prospectus

The Prospectus relates to the offering of 5,290,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Issuer ("**Offer Shares**"), each such Offer Share representing a notional value of EUR 1.00 in the Issuer's share capital and with full dividend rights as of January 1, 2021 ("**Offering**"), consisting of:

- 2,000,000 newly issued Shares from a capital increase against contributions in cash ("**IPO Capital Increase**") resolved by an extraordinary shareholders' meeting (außerordentliche Hauptversammlung) of the Issuer on May 6, 2021 ("**New Shares**");

- 1,600,000 existing Shares from the holdings of The Paragon Fund in a base deal ("**Secondary Base Shares**");

- up to 1,000,000 existing Shares from the holdings of the Paragon Fund subject to the exercise of an upsize option ("**Upsize Option**") upon its decision, in consultation with the Joint Bookrunners, based on market demand on the date of pricing ("**Upsize Shares**" and, together with the Secondary Base Shares, "**Sale Shares**"); and

- up to 690,000 existing Shares from the holdings of the Paragon Fund in connection with a potential over-allotment ("Over-Allotment Shares").

The Offering consists of an initial public offering of the Offer Shares in Germany ("**IPO**") and private placements in certain jurisdictions outside Germany ("**Private Placement**"). In the Private Placement, the Offer Shares will be offered (i) in the EEA to "qualified investors" (as defined in Art. 2 lit. e) of the Prospectus Regulation), (ii) in the United States of America ("**United States**") to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended ("**Securities Act**")) ("**QIBs**"), and (iii) in other countries (except for Canada, Australia and Japan) to institutional investors.

The Offer Shares have not been, and will not be, registered under the Securities Act. Outside the United States, the Offer Shares will be offered only in "offshore transactions" (as defined in and pursuant to Regulation S of the Securities Act ("**Regulation S**")). In the United States, the Offer Shares will be offered only in private placement transactions to a limited number of QIBs pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act, and who have received and agreed to the terms of a U.S. investor representation letter to the Issuer, the Joint Bookrunners and the Selling Shareholder. Prospective investors are hereby notified that the sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

The Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

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

2.3 Forward-looking statements

The Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of the Prospectus. This applies, in particular, to statements in the Prospectus containing information on the Issuer's future earnings capacity, plans and expectations regarding its business growth and profitability, and general economic conditions to which it is exposed. In some cases, forward-looking statements can be identified by the use of forward-looking terminology or subjective assessments, which may include words such as "anticipate", "believe", "contemplate", "continue", "could", "expect", "intend", "plan", "potential", "predict", "project", "should", "target" and "would" or the negative of these words or other similar terms or expressions.

The forward-looking statements in the Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Issuer's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Issuer's actual results, including its financial condition and profitability, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections of the Prospectus, particularly in the sections of the Prospectus describing risk factors, markets and competition, the Issuer's business and recent developments and outlook, and wherever information is contained in the Prospectus regarding the Issuer's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which APONTIS PHARMA is subject. Accordingly, prospective investors are strongly advised to read the following sections of the Prospectus: "*SUMMARY OF THE PROSPECTUS*", "*1. RISK FACTORS*", "*9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS*", "*10. PROFIT FORECAST*", "*11. MARKETS AND COMPETITION*", "*12. BUSINESS*", "*13. REGULATORY AND LEGAL ENVIRONMENT*", "*23. RECENT DEVELOPMENTS AND TREND INFORMATION*" and wherever information is contained in the Prospectus regarding the Issuer's plans, intentions, beliefs, or current expectations to the Issuer's future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand for its residential units as well as the economic and regulatory environment which the Issuer is subject to. The abovementioned sections include more detailed descriptions of factors that might have an impact on the Issuer's business and the business environment the Issuer operates in. Forward-looking statements should not be relied upon as predictions of future events.

In light of these uncertainties and assumptions, future events mentioned in the Prospectus may not occur. In addition, the forward-looking estimates and forecasts reproduced in the Prospectus from third-party sources could prove to be inaccurate (for more information on the third-party sources used in the Prospectus, see "*2.5 Sources of market data*"). Actual results, performance or events may turn out to be better or worse compared to the results, performance and events described in the forward-looking statements, in particular due to:

- changes in general economic conditions in the markets in which the Issuer operates, including political changes, changes in the unemployment rate, the level of consumer prices and wage levels;
- the further development of the pharmaceuticals market in Europe, in particular the pharmaceuticals market in Germany;
- the Issuer's ability to comply with applicable laws and regulations, in particular if such laws and regulations change, are abolished and/or new laws and regulations are introduced; and
- the Issuer's ability to attract and retain qualified personnel.

This list of important factors is not exhaustive. The foregoing factors and other uncertainties and events should be carefully considered, especially in light of the regulatory, political, economic, social and legal environment in which the Issuer operates.

Forward-looking statements included in the Prospectus speak only as of the date of the Prospectus and that neither the Issuer nor the Selling Shareholder nor the Joint Bookrunners assume any obligation, except as required by law, to update any forward looking statement or to conform any such statement to actual events or developments. The Issuer may not actually achieve the plans, intentions or expectations disclosed in the forward-looking statements. These forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

The section "*1. RISK FACTORS*" contains a detailed description of various risks. If these risks were to materialize, this could adversely affect the actual outcome of the matters described in the forward-looking statements contained in the Prospectus, in particular where such statements relate to the development of the Issuer's business, financial condition, cash flows, results of operations and prospects.

2.4 Presentation of financial information

The financial information included in the Prospectus has been taken or derived from (i) the Issuer's audited financial statements as of and for the full fiscal year ended December 31, 2020 (the "**Audited Consolidated Financial Statements 2020**"), (ii) the Issuer's audited consolidated financial statements as of and for the full fiscal years ended December 31, 2019 (the "**Audited Consolidated Financial Statements 2019**"), (iii) the Issuer's audited consolidated financial statements as of and for the short fiscal year from May 24, 2018 to December 31, 2018 (the "**Audited Consolidated Financial Statements 2018**"), (iv) APONTIS KG's audited financial statements as of and for the financial year ended December 31, 2019 (the "**Audited KG Financial Statements 2019**"), (v) APONTIS KG's audited financial statements as of and for the financial year ended December 31, 2018 (the "**Audited KG Financial Statements 2018**"), (vi) APONTIS KG's audited statements of cash flows and changes in equity for the fiscal year ended December 31, 2019 (with comparative financial information for the fiscal year ended December 31, 2018) (the "**Audited KG Statements of Cash Flows and Changes in Equity 2019**") and (vii) the Issuer's audited unconsolidated financial statements as of and for the full fiscal year ended December 31, 2020 (the "**Audited Unconsolidated Financial Statements 2020**", and together with the Audited Consolidated Financial Statements 2020, the Audited Consolidated Financial Statements 2019, the Audited Consolidated Financial Statements 2018, the Audited KG Financial Statements 2019, the Audited KG Statements of Cash Flows and Changes in Equity 2019 and the Audited KG Financial Statements 2018, the "**Audited Financial Statements**") and (iv) APONTIS PHARMA's accounting records or internal management reporting systems.

The Audited Financial Statements are included in the section "*21. FINANCIAL INFORMATION*" beginning on page F-1.

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Germany, Bonn office, Joseph-Schumpeter-Allee 25, 53227 Bonn, Germany ("**Ebner Stolz**"), audited the aforementioned German language financial statements in accordance with Section 317 HGB and in compliance with the German Generally Accepted Auditing Standards for financial statement audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer e. V.*– "**IDW**") and issued German language unqualified independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. In addition, Ebner Stolz audited the Audited KG Statements of Cash Flows and Changes in Equity 2019 in accordance with IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) promulgated by the IDW and issued unqualified auditor's reports thereon.

Where financial information is labelled "audited" in the tables in the Prospectus, it has been taken from the Audited Financial Statements. The label "unaudited" in the tables in the Prospectus indicates financial information (i) has been calculated based on financial information included in the Audited Financial Statements, or (ii) has been taken or derived from the Issuer's accounting records or internal management reporting systems.

2.5 Sources of market data

Unless otherwise specified, the information contained in the Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which the Issuer operates are based on the Issuer's assessments and estimates, using

underlying data from independent third parties. The Issuer obtained market data and certain industry forecasts used in the Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications or commissioned reports, including reports, publications and data compiled by:

- DHL Congress, November 19, 2019, Abstract (Comparison of Direct Healthcare Costs between Patients Using Single Pill and Multiple Pill Therapies: Results of the START Study), "*DHL Congress (2019), Results of the START Study*";

- Germany Trade and Invest Gesellschaft für Außenwirtschaft und Standortmarketing mbH (GTAI), The Pharmaceutical Industry in Germany, Issue 2021/2022, October 2020, available under https://www.gtai.de/resource/blob/63952/21bad69357f5f17af57bad0aa6c0a62c/ThePharmaceuticalIndustryGermany.pdf;

- IQVIA Marktbericht Classic, Entwicklung des deutschen Pharmamarktes im Dreivierteljahr 2020, published in 2020, available under https://www.iqvia.com/-/media/iqvia/pdfs/germany/library/publications/iqvia-pharma-marktbericht-classic-dreivierteljahr-2020.pdf;

- "*Press information of the Federation of German Pharmacists` Associations ("ABDA"), January 27, 2021*";

- Robert Koch Institute; Hypertension and its Consequences (Hochdruckliga, January 5, 2021), "*RKI (2021), Hypertension and its Consequences*";

- "*Robert Koch-Institut (Hrsg) (2015) Gesundheit in Deutschland. Gesundheitsberichterstattung des Bundes. Gemeinsam getragen von RKI und Destatis. RKI, Berlin*";

- Robert Koch-Institute (ed.) (2016) Health in Germany – the Most Important Trends. Federal Health Reporting. Jointly provided by RKI and Destatis. RKI, Berlin, "*RKI (2016) Health in Germany – the Most Important Trends*";

- Rosenbauer J, Neu A, Rothe U, Seufert J, Holl RW (2019) Diabetestypen sind nicht auf Altersgruppen beschränkt: Typ-1-Diabetes bei Erwachsenen und Typ-2-Diabetes bei Kindern und Jugendlichen. Journal of Health Monitoring 4(2): 31–53. DOI 10.25646/5981; Heidemann C, Du Y, Scheidt-Nave C (2011) Diabetes mellitus in Deutschland. Hrsg. Robert Koch-Institut Berlin GBE kompakt 2(3) www.rki.de/gbe-kompakt, Stand: 06.05.2011; Robert Koch-Institut (Hrsg) (2014) Diabetes mellitus. Faktenblatt zu GEDA 2012: Ergebnisse der Studie »Gesundheit in Deutschland aktuell 2012«. RKI, Berlin www.rki.de/geda, Stand: 25.10.2014)"*Rosenbauer/Neu/Rothe/Seufert/Holl RW (2019), Journal of Health Monitoring; Heidemann; Du/Scheidt-Nave (2011) RKI GBE kompakt*"; and

- "*Statista Consumer Market Outlook July 2020*".

It should be noted, in particular, that reference has been made in the Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. The Issuer has accurately reproduced such information and, as far as the Issuer is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Prospective investors are, nevertheless, advised to consider this data with caution. For example, market studies are often based on information or assumptions that may be inaccurate or inappropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party sources has been included in the Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action with respect to the Shares.

In addition, some of the sources of market data included in the Prospectus may be prepared before the worldwide pandemic triggered by the Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) ("**COVID-19 pandemic**") and have not been updated for the potential effects of the COVID-19 pandemic. The Issuer is not able to determine whether the third parties who have prepared such sources will revise their estimates and projections due to the potential impact of the COVID-19 pandemic on the future market environment, market developments, growth rates, market trends and competition in the markets.

Irrespective of the assumption of responsibility for the content of the Prospectus by the Issuer, the Selling Shareholder and the Joint Bookrunners (see "*2.1 Responsibility Statement*"), neither the Issuer nor the Selling Shareholder nor the Joint Bookrunners have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Issuer, the Selling Shareholder and the Joint Bookrunners make no representation or warranty as to the accuracy, completeness or verification of any such information from third-party studies included in the Prospectus. Prospective investors should note that the Issuer's own estimates and statements of opinion and belief are not always based on studies of third parties. None of the Issuer, the Selling Shareholder or the Joint Bookrunners, or any of their respective affiliates, is making any representation to any offeree or purchaser of any Shares regarding the legality of an investment in the Shares by such offeree or purchaser.

Information contained on any website mentioned in the Prospectus is not incorporated by reference in the Prospectus and is not part of the Prospectus.

2.6 Documents available for inspection

For the period during which the Prospectus remains valid, the following documents will be available on the Issuer's website (apontis-pharma.de) under the "IPO" section:

- the Prospectus;
- the Issuer's articles of association (*Satzung*) ("**Articles of Association**"); and
- the Audited Financial Statements.

The Issuer's future annual financial statements and half-yearly financial statements will be available on its website (apontis-pharma.de). The Issuer's future annual financial statements will also be published in the Federal Gazette (*Bundesanzeiger*).

Information on the Issuer's website (apontis-pharma.de) and information accessible via this website is neither part of, nor incorporated by reference into, the Prospectus.

2.7 Currency

In the Prospectus, "**EUR**" and "**Euro**" refer to the single European currency adopted by certain participating member states of the European Union ("**EU"**), including Germany.

2.8 Negative numbers and rounding

Unless indicated otherwise, financial information presented in the text and tables in the Prospectus is shown in thousand of Euro (in EUR thousand), commercially rounded to a whole number or to one digit after the decimal point. The same applies with regard to costs and expenses related to the Offering, the net proceeds for the Issuer and the Selling Shareholder and dilution information. Changes, including percentage changes and ratios in the text and tables in the Prospectus, are calculated based on the respective numbers as presented and then commercially rounded to a whole percentage or to one digit after the decimal point. Because of rounding, figures shown in tables in the Prospectus do not necessarily add up exactly to the respective totals or sub-totals presented, and percentages may not reflect underlying numbers or may not exactly equal 100% when aggregated. Furthermore, these rounded figures may vary marginally from unrounded figures that may be indicated elsewhere in the Prospectus. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in the Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to or equals zero.

2.9 Alternative performance measures

Throughout the Prospectus, the Issuer presents unaudited financial information that is not required by or prepared in accordance with the German generally accepted accounting principles of the HGB, including gross profit ("**Gross Profit**"), Gross Profit margin, earnings before interest, taxes, appreciation and amortization ("**EBITDA**") and EBITDA margin as well as earnings before interest and taxes ("**EBIT**") and EBIT margin (collectively "**Alternative Performance Measures**" or "**APMs**"). The APMs are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ("**ESMA**") on October 5, 2015 on APMs ("**ESMA Guidelines**").

The Issuer tracks the APMs to measure its general performance, achievement versus its (short- and mid-term) business plan and to make strategic decisions. It is used by the Issuer in monitoring, evaluating and managing its business and the Issuer believes the APMs provide an enhanced understanding of the Issuer's underlying results and related trends. Further, the Issuer believes that the APMs are frequently used by securities analysts, investors and other interested parties in evaluating companies in its industry and it may contribute understanding of the Issuer's business. The APMs are no measurements of the Issuer's performance or liquidity under the German generally accepted accounting principles of the HGB or any other generally accepted accounting principles and should not be considered as an alternative to net income/net loss for the year/period or any other performance measures derived in accordance with the German generally accepted accounting principles of the HGB or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

The APMs do not necessarily indicate whether cash flows will be sufficient for the Issuer's cash requirements and may not be indicative of its future results. Furthermore, the APMs are not recognized under the German generally accepted accounting principles of the HGB, should not be considered as substitutes for an analysis of Issuer's operating results prepared in accordance with the German generally accepted accounting principles of the HGB, and may not be comparable to similarly titled information published by other companies.

For further information on the APMs, see "*9.3 Alternative performance measures*".

2.10 Time specifications

References to "**CET**" or "**CEST**"in the Prospectus refer to Central European Time or Central European Summer Time, as the case may be. References to time in the Prospectus refer to CET, unless stated otherwise.

2.11 Enforcement of civil liabilities

The Issuer is a stock corporation (*Aktiengesellschaft* or *AG*) governed by German law and all or a substantial portion of its assets are located outside the United States. In addition, the members of the Issuer's management board (*Vorstand*) and the members of the Issuer's supervisory board (*Aufsichtsrat*) are non-residents of the United States and all or most of their assets are located outside the United States.

As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against them or the Issuer judgments of courts of the United States, whether or not predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof. The United States and Germany do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon United States federal securities laws, may not be enforceable, either in whole or in part, in Germany.

However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Issuer or such persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates, and a German court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Germany.

3 THE OFFERING

3.1 Subject matter of the Offering

The Offering relates to the sale of up to 5,290,000 Offer Shares, i.e., ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Issuer, each such Offer Share with a notional value of EUR 1.00 in the Issuer's share capital and with full dividend rights as of January 1, 2021, consisting of:

- 2,000,000 New Shares;
- 1,600,000 Secondary Base Shares from the holdings of the Selling Shareholder;
- up to 1,000,000 Upsize Shares from the holdings of the Selling Shareholder; and
- up to 690,000 Over-Allotment Shares of the Selling Shareholder.

The number of the New Shares and Sale Shares actually placed with investors will be determined by the Issuer, the Selling Shareholder, and the Joint Bookrunners after expiry of the Offer Period (as defined below), i.e., on or around May 6, 2021.

The total number of Over-Allotment Shares will not exceed 15% of the final number of New Shares and Sale Shares (i.e., the New Shares, the Secondary Base Shares and the Upsize Shares) placed in the Offering. The Offer Shares are offered by the Issuer and the Selling Shareholder together with the Joint Bookrunners.

The Offering consists of the IPO and the Private Placement. In the Private Placement, the Offer Shares will be offered (i) in the EEA to "qualified investors" (as defined in Art. 2 lit. e) of the Prospectus Regulation), (ii) in the United States to QIBs, and (iii) in other countries (except for Canada, Australia and Japan) to institutional investors.

The Offer Shares have not been, and will not be, registered under the Securities Act. Outside the United States, the Offer Shares will be offered only in "offshore transactions" (in compliance with Regulation S under the Securities Act). In the United States, the Offer Shares will be offered only in private placement transactions to a limited number of QIBs pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

In connection with the Offering, the Issuer and the Joint Bookrunners intend to apply for the inclusion to trading on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) with simultaneous inclusion in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), of

- up to 2,000,000 New Shares, and
- 6,500,000 existing ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) ("**Existing Shares**" and, together with the New Shares, "**Shares**"),

corresponding to the Issuer's entire share capital after registration of the IPO Capital Increase with the Commercial Register, each such Share representing a notional value of EUR 1.00 in the Issuer's share capital and with full dividend rights as of January 1, 2020 ("**Listing**"). Pursuant to § 17 para. 1 lit. b) of the "General Terms and Conditions of Deutsche Börse AG for the Regulated Unofficial Market on Frankfurter Wertpapierbörse" (*Allgemeine Geschäftsbedingungen der Deutsche Börse AG für den Freiverkehr an der Frankfurter Wertpapierbörse*) ("**DBAG General Terms and Conditions**"), the submission of the Prospectus with Deutsche Börse Aktiengesellschaft, Frankfurt am Main, Germany ("**DBAG**"), is a requirement for the Listing since the Offer Shares are offered to the public requiring the preparation and publication of a prospectus.

Hauck & Aufhäuser is acting as Sole Global Coordinator.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Issuer and the terms of the Offering, including the merits and risks involved.

None of the Issuer, the Selling Shareholder and the Joint Bookrunners, or any of their respective affiliates, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser. Each investor should consult with its own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

3.2 Price Range, Offer Period and allotment

3.2.1 Price Range

The price range for the Offering within which purchase orders may be placed is EUR 18.50 to EUR 24.50 per Offer Share ("**Price Range**").

3.2.2 Offer Period

The period during which investors may submit purchase orders for the Offer Shares is expected to begin on April 30, 2021 and is expected to end on May 6, 2021 ("**Offer Period**"). On the last day of the Offer Period, purchase orders may be submitted (i) until 12:00 hrs CET by retail investors (natural persons) and (ii) until 16:00 hrs CET by institutional investors.

Institutional investors may place subscription offers directly with the Joint Bookrunners during the Offer Period.

Retail investors can make subscription offers in the Offering in Germany four calendar days after the beginning of the Offer Period, i.e., beginning on May 4, 2021, through the subscription functionality (*Zeichnungsfunktionalität*) DirectPlace of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in the exchange electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) ("**XETRA**") trading system for the collection and settlement of subscription offers ("**Subscription Functionality**").

Investors who want to submit purchase orders for the Offer Shares through the Subscription Functionality must submit them to their respective depositary bank between May 4, 2021 and May 6, at 12:00 hrs CET. This requires that the depositary bank (i) has been admitted as a trading participant to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) or has access to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) via an accredited trading participant; (ii) is connected to XETRA, and (iii) is authorized and able to use the Subscription Functionality according to the "Terms of use for the subscription functionality" (*Nutzungsbedingungen der Deutsche Börse AG für die Xetra-Zeichnungsfunktionalität*) (such depositary bank, a "**Trading Participant"**).

The Trading Participant issues purchase orders for the investor at the investor's request through the Subscription Functionality. Purchase orders can have price limits (in 10 Euro cent increments) within the Price Range. In its function as Order Book Manager, Steubing AG, Frankfurt, Germany ("**Order Book Manager**"), records the Subscription Functionality of all subscription requests of the Trading Participant in a central order book and will, at the end of the subscription period and after instruction by the Joint Bookrunners, accept these in full or in part or not accept these as part of the allocation in consideration of any limits. By accepting of the purchase orders, the Order Book Manager concludes a sale and purchase agreement for the respective number of Offer Shares, subject to the condition precedent that the Offer Shares have been created on the value date or have been provided to the Order Book Manager.

Purchase orders have to be made for at least 30 Offer Shares and the selected offer price has to be provided in full euro amounts and in 10 Euro cent increments for each Offer Share. Multiple purchase orders by investors are allowed. Purchase orders can be freely revoked until the end of the Offer Period, unless otherwise agreed individually. It is possible to withdraw from a properly made purchase order until the end of the Offer Period. Usually, even in the event of a partial or full withdrawal or reduction in a purchase order, it will not be necessary to reimburse overpaid amounts, since the allocation of the Offer Shares shall take place after the end of the Offer Period by way of payment against delivery and investors therefore do not pay the Offer Price in advance. If, in individual cases, an investor already paid the amounts and then withdraws its purchase order in full or in part, or reduces its purchase order, the paid amount will be reimbursed to the investor immediately to the bank account used for the deposit.

3.2.3 Changes of the terms of the Offering

The Issuer and the Selling Shareholder reserve the right, after consultation with the Joint Bookrunners, to reduce or increase the number of Offer Shares, to reduce or increase the upper and lower limits of the Price Range and/or to extend or shorten the Offer Period. If the number of Offer Shares, the Price Range and/or the Offer Period ("**Offering Terms"**) is or are, as the case may be, changed, the change will be announced on the Issuer's website (apontis-pharma.de) and be published by means of electronic media (such as Reuters or Bloomberg). To the extent required under the Prospectus Regulation, a supplement to the Prospectus will be submitted to BaFin and published on the Issuer's website (apontis-pharma.de).

Any changes to the Offering Terms will also be published by way of ad hoc announcement on an electronic information dissemination system, if required under Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation), as amended ("**MAR**"). Investors will not be notified individually. Changes to the Offering Terms will not invalidate purchase orders which have already been submitted. Pursuant to Article 23 of the Prospectus Regulation, investors who have submitted a purchase order before a supplement is published are granted a period of two working days from publication of the supplement to withdraw their orders, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the Offer Period or the delivery of the Offer Shares, whichever occurs first.

The Issuer and the Selling Shareholder are entitled to end the Offering at any time if certain circumstances develop, and also still after the end of the Offer Period up to 16:00 hrs CET on the date of the settlement of the Offering expected to be on or around May 12, 2021.

The underwriting agreement between the Issuer, the Selling Shareholder and the Joint Bookrunners dated April 28, 2021 ("**Underwriting Agreement"**) stipulates that the Joint Bookrunners may terminate the Underwriting Agreement under certain circumstances, even after the Offer Shares have been allotted and listed and up to delivery and settlement (see "*19. UNDERWRITING*"). If the Underwriting Agreement is terminated, the Offering will not take place. In this case, any allotments already made to investors will be invalidated, and investors will have no claim for delivery of Offer Shares. Claims with respect to security commissions already paid and costs incurred by an investor in connection with the purchase order will be governed solely by the legal relationship between the investor and the institution to which the investor submitted its purchase order. Investors engaging in short selling bear the risk of being unable to satisfy their delivery obligations.

3.2.4 Determination of the Offer Price and the final Number of Offer Shares

After expiry of the Offer Period, expected to take place on or around May 6, 2021, the final number of the Offer Shares and the offer price ("**Offer Price**") will be determined by the Issuer, the Selling Shareholder and the Joint Bookrunners using the order book prepared during the bookbuilding process. The determination of the Offer Price and the determination of the final number of Offer Shares to be placed will be based on the purchase orders submitted by investors during the Offer Period which will be collected in the order book. These orders will be evaluated according to the prices offered and the investment horizons of the respective investors. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price of the Shares will demonstrate steady performance in the secondary market after the Listing given the demand for the Offer Shares noted in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting Offer Shares at a particular price but also to the composition of the group of shareholders in the Issuer that would result at a given price (so-called investor mix) and expected investor behavior. After the Offer Price and the final number of Offer Shares to be placed are determined, the Offer Shares will be allotted to investors (see "*3.5 Allotment criteria*").

After expiry of the Offer Period, expected to take place on or around May 6, 2021, the Selling Shareholder will, in its sole discretion and after consultation with the Joint Bookrunners, determine if and to what extent it will exercise the Upsize Option, taking into account the market demand and using the order book prepared during the bookbuilding process.

Neither the Issuer nor the Selling Shareholder nor the Joint Bookrunners will charge investors any expenses or taxes incurred in connection with the Offering. The subscription costs of the investors depend exclusively on the conditions of the depository bank. Claims regarding any subscription fees already paid and costs incurred by an investor in connection with the purchase order depend exclusively on the legal relationship between the investor and the financial institution to which the investor submitted its purchase order.

3.2.5 Publication of the Offer Price and final number of Offer Shares

The final number of the Offer Shares and the Offer Price (i.e., the results of the Offering) are expected to be published on or around May 6, 2021 by way of an ad hoc announcement pursuant to Article 17 para. 1 MAR on an electronic information dissemination system and on the Issuer's website (apontis-pharma.de) under the "*Investor Relations*" section. Investors which have submitted purchase orders through the Joint Bookrunners are expected to be able to inquire as to the Offer Price and the number of Offer Shares allotted to them with the Joint Bookrunners no earlier than the bank business day following the determination of the Offer Price.

3.2.6 Delivery and settlement

The Offer Shares allotted are expected to be delivered in book-entry form against payment of the Offer Price and of the customary securities commissions payable to the depositary banks on May 12, 2021. The Joint Bookrunners, after consultation with the Issuer and the Selling Shareholder, reserves the right not to accept investors' orders, either in whole or in part. In the event that the IPO Capital Increase is not registered with the Commercial Register by noon CET on May 7, 2021, the up to 2,000,000 Shares to be delivered will be made available to the Joint Bookrunners under a securities loan from the Selling Shareholder.

3.3 Expected timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

April 29, 2021	Approval of the Prospectus by BaFin
	Publication of the Prospectus on the Issuer's website (apontis-pharma.de) under the "IPO" section
	Application for Listing
April 30, 2021	Commencement of the Offer Period
May 4, 2021	Commencement of the Subscription Functionality
May 6, 2021	Close of the Offer Period
	Determination of the Offer Price (as defined below) and the final number of Offer Shares placed in the Offering
	Publication of the Offer Price and the final number of Offer Shares placed in the Offering in the form of an ad hoc announcement on an electronic information dissemination system and on the Issuer's website (apontis-pharma.de) under the "*Investor Relations*" section
	Allotment of Offer Shares to investors
May 10, 2021	Decision of Deutsche Börse Aktiengesellschaft, Frankfurt am Main, Germany, on the Listing
May 10, 2021	Registration of the consummation of the IPO Capital Increase regarding the New Shares with the Commercial Register

May 11, 2021	Commencement of trading in the Shares in the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) and simultaneously in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
May 12, 2021	Book-entry delivery of the Offer Shares placed in the Offering against payment of the Offer Price (settlement and closing)

The Prospectus will be published on the Issuer's website (apontis-pharma.de) under the "IPO" section. Printed copies of the Prospectus are available from the Issuer free of charge during normal business hours at the following address: Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany, Germany (telephone: +49 2173 8955 1540).

3.4 Information on the Shares

3.4.1 Share capital of the Issuer and governing law

As of the date of the Prospectus, the Issuer's share capital amounts to EUR 6,500,000.00 and is divided into 6,500,000 Existing Shares. The Existing Shares are ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Issuer, each such Existing Share with a notional value of EUR 1.00 in the Issuer's share capital and with full dividend rights as of January 1, 2021. The Issuer's share capital has been fully paid up.

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

3.4.2 Form and certification of the Shares

All Shares are ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*). The Existing Shares and the New Shares will be represented by one global share certificate each, which will be deposited with Clearstream Banking Aktiengesellschaft, Frankfurt am Main, Germany ("**Clearstream**"). The global share certificate for the New Shares is expected to be delivered to Clearstream on May 7, 2021.

Section 6 para. 2 of the Articles of Association excludes the right of the shareholders to receive individual share certificates. All Shares provide holders thereof with the same rights and no shares provide any additional rights or advantages.

3.4.3 Currency of the securities issue

The Shares are denominated in EUR.

3.4.4 Voting rights

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

3.4.5 Dividend and liquidation rights

Each Share carries full dividend rights as of January 1, 2021.

In the event of the Issuer's liquidation, any proceeds will be distributed to the holders of the Shares in proportion to their interest in the Issuer's share capital.

3.4.6 ISIN/WKN/Common code/Trading symbol

International Securities Identification Number (ISIN)	DE000A3CMGM5
German Securities Code (Wertpapierkennnummer (WKN))	A3CMGM
Common Code	227152273
Trading symbol	APPH

3.4.7 Transferability of the Shares

The Shares are freely transferable in accordance with the legal requirements for bearer shares (*Inhaberaktien*). Except for the restrictions set forth in the Prospectus under "*3.11 Lock-up agreements*" and "*19.4 Selling restrictions*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Shares.

3.5 Allotment criteria

The allotment of Offer Shares to retail investors and institutional investors will be decided by the Issuer after consultation with the Joint Bookrunners. There are no agreements in place among the Issuer and the Joint Bookrunners as to the allotment procedure. The ultimate decision on the allotment of Offer Shares to investors rests with the Issuer.

Allotments to qualified and institutional investors will be made on the basis of the quality of the individual qualified and institutional investors (including with respect to expected holding strategy and order size), as well as other important allotment criteria to be determined by the Issuer after consultation with the Joint Bookrunners. With respect to the purchase orders via the Subscription Functionality, the Issuer and the Joint Bookrunners will adhere to the "Principles for the Allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) (i.e., drawing lots, allotment according to order size, allotment by means of a specific quote or allotment after the point in time of receipt of the purchase offer or selection according to other objective criteria or a combination thereof)) issued on June 7, 2000 by the German Commission of Stock Exchange Experts (*Börsensachverständigenkommission*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*). "Qualified investors" (*qualifizierte Anleger*) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) in connection with Regulation (EU) 2017/1129, as well as "professional clients" (*professionelle Kunden*) and "suitable counterparties" (*geeignete Gegenparteien*) under the German Securities Trading Act (*Wertpapierhandelsgesetz*) are not viewed as "private investors" within the meaning of the allotment rules. The details of the allotment procedure with respect to purchase orders via the Subscription Functionality will be stipulated after expiration of the Offer Period and published in accordance with the abovementioned allotment principles.

3.6 Designated sponsor, paying agent and settlement agent

Hauck & Aufhäuser (in such capacity "**Designated Sponsor**") has agreed to assume the function of a designated sponsor of the Shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for a period of at least two years from the date of the Listing and is entitled to designate an appropriately admitted third party to perform its functions. Pursuant to the designated sponsor agreement entered into by the Designated Sponsor and the Issuer, the Designator Sponsor will, among other things, place limited buy and sell orders for Shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours against customary remuneration. This is intended to achieve greater liquidity in the market for the Shares. Among other things, the Designator Sponsor shall be available at all times during trading hours and, upon receipt of a request for a quote, shall promptly supply quotes and enter into transactions on such basis. In addition, the Designator Sponsor shall provide quotes throughout the auction. The Designator Sponsor shall receive a customary fee from the Issuer for its services.

Bankhaus Gebr. Martin AG, Göppingen, Germany has been appointed as paying and registration agent at which any and all measures required with respect to the Shares may be effected free of charge.

3.7 Listing and commencement of trading

The Issuer expects to apply for the Listing on or about April 29, 2021. Hauck & Aufhäuser is acting as so-called "**Capital Market Partner**" of the Issuer pursuant to the DBAG General Terms and Conditions. The decision of DBAG on the Listing pursuant to § 9 para. 1 of the DBAG General Terms and Conditions is expected to be granted and announced on or about May 10, 2021. The decision on the Listing will be made solely by DBAG at its discretion. Trading in the Shares on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) and simultaneously in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on or about May 11, 2021.

In the future, the Issuer aims to have the Shares admitted to trading on the Regulated Market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

3.8 Stabilization measures, over-allotment and Greenshoe Option

In connection with the placement of the Offer Shares and to the extent permitted by Article 5 para. 4 MAR in conjunction with the regulatory technical standards issued, the Sole Global Coordinator, or persons acting on its behalf will act as stabilization manager (in such capacity "**Stabilization Manager**") and may make over-allotments and take stabilization measures to support the market price of the Shares and thereby counteract any selling pressure.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time and without notice. Such measures may be taken from the first day of trading in the Shares on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) (Scale segment) and simultaneously in the Basic Board of the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than 30 calendar days after this date ("**Stabilization Period**"). These stabilization measures may result in market price for the Shares that is higher than it would otherwise have been. Moreover, the market price may be, temporarily, at an unsustainable level.

Under the possible stabilization measures, investors may, in addition to the New Shares and the Sale Shares, be allotted the Over-Allotment Shares from the holdings of the Selling Shareholder granted by the Selling Shareholder to the Joint Bookrunners under a securities loan (*Wertpapierdarlehen*).

The Over-Allotment Shares will not exceed 15% of the total number of the New Shares and Sale Shares placed in the Offering.

In order to cover a potential over-allotment, the Selling Shareholder granted the Joint Bookrunners an option to purchase up to 690,000 Shares ("**Over-Allotment Shares**") from the holdings of the Selling Shareholder at the Offer Price (less agreed commissions) in order to satisfy the retransfer obligation of the Joint Bookrunners under the securities loan ("**Greenshoe Option**"). The Greenshoe Option shall be exercisable until the 30th day after the Listing. If the Greenshoe Option is exercised in whole or in part, the securities loan will be redeemed using the proceeds originating from the purchase of the Greenshoe Shares by the Joint Bookrunners.

Public announcements regarding stabilization measures will be made (i) by the end of the seventh daily market session following the date any stabilization measures were taken and (ii) within one week after the end of the Stabilization Period. Within one week following the end of the Stabilization Period, an announcement will be published via various media distributed across the entire EEA (*Medienbündel*) as to whether or not any stabilization measures were taken, when price stabilization started and finished, the date on which the last stabilization measure was taken, the price range within which stabilization measures were taken (for each date on which a stabilization measure was taken) and the trading venues on which stabilization measures were carried out. Any over-allotments and exercise of the Greenshoe Option, the date hereof and the number and type of the shares concerned will also be published promptly in the manner previously stated.

3.9 Target Market Assessment

Information for distributors: Solely for the purposes of the product governance requirements contained within:

- Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**");
- Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II; and
- local implementing measures (together, "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process.

As a result, the Joint Bookrunners have determined that such Offer Shares are:

- compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and
- eligible for distribution through all distribution channels as are permitted by MiFID II ("**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial of other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such investment, including up to the total amount invested.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute:

- an assessment of suitability or appropriateness for the purposes of MiFID II; or
- a recommendation to any investor or group of investors to invest in, or purchase, sell or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Offer Shares and determining appropriate distribution channels.

3.10 Lock-up agreements

3.10.1 Issuer

In the Underwriting Agreement the Issuer has agreed that it will neither, for a period of six months following the Listing (which is currently expected to take place on May 11, 2021), undertake nor agree to undertake and for a consecutive period of a further six months will neither undertake nor agree to undertake without prior written consent of the Sole Global Coordinator any of the following actions, except for the issuance of stock options under a stock option program:

- directly or indirectly issue, sell, offer, undertake to sell, or otherwise dispose of any Shares from a capital increase (except as described in the Prospectus) or any treasury shares;
- directly or indirectly issue, sell, offer, undertake to sell, or otherwise dispose of, financial instruments with conversion rights into or option rights with respect to Shares or work towards to or propose to the shareholders' meeting any issuance of such financial instruments;
- announce or execute any capital increase from authorized capital;
- propose a capital increase to its shareholders' meeting; or
- enter into or announce a transaction (including derivative transactions) or perform any action economically similar to those described above.

3.10.2 Selling Shareholder

In the Underwriting Agreement, the Selling Shareholder has agreed for (i) a period of six months following the Listing (which is currently expected to take place on May 11, 2021) and (ii) without the prior written consent of the Joint Bookrunners, which may not be refused without good reason, for a further period of six months thereafter not to:

- offer, transfer, allocate, distribute, lend, pledge, sell or undertake to sell, or otherwise dispose of any of its Shares or, financial instruments with conversion rights into or option rights with respect to Shares;
- market or announce to sell any of its Shares;
- except for the purpose of the Offering, propose any or vote in favor of a proposed increase of the share capital of the Issuer or issuance of financial instrument carry conversion into or option or exchange rights with respect to Shares; or
- enter into any transaction or perform any action economically similar to those described above, except as explicitly described in the Prospectus for the purpose of the Offering.

3.10.3 Boost KG and Members of APONTIS PHARMA's Management

Boost KG has agreed, through its general partner PP MPP Verwaltungs GmbH, for (i) a period of six months following the Listing (which is currently expected to take place on May 11, 2021) and (ii) without the prior written consent of the Joint Bookrunners, which may not be refused without good reason, for a further period of six months thereafter not to

- offer, transfer, allocate, distribute, lend, pledge, sell or undertake to sell, or otherwise dispose of any of its Shares or, financial instruments with conversion rights into or option rights with respect to Shares;
- market or announce to sell any of its Shares;
- except for the purpose of the Offering, propose any or vote in favor of a proposed increase of the share capital of the Issuer or issuance of financial instrument carry conversion into or option or exchange rights with respect to Shares; or
- enter into any transaction or perform any action economically similar to those described above, except as explicitly described in the Prospectus for the purpose of the Offering.

In addition, each of the limited partners of Boost KG, i.e., the Issuer's CEO Karlheinz Gast and Chief Product Officer Thomas Milz, the Issuer's Supervisory Board member Dr. Christopher Friedel as well as the members of the senior management Dr. Susanne Endreß, Dr. Olaf Randerath, Dr. Matthias Wendl and Mr. Harald Weyand have separately agreed vis-à-vis the Sole Global Coordonator that in case Boost KG is dissolved within the aforementioned period of twelve months in total, the aforementioned lock-up obligations shall apply *mutatis mutandis* with respect to Shares held directly by the former limited partners after the dissolution of Boost KG until the expiry of such period.

3.11 Interests of parties participating in the Offering

In connection with the Offering and the Listing, Hauck & Aufhäuser and M.M.Warburg have entered into the Underwriting Agreement with the Issuer and the Selling Shareholder. Hauck & Aufhäuser and M.M.Warburg have been appointed by the Issuer and the Selling Shareholder as Joint Bookrunners. Hauck & Aufhäuser in its capacity as Sole Global Coordinator is advising the Issuer and the Selling Shareholder on the Offering and is coordinating the structuring and execution of the Offering. In addition, Hauck & Aufhäuser has been appointed to act as the Designated Sponsor and Capital Market Partner. Hauck & Aufhäuser and M.M.Warburg will receive a commission for their activities upon successful completion of the Offering. Hauck & Aufhäuser and M.M.Warburg therefore have an interest in the successful completion of the Offering and that as many Offer Shares as possible are placed at the highest price possible.

Furthermore, in connection with the Offering, Hauck & Aufhäuser, M.M.Warburg and any of their respective affiliates, acting as investors for their own account, may acquire Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. In addition, Hauck & Aufhäuser and M.M.Warburg or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which Hauck & Aufhäuser or M.M.Warburg (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares. Hauck & Aufhäuser and M.M.Warburg do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so or as disclosed in the Prospectus.

Hauck & Aufhäuser or M.M.Warburg or their affiliates have, and may from time to time in the future continue to have, business relations with the Issuer and/or the Selling Shareholder or may perform services for the Issuer and/or the Selling Shareholder in the ordinary course of business.

The existing shareholders, i.e., Paragon Fund and the members of the Management Board and APONTIS PHARMA's senior management through the Boost Management GmbH & Co.KG, Munich, Germany, HRA 110204 (the "**Boost KG**") hold the Existing Shares Therefore, they have an interest that the Listing occurs and the Existing Shares can be traded on a stock exchange.

The Paragon Fund will receive the net proceeds from the sale of the Base Shares, the potential sale of the Upsize Shares and the potential sale of the Over-Allotment Shares in the Offering. Accordingly, Paragon Fund has an interest in the successful completion of the Offering and that as many Offer Shares as possible are placed at the highest price possible.

Furthermore, the members of the Issuer's Management Board and Senior Management will receive an IPO bonus in case of a successful completion of the Offering. The aggregate amount to be paid to the Issuer's Management Board and Senior Management under this IPO bonus scheme amounts to EUR 2,500 thousand, of which 50% will be borne by the Issuer and 50% will be borne by the Selling Shareholder. Accordingly, the members of the Issuer's Management Board and the Senior Management have a financial interest in the successful completion of the Offering.

Other than the interests described above, there are no material interests with respect to the Offering and the Listing. None of the aforementioned interests in the Offering or the Listing constitute a conflict of interests or a potential conflict of interests. Consequently, there are no conflicts of interests with respect to the Offering or the Listing.

3.12 Subscription by the Selling Shareholder, members of the Management Board and Supervisory Board

The Selling Shareholder, the members of the Management Board and the members of the Supervisory Board will not subscribe for any Offer Shares as part of the Offering.

4 PROCEEDS AND COSTS OF THE OFFERING AND LISTING

4.1 Issuer

The Issuer will receive the net proceeds resulting from the sale of the New Shares (i.e., 2,000,000 New Shares). The Issuer will not receive any proceeds from the sale of the Secondary Base Shares from the holdings of the Selling Shareholder and the potential sale of the Upsize Shares and the Over-Allotment Shares from the Selling Shareholder.

Assuming placement of the maximum number of New Shares, the Issuer estimates that at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, gross proceeds attributable to the Issuer would amount to approximately EUR 43,000 thousand.

Assuming an Offer Price at the mid-point of the Price Range of EUR 18.50 – EUR 24.50 and placement of the maximum number of New Shares, the costs of the Issuer related to the Offering of the New Shares and the Listing, including underwriting, placement and discretionary commissions payable to the Joint Bookrunners, are expected to total approximately EUR 3.78 million.

Assuming placement of the maximum number of New Shares, the Issuer estimates that at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, net proceeds attributable to the Issuer would amount to approximately EUR 39,224 thousand.

4.2 Selling Shareholder

The Selling Shareholder will receive the net proceeds from the sale of the Secondary Base Shares (i.e., 1,600,000 Secondary Base Shares). The Paragon Fund will additionally receive the net proceeds from (i) the potential sale of the Upsize Share to the extent the Upsize Option is exercised (i.e., up to 1,000,000 Upsize Shares), and (ii) the potential sale of the Over-Allotment Shares to the extent the Greenshoe Option is exercised (i.e., up to 690,000 Over-Allotment Shares). The Paragon Fund will not receive any proceeds from the sale of the New Shares.

Assuming placement of the maximum number of Secondary Base Shares offered by the Paragon Fund, the Paragon Fund estimates that at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, gross proceeds attributable to it for the Secondary Base Shares would amount to approximately EUR 34,400 thousand. Assuming full exercise of the Upsize Option by the Paragon Fund, the Paragon Fund estimates that at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, gross proceeds attributable to it for the Upsize Shares would amount to approximately EUR 21,500 thousand. Assuming full exercise of the Greenshoe Option by the Joint Bookrunners, the Paragon Fund estimates that at mid-point of the Price Range of EUR 18.50 – EUR 24.50, gross proceeds attributable to it for the Greenshoe Shares would amount to approximately EUR 14,835 thousand.

Assuming (i) an Offer Price at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, (ii) placement of 1,600,000 Secondary Base Shares by the Paragon Fund (iii) full exercise of the Upsize Option by the Paragon Fund, and (iv) full exercise of the Greenshoe Option by the Joint Bookrunners, the costs of the Paragon Fund related to the Offering of the Sale Shares and the Over-Allotment Shares, including underwriting, placement and discretionary commissions payable to the Joint Bookrunners, are expected to total approximately EUR 5.3 million.

5 REASONS FOR THE OFFERING AND LISTING AND USE OF PROCEEDS

The Issuer pursues the Offering and applies for the Listing to receive the net proceeds resulting from the sale of the New Shares placed in the Offering and to gain access to the capital markets. The Issuer will not receive any proceeds from the sale of the Base Shares and the potential sale of the Upsize Shares and the Over-Allotment Shares, each from the holdings of the Selling Shareholder.

The Issuer currently intends to use the entire net proceeds resulting from the sale of the New Shares placed in the Offering amounting to approximately EUR 39,224 thousand (assuming placement of the maximum number of New Shares (i.e., 2,000,000 New Shares) at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, *i.e.* at EUR 21.50) to fund its continued growth.

The Issuer intends to use the net proceeds from the Offering in the following priority:

- approximately 42.5% to invest in research and development of new development candidates;
- approximately 15.0% to accelerate the development of its existing product pipeline;
- approximately 25.0% to expand its marketing and sales activities; and
- approximately 17.5% for general corporate purposes, including the repayment of a shareholder loan granted by the Paragon Fund in the total outstanding amount as of Janary 31, 2021 of EUR 12.25 million plus accred interest, for which up to EUR 5 million from the remaining net proceeds shall be used.

The Issuer believes that through the Listing it will increase its own visibility, enhance its external profile and improve its brand recognition. Further, the Issuer assumes that the Listing will improve its access to capital markets and diversify its shareholder base, all of which will allow it to grow as a business.

The Selling Shareholder intends to partially divest its shareholding in the Issuer to ensure sufficient free float and trading liquidity in the Shares and to facilitate stabilization measures. The Selling Shareholder will receive proceeds from the sale of the Secondary Base Shares and, if any, from the sale of Upsize Shares and Over-Allotment Shares. The Selling Shareholder will not receive any proceeds from the sale of the New Shares.

6 DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE

6.1 General provisions relating to profit allocation and dividend payments

The shareholders' share of the Issuer's profits is determined based on their respective interests in the Issuer's share capital. For a German stock corporation (*Aktiengesellschaft* or *AG*) such as the Issuer, the distribution of dividends for any given financial year and the amount and payment date thereof are resolved by the Issuer's shareholders' meeting of the subsequent financial year, based upon either a joint proposal by the Management Board and the Supervisory Board or upon the Management Board's proposal or the Supervisory Board's proposal, with the Issuer's shareholders' meeting not bound by those proposals. The Issuer's shareholders' meeting must be held within the first eight months of each financial year.

Dividends may only be distributed from the Issuer's distributable profit (*Bilanzgewinn*). The distributable profit is calculated based on the Issuer's annual financial statements prepared in accordance with the German generally accepted accounting principles of the HGB.

When determining the distributable profit, net income or net loss for the year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profit/loss carry-forwards (*Gewinn-/Verlustvorträge*) from the previous financial year and withdrawals from, or appropriations, to retained earnings (*Gewinnrücklagen*). Certain reserves must be set aside by law and deducted when calculating the distributable profit available for distribution.

The Management Board must prepare financial statements (balance sheet, income statement and notes to the financial statements) and a management report for the previous financial year by the statutory deadline and present these to the Supervisory Board and the auditors immediately after preparation. At the same time, the Management Board must present a proposal for the allocation of the Issuer's distributable profits to the Supervisory Board pursuant to Section 170 para. 2 AktG. Pursuant to Section 171 AktG, the Supervisory Board must review the financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit and report to the Issuer's shareholders' meeting in writing on the results of such review.

The resolution of the Issuer's shareholders' meeting on the allocation of the Issuer's distributable profits requires a simple majority of the votes cast to be passed. If the Management Board and the Supervisory Board adopt the financial statements, they can allocate an amount of up to half of the Issuer's net income for the year to other retained earnings. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net income/net loss for the year to be allocated to other retained earnings. Pursuant to Section 23 of the Articles of Association, the Issuer's shareholders' meeting may also resolve to distribute the distributable profit by way of a dividend in kind in addition to or instead of a cash dividend, or it may allocate further amounts to retained earnings or carry such amounts forward as profit in the resolution on the appropriation of the distributable profits. Notifications of any distribution of dividends resolved upon are published in the Federal Gazette (*Bundesanzeiger*) without undue delay after the Issuer's shareholders' meeting.

Dividends resolved by the Issuer's shareholders' meeting are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant Issuer's shareholders' meeting, unless a later due date is specified in the dividend resolution or the Articles of Association. Since all of the Issuer's dividend entitlements are evidenced by one or more global share certificates deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' depository banks for crediting to their accounts. German depository banks are under an obligation to distribute the funds to their customers. Shareholders using a depository bank located outside Germany must inquire at their respective depository bank regarding the terms and conditions applicable in their case. To the extent dividends can be distributed by the Issuer in accordance with the generally accepted accounting principles of the HGB and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid.

Any dividends not claimed within three years become time-barred. Once the statute of limitations applies, the right to receive the relevant dividend payments passes to the Issuer.

6.2 Dividend policy and dividend per Share

The Issuer has not paid any dividends or made any other distributions in the past three fiscal years. In the near future, the Issuer currently does not intend to pay any dividends and intends to continue to invest in the development of its business. The Issuer's ability and intention to pay dividends in the future will be made in accordance with applicable laws, and will depend on the amount of net income for the year available to the Issuer. The Issuer is not in a position to make any statements on the amount of future retained earnings or on whether retained earnings will exist at all in the future. The Issuer, therefore, is unable to guarantee that dividends will be paid in future years.

7 CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables show the Issuer's capitalization and indebtedness (i) as of February 28, 2021 derived from the accounting records of the Issuer, adjusted for the effects of (ii) the capital increase from company funds (Kapitalerhöhung aus Gesellschaftsmitteln) on March 19, 2021 ("**Capital Increase**") (see "*16.2.1 Capital Increase from company funds (Kapitalerhöhung aus Gesellschaftsmitteln)*") and (iii) the Offering (assuming no exercise of the Greenshoe Option and the Upsize Option as well as full exercise of the Greenshoe Option and the Upsize Option). The adjustments in (ii) and (iii) are based on the assumption that they had taken place on January 31, 2021. For simplification purposes no tax effects were considered.

Investors should read the following tables in conjunction with "9 SELECTED FINANCIAL INFORMATION", "10 MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS", "21 FINANCIAL INFORMATION", and additional financial information contained elsewhere in the Prospectus.

7.1 Capitalization

	Actual as of February 28, 2021	As adjusted for the IPO Capital Increase[1]
	(i)	(ii)
		(unaudited)
(in EUR thousand)		
Total current debt (including current portion of non-current debt)[2]	**8,835**	**8,835**
Guaranteed	–	–
Secured	3,961	3,961
Unguaranteed/unsecured	4,874	4,874
Total non-current debt (excluding current portion of non-current debt)	**17,169**	**17,169**
Guaranteed	–	–
Secured	–	–
Unguaranteed/unsecured	17,169	17,169
Equity[3]	**3,476**	**42,700**
Share capital	6,500	8,500
Legal reserve(s)[4]	278	37,502
Other reserves[5]	(3,302)	(3,302)
TOTAL[6]	**12,311**	**51,535**

[1] Assuming that the 2,000,000 New Shares are sold at the mid point of the Price Range (EUR 21.50) generating net proceeds of approximately EUR 39,224 thousand.

[2] Sum of "Provisions" and "Liabilities" each as referred to in the Issuer's balance sheet.

[3] The presented equity does not include the item "Net income for the period" as referred to in the Issuer's balance sheet.

[4] Referred to as "Capital reserves" in the Issuer's balance sheet.

[5] Referred to as "Profit to carry-forward" in the Issuer's balance sheet.

[6] Sum of total current debt (including current portion of non-current debt), comprising the Issuer's provisions and liabilitites, and equity, comprising the Issuer's share capital and capital reserves. The presented equity does not include the item "Net income for the period" as referred to in the Issuer's balance sheet.

7.2 Indebtedness

	Actual as of February 28, 2021	As adjusted for the IPO Capital Increase[1]
	(i)	(ii)
		(unaudited)
(in EUR thousand)		
A. Cash[2]	7,684	46,908
B. Cash equivalents	–	–
C. Other current financial assets	–	–
D. Liquidity (A.)+(B.)+(C.)	**7,684**	**46,908**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[2]	-	-
F. Current portion of non-current debt	–	–
G. Current financial indebtedness (E.)+(F.)	**-**	**-**
H. Net current financial indebtedness (G.)-(D.)	**(7,684)**	**(46,908)**
I. Non-current financial debt (exluding current portion and debt instruments)	–	–
J. Debt instruments	14,148	14,148
K. Non-current trade and other payables	–	–
L. Non-current financial indebtedness (I.)+(J.)+(K.)	**14,148**	**14,148**
M. Total financial indebtedness (H.)+(L.)	**6,464**	**(32,760)**

[1] Assuming that the 2,000,000 New Shares are sold at the mid point of the Price Range (EUR 21.50) generating net proceeds of approximately EUR 39,224 thousand.

[2] Referred to as "Cash on hand and bank balances" in the Issuer's balance sheet.

[3] Referred to as "Liabilities to banks" in the Issuer's balance sheet.

Working capital and current liabilities have been determined on a consolidated basis.

7.3 Contingent and indirect liabilities

As of December 31, 2020, there were no contingent or indirect liabilities of the Issuer.

7.4 Statement on working capital

The Issuer is of the opinion that the Issuer is in a position to meet the payment obligations that become due within at least the next twelve months from the date of the Prospectus.

Proceeds from the Offering have not been included in the calculation of working capital.

7.5 No Significant Change

Between December 31, 2020 and the date of the Prospectus, there has been no significant change in our financial position.

8 DILUTION

As of December 31, 2020, the Issuer's net asset value (equity, i.e., total assets less total provisions and total liabilities) amounted to EUR 3.46 million, and would amount to EUR 0.53 per Existing Share based on 6,500,000 Existing Shares immediately prior to the Offering.

The dilutive effect of the Offering is illustrated in the table below, demonstrating the amount by which the Offer Price exceeds the Issuer's net asset value per share after completion of the Offering and assuming the Offering had been completed on December 31, 2020. In this respect, the Issuer's net asset value as of December 31, 2020 is adjusted for the effects of the completion of the Offering, assuming

- the execution of the IPO Capital Increase for the maximum number of New Shares, i.e., 2,000,000 New Shares, and
- an increase of the Issuer's net asset value by EUR 39.22 million (assuming placement of all New Shares at the mid-point of the Price Range of EUR 18.50 – EUR 24.50 and not taking into account any tax effects).

The adjusted net asset value is expressed as a per share figure, assuming 8,500,000 Shares outstanding upon completion of the Offering (this per share figure being referred to as the "**Post-IPO Equity**").

	(unaudited)
(in EUR, unless otherwise specified)	
Net asset value per share as of December 31, 2020	0.53
Gross proceeds from the Offering attributable to the Issuer	43.00 million
Estimated total costs of the Offering to be borne by the Issuer	3.78 million
Net proceeds from the Offering attributable to the Issuer	39.22 million
Post-IPO Equity (net asset value per share)	5.02
Amount by which the Post-IPO Equity falls below the Offer Price (immediate dilution of new shareholders of the Issuer)	16.48
Percentage by which the Post-IPO Equity falls below the Offer Price (in %)	76.65%
Amount by which the Post-IPO Equity exceeds the net asset value per share immediately prior to the Offering (immediate accretion to the existing shareholders)	4.49
Percentage by which the Post-IPO Equity exceeds the net asset value per share immediately prior to the Offering (in %)	847.17%

Each of the New Shares will have the same voting rights as the Existing Shares, i.e., each Share carries one vote at the Issuer's shareholders' meeting (*Hauptversammlung*).

Upon completion of the Offering (assuming no exercise of the Greenshoe Option and the Upsize Option), the aggregate Shares held by the Selling Shareholder would amount to 49.44% of the Issuer's share capital and the voting rights. Upon completion of the Offering (assuming full exercise of the Greenshoe Option and the Upsize Option), the aggregate Shares held by the Selling Shareholder would amount to 29.55% of the Issuer's share capital and the voting rights. The proportion of voting rights of the Selling Shareholder decreases accordingly.

9 MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following management's discussion and analysis of financial condition and results of operations in conjunction with the sections "*1. RISK FACTORS*", and "*12. BUSINESS*".

The financial information included in the Prospectus has been taken or derived from (i) the Issuer's audited financial statements as of and for the full fiscal year ended December 31, 2020 (the "**Audited Consolidated Financial Statements 2020**"), (ii) the Issuer's audited consolidated financial statements as of and for the full fiscal years ended December 31, 2019 (the "**Audited Consolidated Financial Statements 2019**"), (iii) the Issuer's audited consolidated financial statements as of and for the short fiscal year from May 24, 2018 to December 31, 2018 (the "**Audited Consolidated Financial Statements 2018**"), (iv) APONTIS KG's audited financial statements as of and for the financial year ended December 31, 2019 (the "**Audited KG Financial Statements 2019**"), (v) APONTIS KG's audited financial statements as of and for the financial year ended December 31, 2018 (the "**Audited KG Financial Statements 2018**"), (vi) APONTIS KG's audited statements of cash flows and changes in equity for the fiscal year ended December 31, 2019 (with comparative financial information for the fiscal year ended December 31, 2018) (the "**Audited KG Statements of Cash Flows and Changes in Equity 2019**") and (vii) the Issuer's audited unconsolidated financial statements as of and for the full fiscal year ended December 31, 2020 (the "**Audited Unconsolidated Financial Statements 2020**", and together with the Audited Consolidated Financial Statements 2020, the Audited Consolidated Financial Statements 2019, the Audited Consolidated Financial Statements 2018, the Audited KG Financial Statements 2019, the Audited KG Statements of Cash Flows and Changes in Equity 2019 and the Audited KG Financial Statements 2018, the "**Audited Financial Statements**") and (iv) APONTIS PHARMA's accounting records or internal management reporting systems. Ebner Stolz audited the aforementioned German language financial statements in accordance with Section 317 HGB and in compliance with the German Generally Accepted Auditing Standards for financial statement audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer e. V.* – "**IDW**") and issued German language unqualified independent auditor's opinions (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. In addition, Ebner Stolz audited the Audited KG Statements of Cash Flows and Changes in Equity 2019 in accordance with IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) promulgated by the IDW and issued unqualified auditor's reports thereon. Where financial information is labelled "audited" in the following tables, it has been taken from the financial statements in (i)-(vi) above. The label "unaudited" in the following tables indicates financial information that has been taken or derived from APONTIS PHARMA's accounting records or internal management reporting systems or has been calculated based on financial information from the aforementioned sources.

According to the Commission delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation, the Issuer is deemed to have a complex financial history. The Issuer has been established by the Selling Shareholder as a holding vehicle in connection with the Acquisition, and, for the periods covered by the financial statements listed above, has not conducted any operating business activities of its own. The Issuer's consolidated profit and loss statement and the consolidated cash flow statement included in the Audited Consolidated Financial Statements 2018 as of and for the short fiscal year from May 24, 2018 to December 31, 2018 reflects the results of operations and cash flows of APONTIS KG only upon its initial consolidation effective September 28, 2018. Therefore, in order to present the results of operations and cash flows of APONTIS PHARMA's operating business for the twelve-month period ended December 31, 2018 and to provide for comparability with the subsequent fiscal year 2019, the Issuer deems it necessary to include APONTIS KG's audited financial statements as of and for the financial year ended December 31, 2019 with comparative financial information as of and for the financial year ended December 31, 2018.

All Audited Financial Statements as well as the aforementioned independent auditor's reports on the Audited Financial Statements and auditor's report thereon are included in section "*21. FINANCIAL INFORMATION*".

Unless indicated otherwise, all financial information presented in the text and tables below is shown in thousands of Euros (in EUR thousand), commercially rounded to a whole number or to one digit after the decimal point. Changes, including percentage changes and ratios in the text and tables of the Prospectus are calculated based on the respective numbers as presented and then commercially rounded to a whole percentage or to one digit after the decimal point. As a result, figures shown in the tables below do not necessarily add up exactly to the respective totals or sub-totals presented, and percentages may not reflect underlying numbers or may not exactly equal 100% when aggregated. Furthermore, these rounded figures may vary marginally from unrounded figures that may be indicated elsewhere in the Prospectus. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in the Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to or equals zero.

9.1 Overview of the Company's business

We believe we are a leading specialty pharmaceutical company for single pills in the German market in which we develop, promote and sell a broad portfolio of single pills and other leading pharmaceutical products, with a particular focus on cardiovascular diseases ("**CVDs**"). For further details on our business, see "*12.1 Overview*".

9.2 Key factors affecting the Company's result of operations, financial condition and cash flows

The key factors discussed below have significantly affected our result of operations, financial condition and cash flows during the periods for which financial information is included in the Prospectus and/or we believe that these factors will continue to affect us in the future.

9.2.1 Demographic Trend Spuring Growth for Treatments for Chronic Diseases

The general demographic trend towards obesity and lack of exercise at a young age in Germany, which has generally led to an early development of hypertension and type 2 diabetes among younger people in Germany, has led and will lead to a significant increase in the need for our single pill products focused on hypertension and type 2 diabetes over a longer period of time (Sources: *Rosenbauer/Neu/Rothe/Seufert/Holl RW (2019), Journal of Health Monitoring; Heidemann; Du/Scheidt-Nave (2011) RKI GBE kompakt*). Because the German population is developing significant incidents of hypertension and type 2 diabetes at significantly younger ages than in the past, this means that these patients will generally need to be treated for longer periods of time throughout their lives for these chronic diseases, which, in turn, means that the health care insurance companies are required to spend more money for longer periods of time on medical care. In the periods under review, we have increasingly generated revenues from the sale of our single pill products focused on the treatment of hypertension. We also market a number of pharmaceutical products for various chronic diseases such as diabetes and respiratory ailments (through our co-marketing agreements), sell, to a lesser extent, heritage products (i.e., well established products which we and our predecessor company SCHWARZ PHARMA have been selling for a number of years), and a limited number of products related to women´s health, including contraception. Our single pill portfolio accounted for 48.5%, or EUR 19,046 thousand, of our total revenues of EUR 39,240 thousand and accounted for 57.2%, or EUR 14,324 thousand, of our total gross profit EUR 25,025 thousand in the fiscal year ended December 31, 2020 and included in particular single pills to treat CVDs, especially hypertension, including Tonotec®, Tonotec® HCT, Caramlo®, Biramlo®, Stapressial® and LosAmlo®, and for secondary prophylaxis of cardiovascular events, IItria® and for hypercholesterolemia, Atorimib®. In comparison, with respect to fiscal year 2019, our single pill portfolio accounted for 28.7%, or EUR 11,499 thousand, of our total revenues of EUR 40,035 thousand and accounted for 32.1%, or EUR 9,292 thousand, of our total gross profit EUR 28,972 thousand. We believe that this demographic trend will be one of the major drivers in our results of operations in the coming years.

9.2.2 Demand for single pills driven by distinct market developments, especially the publication of the START Study

Five principal drivers are fueling the growth of our market share for existing single pill products with a focus on CVDs and other chronic diseases. First and foremost, the preliminary results of the comprehensive START Study[1] ("**START Study**"), in which over 60,000 persons participated, were presented to the scientific community in November 2019 and later at other medical conferences in 2020 strongly supporting the use of single pill products vis-à-vis a loose combination of medicinal products. The START Study highlighted the distinct advantages of single pill products which include statistically significant increased adherence, leading to a strong decrease in mortality (up to a decrease of 49%) and morbidity rates among patients, increased cost efficiency for patients due to less co-payments, and reduced administrative burdens for physicians due to fewer prescriptions. Second, private and public health insurance companies (*Krankenkassen*) have begun to recognize that single pill products significantly reduce patient costs as higher adherence rates lead to lower cardiovascular risks and events and milder disease progression (Source: *DHL Congress (2019), Results of the START Study*). Third, recent guidelines published by the European Society of Cardiology ("**ESC**") recommend single pill therapy as an initial treatment for hypertension and this will support the increasing acceptance of single pill usage for hypertension by physicians and private and public health insurance companies. This development, along with the publication of the favorable results for single pill use from the START Study, has led to the elimination of most restrictions on prescriptions for single pills. Further changes toward eliminating restrictions in guidelines for prescribing single pills are expected in the near future and will enable physicians more or less freely to prescribe single pill products, which we anticipate will lead to further significant growth in the use of single pill products in the near future. Fourth, there is increasing acceptance among physicians who are convinced by the START Study and the growing medical literature supporting single pill products that such treatments are the best therapy for their patients. Finally, it is expected that there will be no new API market introduction dedicated for the treatment of hypertension within the next ten years. We believe that these factors affected our results of operations during the periods under review and will play a significant role in the growth of our single pill business in the short to medium term.

9.2.3 Sales of existing single pills and successful launch of new single pills in the mid term

Our results of operations are directly related to the success of our existing products and the launch of new single pill products to treat chronic diseases, especially hypertension. We also market a number of pharmaceutical products for various chronic diseases such as diabetes and respiratory ailments through cooperations, either by way of co-marketing agreements (*i.e.*, the marketing of identical pharmaceutical products under two separate brand names) or co-promotion agreements (*i.e.*, the promotion and marketing of a pharmaceutical product under the brand name of the license owner), sell single pills and to a lesser extent heritage products (i.e., well established products which we and our predecessor company SCHWARZ PHARMA have been selling for a number of years), and a limited number of products related to women´s health, including contraception. Our single pill portfolio accounted for 48.5%, or EUR 19,046 thousand, of our total revenues of EUR 39,240 thousand and for 57.2%, or EUR 14,324 thousand, of our total gross profit EUR 25,025 thousand in the fiscal year ended December 31, 2020 and included in particular single pills to treat CVDs, especially hypertension, namely Tonotec®, Tonotec® HCT, Caramlo®, Biramlo®, Stapressial® and LosAmlo®, and for secondary prophylaxis of cardiovascular events, IItria® and for hypercholesterolemia, Atorimib®. We believe that the increased sales of single pill products will be the main driver of our revenue growth in the future as they are increasingly seen as a viable treatment therapy for chronic indications in Germany. This is supported by the development of treatment guidelines

[1] Effect of **S**ingle pill combinations on **T**reatment **A**dherence and persistence as well as on clinical and pharmacoeconomic outcomes in the **R**eal-world **T**reatment of hypertension, coronary heart disease, hypercholesterolemia and in secondary prevention of cardiovascular events: a claims da-ta analysis. The first results of the START Study were presented to the scientific community in the form of scientific poster sessions published in scientific journals, abstracts and lectures at the Congress of the German Association of Hypertension (*Deutsche Hochdruckliga e.V. DHL*) in No-vember 2019, the Congress of the German Cardiac Society (*Deutsche Gesellschaft für Kardiologie – Herz- und Kreislaufforschung e.V.*) in April 2020, the German Society of Prevention and Rehabili-tation of Cardiovascular Diseases (*Deutsche Gesellschaft für Prävention und Rehabilitation von Herz-Kreislauferkrankungen e. V.*) in June 2020, and the European Society of Cardiology in August 2020. Manuscripts reflecting the key results of the study have been submitted to international scientific peer reviewed journals.

introduced by the ESC which recommends single sill therapy as an initial treatment for hypertension and the outstanding results and value of single pill therapies in the START Study.

We are currently focusing on the introduction of three new single pills for hypertension, Caramlo® HCT, Caramlo® Lipid and Tonotec® Lipid and one new single pill for hyperlipidemia, Rosuva/Eze. Based on our own internal estimates, we believe that these products have a patient potential (number of patients with same substance class combination in loose form) as follows: Caramlo® HCT (330,000); Caramlo® Lipid (486,000); Tonotec® Lipid (661,000) and Rosuva/Eze (151,000). We estimate the development costs per single pill to be EUR 1,300 thousand for Caramlo® HCT, EUR 2,725 thousand for Caramlo® Lipid, and EUR 1,854 thousand for Tonotec® Lipid. For Rosuva/Eze we will not incur any development costs due to the fact that Rosuva/Eze will be marketed by us under an exclusive licensing agreement. We estimate total annual revenue potential for each product as of 2025 to be EUR 7,930 thousand for Caramlo® HCT, EUR 2.742 thousand for Caramlo® Lipid, EUR 4,744 thousand for Tonotec® Lipid and EUR 3,000 thousand for Rosuva/Eze. For these first three of these four new single pill products, there are currently no other providers in the German market. We believe that these four single pill products are currently used in a loose combination form by well over 1.4 million patients in the German market and they represent a key revenue driver for increased sales of new single pill products.

9.2.4 Revenues from Co-Marketing Agreements

We have historically generated a significant part of our revenues through our co-marketing agreements with our partners. These products, which we promote under a second brand, are novel, patent-protected products from large pharmaceutical companies like Novartis Pharma GmbH ("**Novartis Pharma**") which we co-market in order to increase sales of the overall pharmaceutical product type. Co-marketing agreements accounted for 42.3%, or EUR 16,585 thousand, of our total revenues of EUR 39,240 thousand and accounted for 33.8%, or EUR 8,458 thousand, of our total gross profit of EUR 25,025 thousand in the fiscal year ended December 31, 2020.

We are currently party to three co-marketing agreements with Novartis Pharma for the products Jalra®, Icandra® and Ulunar® Breezhaler®. We entered into a co-marketing agreement with Novartis Pharma for Ulunar® Breezhaler® on December 18, 2015 and for Icandra® and Jalra® on October 16, 2018 (collectively, the "**Co-Marketing Agreements**"). The Co-Marketing Agreement for Ulunar® Breezhaler® has a term until June 30, 2021, and, once expired, will be replaced by a distribution agreement with Novartis Pharma until the patent for the product expires at the end of 2024. The Co-Marketing Agreement for Icandra® and Jalra® will likely end in September 2022 at the time of the expiration of the patent for this product. For the fiscal year 2020 we generated approximately 24.4% with Ulunar® and approximately 17.9% with Jalra® and Icandra® of our total revenues from these co-marketing efforts. These co-marketing agreements have traditionally been important to our business because they ensure a reliable stream of recurring revenues for the three main products listed above which are co-marketed. If we are unable to replace the lost revenues as a result of the expiration of certain co-marketing agreements with other co-marketing agreements for similar products or single pill products which could address the same indications, this could adversely affect our results of operations. Our co-marketing agreement with Novartis Pharma for Dafiro® expired as a normal course of business after the expiration of the underlying patent. While we expect our co-marketing revenues to decrease in the coming years as we increasingly focus more on the development and marketing of our single pill products, we may, however, continue to enter into co-marketing agreements or co-promotion agreements on an opportunistic basis. For example, on March 9, 2021, we entered into a Co-Promotion Agreement with AstraZeneca GmbH for the promotion of Trixeo® and Bevespi® in Germany until December 31, 2022. Both Trixeo® and Bevespi® are used to relieve the symptoms of COPD and for regular maintenance treatment of COPD.

9.2.5 Introduction of short time work (*Kurzarbeit*) caused by effects from COVID-19 pandemic and adverse business developments

The ongoing COVID-19 pandemic and negative business developments caused us to introduce short time work (*Kurzarbeit*), which had a direct negative impact on our results of operations during the periods under review.

In 2019, before the outbreak of the COVID-19 pandemic, deliveries of Caramlo® were delayed for several months due to a worldwide shortage of the active ingredient candesartan caused by a significant increase in global demand for this active ingredient. We also experienced a shortfall in revenues as a result of a new framework agreement between the Federal Union of the German Association of Pharmacists (*Deutscher Apothekerverband e.V.*, "**DAV**") and the National Association of Public Health Insurance Companies (*Spitzenverband der gesetzlichen Krankenversicherungen*, "**GKV**") in July 2019 which substituted Ulunar® for a less expensive parallel import of Ultibro®. In addition, the awarding of the marketing authorization and introduction of Atorimib® was delayed and took place in December 2019 instead of July 2019. These pre-COVID-19 factors led us to introduce short-time work (*Kurzarbeit*) for approximately 20% of our workforce in October 2019, which was primarily limited to our sales force. These developments caused our revenues (as shown in the Audited KG Financial Statements) to decline from 2018 to 2019 by 9.8% and resulted in a further slight decrease of our revenues by 2.0% 2019 to 2020, despite the otherwise strong growth of the sales of our single pills.

This short-term work (*Kurzarbeit*) was extended to 100% of our sales force for the months of March and April 2020 as a result of the outbreak of the COVID-19 pandemic. The result of these developments was that starting in May 2020, our short-term work (*Kurzarbeit*) reverted back to 20% of our entire work force. Short-term work ended on December 31, 2020. We have also been forced to scale back the number of office visits to physicians conducted by our sales force during the COVID-19 pandemic. In addition, as a result of fewer patients visiting physicians during the COVID-19 pandemic, the growth of our business has been adversely affected because physicians cannot make changes in the existing medication of a particular patient from a loose combination of pills to a single pill. Initial sales of our newly introduced pharmaceutical products, especially Atorimib®, were not as strong as we had expected, as we could not promote it as strongly due to the limited access to the physicians caused by the COVID-19 pandemic. In the future we also cannot ensure that wholesalers will not reduce their orders for our

products – even significantly – depending on the duration and scope of the COVID-19 pandemic in response to a potential decline in demand from their customers.

These developments adversely affected our results of operations during the periods under review and the COVID-19 pandemic may continue to adversely affect our results of operations in the future if it continues to adversely affect the growth of the German economy.

9.2.6 Direct marketing strategy with physicians

We believe that our direct marketing strategy with physicians has had and will continue to have a positive effect on our results of operations. We have established a dedicated sales force of 130 sales representatives with long-standing relationships to physicians and key decision makers built on the foundation and heritage products of our predecessor companies, SCHWARZ PHARMA Germany and UCB Internal Medicine. In addition to their scientific knowledge to promote products, our sales representatives are specialists to support physicians and their teams in most relevant aspects of managing a physician´s office.

As physicians are the main decision makers who drive the increase in sales of single pills through their prescriptions to their patients, we promote the products directly with the physicians who are responsible for prescribing medication for their patients in Germany through face-to-face meetings and a number of valued added activities. We have the highest share of voice with doctors regarding single pills during the periods under review, averaging approximately 40% to 50% from the fourth quarter of 2018 to the fourth quarter of 2020, and even increased this after the initial COVID-19 lockdown expired in the second quarter of 2020, with our share of voice with doctors accounting for 54% (Source: *IPSOS data, 2nd Quarter*) of all voice calls with physicians about single pills in that quarter. We are in constant contact with these physicians and provide them with a wide range of services to assist them in their practice, including scientific and educational events, newsletters, webinars, call center, medical trainings (reanimation), office management services, including support in accounting and business planning, consulting on hygiene certification, patient certification, and regular updates on changes in laws and regulations affecting their practices. We believe that this practice of directly building relationships with these physicians has had an important positive impact on our results of operations and will continue to do so in the future. In the fiscal years 2020 and 2019, the majority of our personnel expenses were attributable to our sales force consisting of 130 sales representatives which accounted for 56.4%, or EUR 14,761 thousand, of our cost base (personnel expenses and other operating expenses) in the fiscal year 2020 and for 56.1%, or EUR 17,579 thousand, of our cost base (personnel expenses and other operating expenses) in the fiscal year 2019, despite the effects from the COVID-19 pandemic (please refer to "*9.2.5 Introduction of short time work (Kurzarbeit) caused by effects from COVID-19 pandemic and adverse business developments*")

9.2.7 Large target market for cardiovascular diseases as leading cause of death in Germany.

We focus the development of our single pill products on CVDs because we believe that they represent, due to their chronic nature and widespread prevalence in Germany, the largest market for potential treatments addressable by single pill products in Germany and will be a significant factor in our results of operations through increased sales of single pills.

Growth in the market for single pill products to address chronic diseases such as hypertension has increased significantly as the advantages of single pills have become more apparent. It is estimated that approximately 35 million Germans suffer from hypertension but only approximately 21.8 million have been accurately diagnosed and are undergoing medical treatment. Of these approximately 21.8 million patients on therapy, it is estimated that less than 50% are optimally treated, either because patients do not adhere to the suggested dosage forms or dosing intervals, or because the treating physicians do not make use of the optimally suitable products, i.e., single pills in particular (Source: *RKI (2021), Hypertension and its Consequences*). Hypertension is the most frequent and important risk factor for cardiovascular diseases and renal insufficiency. Hypertension is estimated to affect one third of all adults in Germany. As a consequence, one third of those over the age of 65 take at least five different medicines regularly. Hypertension triggers serious damages to the cardiovascular system which also are one of the leading causes of death in Germany, having accounted for 20% of all deaths in Germany in 2020 (Source: *RKI (2016) Health in Germany – the Most Important Trends*), this represents a very large untapped market for our single pill products against hypertension alone because the more patients adhere to their treatment by taking our single pills on a regular basis, the fewer cardiovascular events and risks they experience. The demographics of other chronic diseases in Germany for which our single pill products have been developed show similar trends. (Source: *RKI (2015), Gesundheit in Deutschland. Gesundheitsberichterstattung des Bundes. Gemeinsam getragen von RKI und Destatis. RKI, Berlin*). We believe that these developments show that adoption of single pill products will continue to be accelerated as a result of the increase in chronic diseases such as hypertension and will have a major impact on our results of operations.

9.2.8 Scalable business model driving cost efficiencies

We have established a scalable business model which provides us with the agility to most effectively react and respond to developments in the pharmaceutical market and grow our business. Our sales, marketing and administrative expenses are scaled significantly with higher revenues as our sales force, which concentrates on the largest medical practices in Germany to maximize the value from each physician`s practice, can increase the number and type of single pills it promotes and supplies to these physicians at such large practices without having to increase the number of representatives in our sales force. In addition, we increased in 2020 after the publication of the START Study the focus on single pills and are planning on significantly increasing our business with rehabilitation clinics and hospitals as they have a target group of patients which can utilize our single pills as a substitute for loose combination of pills and continue to take these single pills once they leave the rehabilitation clinics and hospitals and return to their physicians' practices. We will also be able to expand our single pill business for different chronic indications because we can leverage our existing know how to develop new single pill combinations.

We also outsource our entire manufacturing base to a number of third-party CMOs or third-party suppliers, depending on whether we hold the marketing authorization for the particular pharmaceutical product, with the CMOs also handling the sourcing of raw materials. Finished products are shipped directly from these CMOs to the logistic center of our third-party logistics provider, Movianto Deutschland GmbH ("**Movianto**"), our distribution provider, which distributes these pharmaceutical products through the transportation provider, trans-o-flex-Group ("**TOF**"), to wholesalers, which then sell these pharmaceutical products to more than 19,000 pharmacies throughout Germany. This structure enables us to avoid significant investments in production equipment and storage facilities and concentrate our resources on research and development activities and on marketing of our single pill products.

Our single pills yield on average greater than 70% gross profit margins. We estimate that revenues from our single pill products will account for 80-85% of our revenue in the medium to long term, and the development costs are generally paid back on average within two years. We believe that this scalable business model has had a positive effect on our results of operations through driving cost efficiencies through all aspects of our business and that it will continue to do so in the future.

9.2.9 The Acquisition

The Issuer became the parent company of APONTIS KG as a result of the Acquisition on September 28, 2018. EUR 315 thousand in expenses, primarily legal and advisory fees, were incurred by the Issuer in connection with the Acquisition and recorded in the Issuer's consolidated financial statements for the short financial year short fiscal year from May 24, 2018 to December 31, 2018. The cost of Acquisition, including ancillary cost of acquisition such as due diligence costs and legal fees, totaled EUR 17,027 thousand, of which EUR 269 thousand had not been paid until December 31, 2018. The Acquisition resulted in an outflow of funds of EUR 9,938 thousand, which was recorded in the consolidated cash flow statement for the short financial year short fiscal year from May 24, 2018 to December 31, 2018 as payments made for additions to consolidated companies.

For the purpose of the initial consolidation, silent reserves of EUR 10,393 thousand were identified in the acquired intangible fixed assets. These corresponded to the fair values of the mentioned assets at the time of their initial consolidation. By offsetting the deferred taxes on such, and netting the values disclosed for shares belonging to the intermediate holding company PP Apontis Pharma GmbH with the equity amounts allocable to such of PP Primary Care GmbH and APONTIS KG, a negative difference from capital consolidated totalling EUR 889 thousand resulted, which is recorded as liabilities in the Issuer's consolidated balance sheet and amounts to EUR 843 thousand as of December 31, 2018.

A shareholder loan in the amount of EUR 12,250 thousand was granted by the Paragon Fund on September 26, 2018 in connection with the Acquisition, on which interest (which is due upon maturity of the loan) of EUR 196 thousand, EUR 759 thousand and EUR 806 thousand accrued in fiscal years 2018, 2019 and 2020, respectively. For further information on the shareholder loan granted by the Paragon Fund, please refer to section "*18.1 Transactions with other related companies*". It is intended to repay the shareholder loan with the proceeds from the placement and sale of the New Shares (please see "*5 REASONS FOR THE OFFERING AND LISTING AND USE OF PROCEEDS*").

9.3 Alternative performance measures

Throughout the Prospectus, we present unaudited financial information that is not required by or prepared in accordance with the German generally accepted accounting principles of the HGB, including gross profit ("**Gross Profit**") and Gross Profit margin, earnings before interest taxes, appreciation and amortization ("**EBITDA**") and EBITDA margin as well as earnings before interest and taxes ("**EBIT**") and EBIT margin (collectively, "**Alternative Performance Measures**" or "**APMs**"). The APMs are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ("**ESMA**") on October 5, 2015 on APMs ("**ESMA Guidelines**").

We track the APMs to measure our general performance, achievement versus our (short- and mid-term) business plan and to make strategic decisions. It is used by us in monitoring, evaluating and managing our business and we believe the APMs provide an enhanced understanding of our underlying results and related trends. Further, we believe that the APMs are frequently used by securities analysts, investors and other interested parties in evaluating companies in its industry and it may contribute understanding of our business. The APMs are no measurements of our performance or liquidity under the German generally accepted accounting principles of the HGB or any other generally accepted accounting principles and should not be considered as an alternative to net income/net loss for the year/period or any other performance measures derived in accordance with the German generally accepted accounting principles of the HGB or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

The APMs do not necessarily indicate whether cash flows will be sufficient for our cash requirements and may not be indicative of our future results. Furthermore, the APMs are not recognized under the German generally accepted accounting principles of the HGB, should not be considered as substitutes for an analysis of Company's operating results prepared in accordance with the German generally accepted accounting principles of the HGB, and may not be comparable to similarly titled information published by other companies.

9.3.1 Gross Profit and Gross Profit margin

The following table provides the calculation of Gross Profit and Gross Profit margin for the periods indicated.

	APONTIS PHARMA AG			APONTIS PHARMA KG	
	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2019	For the short fiscal year ended December 31, 2018	For the fiscal year ended December 31, 2019	For the fiscal year ended December 31, 2018
	(audited, unless otherwise noted)			(audited, unless otherwise noted)	
(EUR in thousand)					
Revenues	39,240	40,035	11,731	40,035	44,403
Cost of materials	(14,215)	(11,064)	(3,685)	(11,064)	(11,344)
Gross Profit (unaudited)	**25,025**	**28,971**	**8,046**	**28,971**	**33,059**
Gross Profit margin (in %) (unaudited)	**63.8**	**72.4**	**68.6**	**72.4**	**74.5**

The Issuer's consolidated Gross Profit for the fiscal year ended December 31, 2020 was EUR 25,025 thousand, a EUR 3,946 thousand, or 13.6% decrease compared to EUR 28,972 thousand for the fiscal year ended December 31, 2019. The decrease was principally a result of the expiration of a Co-Marketing agreement with Novartis Pharma for Dafiro® in August 2019, which was replaced until May 2020 with a distribution agreement with significantly reduced profit margins. The cooperation with Novartis Pharma for Dafiro®, which contributed EUR 10,349 thousand in revenues in fiscal year 2019 as compared to EUR 125 thousand for the fiscal year 2020, was discontinued upon expiration of the distribution agreement.

APONTIS KG's Gross profit for the fiscal year ended December 31, 2019 was EUR 28,971 thousand, a EUR 4,088 thousand, or 12.4% decrease compared to EUR 33,059 thousand for the fiscal year ended December 31, 2018. The decrease was principally a result of the expiration of the co-marketing agreement with regard to Dafiro® in August 2019 and its conversion to a distribution agreement as discussed above. We also experienced a shortfall in revenues as a result of a new framework agreement between the DAV and the GKV in July 2019 which substituted Ulunar® for a less expensive parallel import of Ultibro®. In addition, the awarding of the marketing authorization and introduction of Atorimib® was delayed and took place in December 2019 instead of July 2019. Due to these factors, the loss of the co-marketing agreement with regard to Dafiro® could not be off-set as planned.

9.3.2 EBITDA and EBITDA-margin

The following table provides the calculation of EBITDA and EBITDA-margin for the periods indicated.

	APONTIS PHARMA AG			APONTIS PHARMA KG	
	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2019	For the short fiscal year ended December 31, 2018	For the financial year ended December 31, 2019	For the financial year ended December 31, 2018
	(unaudited, except as otherwise noted)			(unaudited, except as otherwise noted)	
(EUR in thousand)					
EBIT[(1)]	**(656)**	**(2,286)**	**639**	**(2,112)**	**2,504**
Amortisation of intangible fixed assets and depreciation of property, plant and equipment (audited)	1,654	569	65	447	306
EBITDA (unaudited)	**998**	**(1,716)**	**704**	**(1,665)**	**2,810**
EBITDA margin (in %) (unaudited)	**2.5**	**(4.3)**	**6.0**	**(4.2)**	**6.3**

(1) As calculated in the table shown under "*9.3.3 EBIT and EBIT-margin*".

The Issuer's consolidated EBITDA for the fiscal year ended December 31, 2020 was EUR 998 thousand, a EUR 2,714 thousand increase compared to negative EUR 1,716 thousand for the fiscal year ended December 31, 2019, mainly as a result of the factors discussed above under "*9.3.2. EBIT and EBIT-margin*".

APONTIS KG's EBITDA for the fiscal year ended December 31, 2019 was negative EUR 1,665 thousand, a EUR 4,475 thousand decrease compared to EUR 2,810 thousand for the fiscal year ended December 31, 2018. The decrease was principally a result of the factors discussed above with respect to APONTIS KG's Gross Profit.

9.3.3 EBIT and EBIT-margin

The following table provides the calculation of EBIT and EBIT-margin for the periods indicated.

	APONTIS PHARMA AG			APONTIS PHARMA KG	
	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2019	For the short fiscal year ended December 31, 2018	For the financial year ended December 31, 2019	For the financial year ended December 31, 2018
	(audited, except as otherwise noted)			(audited, except as otherwise noted)	
(EUR in thousand)					
Revenues	39,240	40,035	11,731	40,035	44,403
Other operating income	2,639	1,304	790	1,292	2,037
Cost of materials	(14,215)	(11,064)	(3,685)	(11,064)	(11,344)
Personal expenses	(16,512)	(18,602)	(4,835)	(18,601)	(18,923)
Amortization / depreciation	(1,654)	(569)	(65)	(447)	(306)
Other operating expenses	(10,112)	(13,348)	(3,745)	(13,285)	(13,323)
Other taxes	(42)	(42)	(1)	(42)	(40)
EBIT (unaudited)	**(656)**	**(2,286)**	**639**	**(2,112)**	**2,504**
EBIT margin (in %) (unaudited)	**(1.7)**	**(5.7)**	**5.4**	**(5.3)**	**5.6**

The Issuer's consolidated EBIT for the fiscal year ended December 31, 2020 was negative EUR 656 thousand, a EUR 1,630 thousand increase compared to negative EUR 2,286 thousand for the fiscal year ended December 31, 2019. The increase was principally a result of a strong increase in revenue from our single pill portfolio, especially due to strong uptake of Atorimib® sales in the fourth quarter of fiscal year 2020 and, additionally, cost saving initiatives by the management. We also benefitted from better margins of single pill portfolio in comparison to co-marketing products and the release of provisions which was recorded as other operating income.

APONTIS KG's EBIT for the fiscal year ended December 31, 2019 was negative EUR 2,112 thousand, a EUR 4,616 thousand decrease compared to EUR 2,504 thousand for the fiscal year ended December 31, 2018. The decrease was principally a result of the factors discussed above with respect to APONTIS KG's Gross Profit.

9.4 Results of Operation

The following table shows the financial data from the consolidated profit and loss statement of the Issuer and from the profit and loss statement of APONTIS KG for the periods indicated.

	APONTIS PHARMA AG			APONTIS PHARMA KG	
	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2019	For the short fiscal year ended December 31, 2018	For the fiscal year ended December 31, 2019	For the fiscal year ended December 31, 2018
	(audited, unless otherwise noted)			(audited, unless otherwise noted)	
(EUR in thousand)					
Sales revenue	39,240	40,035	11,731	40,035	44,403
Other operating income	2,639	1,304	790	1,292	2,037
Cost of materials	(14,215)	(11,064)	(3,685)	(11,064)	(11,344)
Personnel expenses	(16,512)	(18,602)	(4,385)	(18,601)	(18,924)
thereof wages and salaries	(13,685)	(15,903)	(3,767)	(15,903)	(16,324)
thereof social security expenses and expenses for old-age provision and assistance	(2,827)	(2,699)	(618)	(2,698)	(2,600)
Amortisation of intangible fixed assets and depreciation of property, plant and equipment	(1,654)	(569)	(65)	(447)	(306)
Other operating expenses	(10,112)	(13,348)	(3,745)	(13,285)	(13,323)
Income from the loan to a shareholder	1	1	0	0	0
Other interest and similar income	5	1	0	56	0
Interest and similar expenses	(869)	(830)	(218)	(126)	(100)
Income tax	336	720	(164)	0	(29)
thereof income tax	(15)	118	(165)	0	(29)
thereof deferred taxes	351	602	1	0	0
Earnings after taxes	**(1,141)**	**(2,351)**	**257**	**(2,140)**	**2,414**
Other taxes	(42)	(42)	(1)	(42)	(40)
Consolidated profit/loss for the year	**(1,183)**	**(2,393)**	**256**	**(2,182)**	**2,374**
Consolidated profit carried forward	(2,137)	256	0	0	0
Consolidated balance sheet loss (prev. year profit)	**(3,320)**	**(2,137)**	**256**	**0**	**0**

9.4.1 Comparison of results of the Issuer for the fiscal years ended December 31, 2020 and 2019

Revenues

Revenues for the fiscal year ended December 31, 2020 were EUR 39,240 thousand, a EUR 795 thousand, or 2.0% decrease compared to EUR 40,035 thousand for the fiscal year ended December 31, 2019. All of the revenues were generated in the German market.

The table below shows the Issuer's consolidated revenue for the fiscal years 2020 and 2019 broken down by product category.

	2020		2019	
	in EUR thousand	in percentage of revenue	in EUR thousand	in percentage of revenue
	(audited)			
Single Pills[1]	**19,046**	**48.5**	**11,499**	**28.7**
Vascular	31	0.1	61	0.2
Gynecology	730	1.9	890	2.2
Arthritis	0	0.0	387	1.0
Others	2,723	6.9	3,494	8.7
Own brands (without Single Pills)	**3,484**	**8.9**	**4,832**	**12.1**
COPD (respiratory disease)	9,572	24.4	10,169	25.4
Diabetes	7,013	17.9	3,186	8.0
Co-Marketing	**16,585**	**42.3**	**13,355**	**33.4**
Dafiro[2]	125	0.3	10,349	25.8
total	**39,240**	**100.0**	**40,035**	**100.0**

(1) Comprises Biramlo®, Caramlo®, LosAmlo®, Stapressial®, Tonotec®, Tonotec® HCT, each for the treatment of hypertension, IItria® for secondary prevention of cardiovascular events and Atorimib® for hypercholesteremia. Please refer to section "*12.1 Overview*" for further details.

(2) The Co-Marketing Agreement with Novartis Pharma for Dafiro® ended in August 2019 and was replaced by a distribution agreement until May 2020.

The overall decrease was principally a result of the expiration of a Co-Marketing agreement with Novartis Pharma for Dafiro® in August 2019. This Co-Marketing agreement was replaced by a distribution agreement until May 2020, which contributed significantly less revenue than the previous contractual arrangement with Novartis Pharma with respect to Dafiro®. The cooperation with Novartis Pharma for Dafiro®, which contributed EUR 10,349 thousand in revenues in fiscal year 2019 as compared to EUR 125 thousand for the fiscal year 2020, was discontinued upon expiration of the distribution agreement.

This effect could not be entirely off-set by the strong growth of the single pill portfolio which accounted for EUR 19,046 thousand of our consolidated revenue, a EUR 7,547 thousand, or 65.6% increase compared to EUR 11,499 thousand for the fiscal year ended December 31, 2019. This development was primarily driven by the publication of the favourable key results of the START Study, which supported overall demand for our existing portfolio of single pills, as well as the awarding of the marketing authorization and introduction of Atorimib®, which was less than expected as a result of the delay in its marketing authorization in introduction from July 2019 to December 2019.

Revenue from our products for Hypertension was EUR 125 thousand, a EUR 10,224 thousand, or 98.8% decrease compared to EUR 10,349 thousand for the fiscal year ended December 31, 2019 as a result of the discontinuation of the Co-Marketing agreement regarding Dafiro® as discussed above.

Revenue generated with our COPD products for the fiscal year ended December 31, 2020 was EUR 9,572 thousand, a EUR 597 thousand, or 5,9% decrease compared to EUR 10,169 thousand for the fiscal year ended December 31, 2019. The decrease was largely due to lower sales force activities and a decrease in COPD-patients visiting physicians' offices, both principally driven by the COVID-19 pandemic. In addition, a new framework agreement between the DAV and GKV in July 2019 which substituted Ulunar® for a less expensive parallel import of Ultibro® contributed to the decrease of revenues from COPD products.

Revenue generated with Diabetes products for the fiscal year ended December 31, 2020 was EUR 7,013 thousand, a EUR 3,827 thousand, or 120.1% increase compared to EUR 3,186 thousand for the fiscal year ended December 31, 2019. The increase was principally a result of marketing initiatives with emphasis on a favourable value for price perception for these products.

Other operating income

Cost of materials for the fiscal year ended December 31, 2020 was EUR 2,639 thousand, a EUR 1,335 thousand, or 102.4% increase compared to EUR 1,304 thousand for the fiscal year ended December 31, 2019. The increase was principally a result of the release of provisions, in particular with respect to rebates provided for in previous years.

Cost of materials

Cost of materials for the fiscal year ended December 31, 2020 were EUR 14,215 thousand, a EUR 3,152 thousand, or 28.5% increase compared to EUR 11,063 thousand for the fiscal year ended December 31, 2019. The increase was principally a result of the change in the product mix, but in particular to the discontinuation of the co-marketing of a hypertension drug that was not driven by the cost of materials.

Personnel expenses

Personnel expenses for the fiscal year ended December 31, 2020 were EUR 16,512 thousand, a EUR 2,090 thousand, or 11.2% decrease compared to EUR 18,601 thousand for the fiscal year ended December 31, 2019. The decrease was principally a result of the short-time work that was continued in the fiscal year ended December 31, 2020 due to the COVID-19 pandemic and generally tighter cost management, such as the deferral of hiring for existing positions, during the COVID-19 pandemic.

Amortization of intangible fixed assets and depreciation of property, plant and equipment

Amortization of intangible fixed assets and depreciation of property, plant and equipment for the fiscal year ended December 31, 2020 was EUR 1,654 thousand, a EUR 1,085 thousand, or 190.7% increase compared to EUR 569 thousand for the fiscal year ended December 31, 2019. The increase was principally a result of additional capitalized milestone payments in intangible assets.

Other operating expenses

Other operating expenses for the fiscal year ended December 31, 2020 were EUR 10,112 thousand, a EUR 3,236 thousand, or 24.2% decrease compared to EUR 13,348 thousand for the fiscal year ended December 31, 2019. The decrease was principally a result of lower marketing expenses and expenses for temporary workers caused by the COVID-19 pandemic.

Earnings after taxes

Earnings after taxes for the fiscal year ended December 31, 2020 was EUR 1,141 thousand, a EUR 1,210 thousand, or 51.5% increase compared to negative EUR 2,351 thousand for the fiscal year ended December 31, 2019. The increase was principally a result of lower other operating expenses compensated by higher amortization of capitalized milestone payments.

Other taxes

Other taxes for the fiscal year ended December 31, 2020 were negative EUR 42 thousand compared to EUR 42 thousand for the fiscal year ended December 31, 2019 and mainly comprised taxes to be paid for company cars.

Consolidated loss for the year

Consolidated loss for the year decreased as a result of the factors discussed above.

9.4.2 Comparison of results of APONTIS KG for the fiscal year ended December 31, 2019 with the results for the fiscal year ended December 31, 2018

Revenue

Revenues for the fiscal year ended December 31, 2019 were EUR 40,035 thousand, a EUR 4,368 thousand, or 9.8% decrease compared to EUR 44,403 thousand for the fiscal year ended December 31, 2018. All of the revenues were generated in the German market.

The table below shows APONTIS KG's revenue for the fiscal years 2019 and 2018 broken down by product category.

	2019		2018	
	in EUR thousand	in percentage of revenue	in EUR thousand	in percentage of revenue
	(audited)			
Single Pills[1]	**11,499**	**28.7**	**12,736**	**28.7**
Vascular	61	0.2	148	0.3
Gynecology	890	2.2	948	2.1
Arthritis	387	1.0	381	0.9
Others	3,494	8.7	4,183	9.4
Own brands (without Single Pills)	**4,832**	**12.1**	**5,660**	**12.7**
COPD (respiratory disease)	10,169	25.4	10,525	23.7
Diabetes	3,186	8.0	117	0.3
Co-Marketing	**13,355**	**33.4**	**10,642**	**24.0**
Dafiro[2]	10,349	25.8	15,365	36.6
total	**40,035**	**100.0**	**44,403**	**100.0**

(1) Comprises Biramlo®, Caramlo®, LosAmlo®, Stapressial®, Tonotec®, Tonotec® HCT, each for the treatment of hypertension, IItria® for secondary prevention of cardiovascular events and Atorimib® for hypercholesteremia. Please refer to section "*12.1 Overview*" for further details.

(2) The Co-Marketing Agreement with Novartis Pharma for Dafiro® ended in August 2019 and was replaced by a distribution agreement until May 2020.

The main reason for the decline in revenue was the effect of the regular expiration of the co-marketing agreement with regard to Dafiro® in August 2019 and its conversion to a distribution agreement as discussed above, which led to a decrease of EUR 5,016 thousand, or 32.6% for the fiscal year ended December 31, 2019 as compared to EUR 15,365 thousand for the fiscal year ended December 31, 2018. We also experienced a shortfall in revenues from our COPD portfolio principally as a result of a new framework agreement between the DAV and the GKV in July 2019 which substituted Ulunar® for a less expensive parallel import of Ultibro®. In addition, the awarding of the marketing authorization and introduction of Atorimib® was delayed and took place in December 2019 instead of July 2019.

These factors could only be compensated partly by the strong growth of our Diabetes co-marketing products by an increased uptake of EUR 3,069 thousand. Revenue in our Diabetes portfolio for the fiscal year ended December 31, 2019 was EUR 3,186 thousand, a EUR 3,069 thousand increase compared to EUR 117 thousand for the fiscal year ended December 31, 2018. The increase was principally a result of successful marketing efforts and the favourable value price positioning of Jalra® and Icandra®.

Other operating income

Other operating income for the fiscal year ended December 31, 2019 was EUR 1,292 thousand, a EUR 745 thousand, or 36.6% decrease compared to EUR 2,037 thousand for the fiscal year ended December 31, 2018. The decrease was principally a result of lower income from charging of stock awards.

Cost of materials

Cost of materials for the fiscal year ended December 31, 2019 were EUR 11,064 thousand, a EUR 280 thousand, or 2.5% decrease compared to EUR 11,344 thousand for the fiscal year ended December 31, 2018. The decrease was principally a result of slight shift in the product categories sold.

Personnel expenses

Personnel expenses for the fiscal year ended December 31, 2019 were EUR 18,601 thousand, a EUR 322 thousand, or 1.7% decrease compared to EUR 18,923 thousand for the fiscal year ended December 31, 2018. The decrease was principally a result of short-time work and the deferral of hiring of personnel.

Amortization of intangible fixed assets and depreciation of property, plant and equipment

Amortization of intangible fixed assets and depreciation of property, plant and equipment for the fiscal year ended December 31, 2019 was EUR 447 thousand, a EUR 141 thousand, or 46.1% increase compared to EUR 306 thousand for the fiscal year ended December 31, 2018. The increase was principally a result of of additional capitalized milestone payments in intangible assets.

Other operating expenses

Other operating expenses for the fiscal year ended December 31, 2019 were EUR 13,285 thousand, a EUR 38 thousand, or 0.3% decrease compared to EUR 13,323 thousand for the fiscal year ended December 31, 2018.

Earnings after taxes

Earnings after taxes for the fiscal year ended December 31, 2019 were negative EUR 2,140 thousand, a EUR 274 thousand, or 11.4% decrease compared to EUR 2,414 thousand for the fiscal year ended December 31, 2018. The decrease was principally a result of the expiration of the co-marketing agreement with regard to Dafiro® in August 2019 and its conversion to a distribution agreement with significantly lower margins. The shortfall in revenues and corresponding earnings as a result of a new framework agreement between the DAV and the GKV in July 2019 further contributed to the decline. The delayed introduction of Atorimib® additionally caused a decline, which could not be off-set by the earnings contributions from the single pill portfolio.

Other taxes

Other taxes for the fiscal year ended December 31, 2019 were EUR 42 thousand, a EUR 2 thousand, or 5.0% decrease compared to EUR 40 thousand for the fiscal year ended December 31, 2018.

Loss for the year

Loss for the year decreased as a result of the factors discussed above.

9.5 Assets, equity and liabilities

9.5.1 Assets

The following table provides an overview of our assets as of the reporting dates indicated:

	APONTIS PHARMA AG		
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2018
		(audited)	
(EUR in thousand)			
Fixed assets	**15,458**	**16,333**	**15,782**
Intangible assets	14,756	15,653	15,152
Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	5,414	6,915	817
Down-payments made and intangible assets in development	9,342	8,738	14,335
Property, plant and equipment	41	67	88
Financial assets	661	611	541
Loan to a shareholder	22	20	0
Securities held as fixed assets	639	590	541
Current assets	**12,878**	**13,449**	**18,586**
Inventories			
Goods	2,923	4,184	2,800
Accounts receivable and other assets	1,896	1,878	6,771
Trade accounts receivable	1,228	1,096	6,286
Other assets	668	782	485
Cash on hand, cash at banks	8,059	7,387	9,015
Accrued income	**608**	**408**	**474**
Deferred tax assets	**747**	**396**	**0**
Total assets	**29,691**	**30,586**	**34,842**

Comparison of Assets as of December 31, 2020 and as of December 31, 2019

9.5.1.1.1 Fixed assets

Fixed assets as of ended December 31, 2020 were EUR 15,458 thousand, a EUR 875 thousand, or 5.4% decrease compared to EUR 16,333 thousand as of December 31, 2019. The decrease was principally a result of higher amortizations of intangible assets.

9.5.1.1.1.1 Intangible assets

Intangible assets as of December 31, 2020 were EUR 14,756 thousand, a EUR 897 thousand, or 5.7% decrease compared to EUR 15,653 thousand as of December 31, 2019. The decrease was principally a result of higher amortizations of intangible assets.

9.5.1.1.1.2 Property, plant and equipment

Property, plant and equipment as of December 31, 2020 were EUR 41 thousand, a EUR 26 thousand, or 38.8% decrease compared to EUR 67 thousand as of December 31, 2019. The decrease was principally a result of depreciation of property, plant and equipment.

9.5.1.1.1.3 Financial assets

Financial assets as of December 31, 2020 were EUR 661 thousand, a EUR 50 thousand, or 8.2% increase compared to EUR 611 thousand as of December 31, 2019. The increase was principally a result of the positive development of the fair market value of the plan assets.

9.5.1.1.2 Current assets

Current assets as of December 31, 2020 were EUR 12,878 thousand, a EUR 571 thousand, or 4.2% decrease compared to EUR 13,449 thousand as of December 31, 2019. The decrease was principally a result of lower stock which was converted into cash.

9.5.1.1.2.1 Inventories

Inventories as of December 31, 2020 were EUR 2,923 thousand, a EUR 1,261 thousand, or 30.1% decrease compared to EUR 4,184 thousand as of December 31, 2019. The decrease was principally a result of lower stocking.

9.5.1.1.2.2 Accounts receivable and other assets

Accounts receivable and other assets as of December 31, 2020 were EUR 1,896 thousand, a EUR 18 thousand, or 1.0% increase compared to EUR 1,878 thousand as of December 31, 2019.

9.5.1.1.2.3 Cash on hand, cash at banks

Cash on hand, cash at banks as of December 31, 2020 were EUR 8,059 thousand, a EUR 672 thousand, or 9.1% increase compared to EUR 7,387 thousand as of December 31, 2019. The increase was principally a result of a lower working capital which was converted into cash.

9.5.1.1.3 Accrued income

Accrued income as of December 31, 2020 was EUR 608 thousand, a EUR 200 thousand, or 49.0% increase compared to EUR 408 thousand as of December 31, 2019. The increase was principally a result of the first-time deferral of licence payments (sales software).

9.5.1.1.4 Deferred tax assets

Deferred tax assets as of December 31, 2020 were EUR 747 thousand, a EUR 351 thousand, or 88.6% increase compared to EUR 396 thousand as of December 31, 2019. The increase was principally a result of additional net operating losses carried forward which can be used to offset taxable income in subsequent periods.

9.5.1.1.5 Total assets

Total assets as of ended December 31, 2020 were EUR 29,691 thousand, a EUR 895 thousand, or 2.9% decrease compared to EUR 30,586 thousand as of December 31, 2019. The decrease was principally a result of the factors discussed above.

Comparison of assets as of December 31, 2019 and 2018

9.5.1.1.6 Fixed assets

Fixed assets as of December 31, 2019 were EUR 16,333 thousand, a EUR 551 thousand, or 3.5% increase compared to EUR 15,782 thousand as of December 31, 2018. The increase was principally a result of additional milestone payments which have not been amortized for the full financial year.

9.5.1.1.6.1 Intangible assets

Intangible assets as of December 31, 2019 were EUR 15,653 thousand, a EUR 501 thousand, or 3.3% increase compared to EUR 15,152 thousand as of December 31, 2018. The increase was principally a result of the factors discussed above.

9.5.1.1.6.2 Property, plant and equipment

Property, plant and equipment as of December 31, 2019 were EUR 67 thousand, a EUR 21 thousand, or 23.9% decrease compared to EUR 88 thousand as of December 31, 2018. The decrease was principally a result of the regular depreciation of property, plant and equipment over the useful life.

9.5.1.1.6.3 Financial assets

Financial assets as of December 31, 2019 were EUR 611 thousand, a EUR 70 thousand, or 12.9% increase compared to EUR 541 thousand as of December 31, 2018. The increase was principally a result of the positive development of the fair market value of the plan assets.

9.5.1.1.7 Current assets

Current assets as of December 31, 2019 were EUR 13,449 thousand, a EUR 5,137 thousand, or 27.6% decrease compared to EUR 18,586 thousand as of December 31, 2018. The decrease was principally a result of significant lower accounts receivable due to significant lower revenues created by Dafiro®.

9.5.1.1.7.1 Inventories

Inventories as of December 31, 2019 were EUR 4,184 thousand, a EUR 1,386 thousand, or 49.4% increase compared to EUR 2,800 thousand as of December 31, 2018. The increase was principally a result of creating a higher stock level with Atorimib®.

9.5.1.1.7.2 Accounts receivable and other assets

Accounts receivable and other assets as of December 31, 2019 were EUR 1,878 thousand, a EUR 4,893 thousand, or 72.3% decrease compared to EUR 6,771 thousand as of December 31, 2018. The decrease was principally a result of the factors discussed above.

9.5.1.1.7.3 Cash on hand, cash at banks

Cash on hand, cash at banks as of December 31, 2019 were EUR 7,387 thousand, a EUR 1,628 thousand, or 18.1% decrease compared to EUR 9,015 thousand as of December 31, 2018. The decrease was principally a result of building up the stock level.

9.5.1.1.8 Accrued income

Accrued income as of December 31, 2019 was EUR 408 thousand, a EUR 66 thousand, or 13.9% decrease compared to EUR 474 thousand as of December 31, 2018. The decrease was principally a result of lower insurance premiums for cars paid in advance.

9.5.1.1.9 Deferred tax assets

Deferred tax assets as of December 31, 2019 were EUR 396 thousand compared to EUR 0 as of December 31, 2018. The increase was principally a result of additional net operating losses carried forward which can be used to offset taxable income in subsequent periods.

9.5.1.1.10 Total assets

Total assets as of ended December 31, 2019 were EUR 30,586 thousand, a EUR 4,256 thousand, or 12.2% decrease compared to EUR 34,842 thousand as of December 31, 2018. The decrease was principally a result of factors discussed above.

9.5.2 Equity and liabilities

The following table provides an overview of our equity and liabilities as of the reporting dates indicated.

	APONTIS PHARMA AG		
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2018
		(audited)	
(EUR in thousand)			
Equity	**3,458**	**4,642**	**7,035**
Subscribed capital	25	25	25
Capital reserve	6,753	6,753	6,753
Consolidated balance sheet loss (prev. year profit)	(3,320)	(2,137)	256
Consolidated loss carry-forward (prev. year profit)	(2,137)	256	0
Consolidated loss for the year (prev. year profit)	(1,183)	(2,393)	257
Difference from capital consolidation	**767**	**833**	**842**
Provisions	**7,105**	**8,150**	**7,811**
Provisions for pensions and similar obligations	2,265	2,126	1,982
Tax provisions	0	51	165
Other provisions	4,840	5,973	5,664
Liabilities	**18,361**	**16,960**	**18,947**
Trade accounts payable	3,259	3,131	5,236
Accounts payable to shareholders	14,011	13,205	12,446
Other liabilities	1,091	623	1,265
Deferred tax liability	**0**	**0**	**206**
Total equity and liabilities	**29,691**	**30,586**	**34,842**

Comparison of equity and liabilities as of December 31, 2020 and as of December 31, 2019

9.5.2.1.1 Equity

Equity as of December 31, 2020 was EUR 3,431 thousand, a EUR 1,211 thousand, or 26.1% decrease compared to EUR 4,642 thousand as of December 31, 2019. The decrease was principally a result of the consolidated loss in 2020.

9.5.2.1.1.1 Subscribed capital

Subscribed capital as of December 31, 2020 and December 31, 2019 was EUR 25 thousand.

9.5.2.1.1.2 Capital reserve

Capital reserve as of December 31, 2020 and December 31, 2019 was EUR 6,753 thousand.

9.5.2.1.1.3 Consolidated balance sheet (prev. year profit)

Consolidated balance sheet loss (prev. year profit) as of December 31, 2020 was negative EUR 3,320 thousand, a EUR 1,183 thousand, or 55.6% decrease compared to negative EUR 2,137 thousand as of December 31, 2019. The decrease was principally a result of consolidated loss in 2020.

9.5.2.1.2 Difference from capital consolidation

Difference from capital consolidation as of December 31, 2020 was EUR 767 thousand, a EUR 66 thousand, or 7.9% decrease compared to EUR 833 thousand as of December 31, 2019. The decrease was principally a result of reversal into other operating income in line with the amortization of capitalized milestones.

9.5.2.1.3 Provisions

Provisions as of December 31, 2020 was EUR 7,105 thousand, a EUR 1,045 thousand, or 12.8% decrease compared to EUR 8,150 thousand as of December 31, 2019. The decrease was principally a result of the factors discussed below.

9.5.2.1.3.1 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations as of December 31, 2020 were EUR 2,265 thousand, a EUR 139 thousand, or 6.5% increase compared to EUR 2,126 thousand as of December 31, 2019. The increase was principally a result of the appreciation of the provision for pensions.

9.5.2.1.3.2 Tax provisions

Tax provisions as of December 31, 2020 were EUR 0 thousand, a EUR 51 thousand, or 100.0% decrease compared to EUR 51 thousand as of December 31, 2019. The decrease was principally a result of the net loss of APONTIS KG.

9.5.2.1.3.3 Other provisions

Other provisions as of December 31, 2020 were EUR 4,840 thousand, a EUR 1,133 thousand, or 19.0% decrease compared to EUR 5,972 thousand as of December 31, 2019. The decrease was principally a result of the release of a rebate provision and lower provisions for outstanding invoices.

9.5.2.1.4 Liabilities

Liabilities as of December 31, 2020 were EUR 18,361 thousand, a EUR 1,401 thousand, or 8.3% increase compared to EUR 16,960 thousand as of December 31, 2019. The increase was principally a result of accrued interest on the shareholders' loan.

9.5.2.1.4.1 Trade accounts payable

Trade accounts payable as of December 31, 2020 were EUR 3,259 thousand, a EUR 128 thousand, or 4.1% increase compared to EUR 3,131 thousand as of December 31, 2019. The increase was principally a result of an improved process of receiving supplier invoices (refer to 9.5.2.1.3.3).

9.5.2.1.4.2 Accounts payable to shareholders

Accounts payable to shareholders as of December 31, 2020 were EUR 14,011 thousand, a EUR 806 thousand, or 6.1% increase compared to EUR 13,205 thousand as of December 31, 2019. The increase was principally a result of accrued interest on the shareholders' loan.

9.5.2.1.4.3 Other liabilities

Other liabilities as of December 31, 2020 were EUR 1,091 thousand, a EUR 467 thousand, or 74.8% increase compared to EUR 624 thousand as of December 31, 2019. The increase was principally a result of a higher VAT-payable.

9.5.2.1.5 Deferred tax liability

Deferred tax liability as of December 31, 2020 were EUR 0 thousand compared to EUR 0 thousand as of December 31, 2019.

9.5.2.1.6 Total equity and liabilities

Total equity and liabilities as of December 31, 2020 were EUR 29,664 thousand, a EUR 922 thousand, or 3.0% decrease compared to EUR 30,586 thousand as of December 31, 2019. The decrease was principally a result of the factors discussed above.

Comparison of equity and liabilities as of December 31, 2019 and as of December 31, 2018

9.5.2.1.7 Equity

Equity as of December 31, 2019 was EUR 4,642 thousand, a EUR 2,393 thousand, or 34.0% decrease compared to EUR 7,035 thousand as of December 31, 2018. The decrease was principally a result of the consolidated loss in 2019.

9.5.2.1.7.1 Subscribed capital

Subscribed capital as of December 31, 2019 and December 31, 2018 was EUR 25 thousand.

9.5.2.1.7.2 Capital reserve

Capital reserve as of December 31, 2019 and December 31, 2018 was EUR 6,753 thousand.

9.5.2.1.7.3 Consolidated balance sheet (prev. year profit)

Consolidated balance sheet loss (prev. year profit) as of December 31, 2019 was negative EUR 2,137 thousand, a EUR 2,394 thousand decrease compared to EUR 257 thousand as of ended December 31, 2018. The decrease was principally a result of consolidated loss in 2019.

9.5.2.1.8 Difference from capital consolidation

Difference from capital consolidation as of December 31, 2019 was EUR 833 thousand, a EUR 9 thousand, or 1.1% decrease compared to EUR 842 thousand as of December 31, 2018. The decrease was principally a result of reversal into other operating income in line with the amortization of the capitalized milestones.

9.5.2.1.9 Provisions

Provisions as of December 31, 2019 was EUR 8,150 thousand, a EUR 339 thousand, or 4.3% increase compared to EUR 7,811 thousand as of December 31, 2018. The increase was principally a result of the factors discussed below.

9.5.2.1.9.1 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations as of December 31, 2019 were EUR 2,126 thousand, a EUR 145 thousand, or 7.3% increase compared to EUR 1,981 thousand as of December 31, 2018. The increase was principally a result of the appreciation of the provision for pensions.

9.5.2.1.9.2 Tax provisions

Tax provisions as of December 31, 2019 were EUR 51 thousand, a EUR 113 thousand, or 68.9% decrease compared to EUR 164 thousand as of December 31, 2018. The decrease was principally a result of the net loss of APONTIS KG in 2019 and the net profit of APONTIS KG in 2018.

9.5.2.1.9.3 Other provisions

Other provisions as of December 31, 2019 were EUR 5,973 thousand, a EUR 309 thousand, or 5.5% increase compared to EUR 5,664 thousand as of December 31, 2018. The increase was principally a result of the one-time provision for stock awards in 2019.

9.5.2.1.10 Liabilities

Liabilities as of December 31, 2019 were EUR 16,960 thousand, a EUR 1,987 thousand, or 10.5% decrease compared to EUR 18,947 thousand as of December 31, 2018. The decrease was principally a result of the factors discussed below.

9.5.2.1.10.1 Trade accounts payable

Trade accounts payable as of December 31, 2019 were EUR 3,131 thousand, a EUR 2,105 thousand, or 40.2% decrease compared to EUR 5,236 thousand as of December 31, 2018. The decrease was principally a result of payments to supplier prior to the balance sheet date in 2019.

9.5.2.1.10.2 Accounts payable to shareholders

Accounts payable to shareholders as of December 31, 2019 were EUR 13,205 thousand, a EUR 759 thousand, or 6.1% increase compared to EUR 12,446 thousand as of December 31, 2018. The increase was principally a result of accrued interest on the shareholders' loan.

9.5.2.1.10.3 Other liabilities

Other liabilities as of December 31, 2019 were EUR 624 thousand, a EUR 641 thousand, or 50.7% decrease compared to EUR 1,265 thousand as of December 31, 2018. The decrease was principally a result of lower overpayments by customers in 2019.

9.5.2.1.11 Deferred tax liability

Deferred tax liability as of December 31, 2019 were EUR 0, compared to EUR 206 thousand as of December 31, 2018. The decrease was principally a result of the consolidated loss in 2019.

9.5.2.1.12 Total equity and liabilities

Total equity and liabilities as of December 31, 2019 were EUR 30,586 thousand, a EUR 4,256 thousand, or 12.2% decrease compared to EUR 34,842 thousand as of December 31, 2018. The decrease was principally a result of the factors discussed above.

9.6 Cash-flow

The following table provides an overview of our cash-flow as of the reporting dates indicated.

	APONTIS PHARMA AG			APONTIS PHARMA KG	
	For the financial year ended December 31, 2020	For the financial year ended December 31, 2019	For the short financial year ended December 31, 2018	For the financial year ended December 31, 2019	For the financial year ended December 31, 2018
		(audited)		(audited)	
(EUR in thousand)					
Results of the period	**(1,211)**	**(2,393)**	**256**	**(2,183)**	**2,374**
Amortisation/appreciation of fixed assets	1,654	569	65	447	306
Increase/decrease in provisions	(1,057)	384	(1,645)	452	(161)
Other non-cash expenses/income	(390)	(611)	(1)	-	-
Increase/decrease in inventories, trade accounts receivable and other assets not allocable to investment and financing activities	1,161	3,579	(569)	3,581	1,134
Increase/decrease in trade accounts payable and other liabilities not allocable to investment and financing activities	595	(2,475)	(2,293)	(2,360)	806
Interest expenses/interest income	863	828	218	-	-
Income tax expense/income	(164)	(118)	164	-	-
Cash flow from operating activities	**1,451**	**(238)**	**782**	**(63)**	**4,459**
Payments made for investments in intangible fixed assets	(729)	(1,042)	(836)	(1,042)	(1,842)
Payments made for investments in prop., plant and equipment	(1)	(8)	(5)	(8)	(30)
Payments made for investments in financial assets	(48)	(69)	(11)	(49)	(67)
Payments made for additions to consolidated companies	0	(269)	(9,937)	-	-
Interest received	1	1	0	-	-
Cash flow from investment activities	**(777)**	**(1,387)**	**(10,791)**	**(1,099)**	**(1,939)**
Payments received from equity allocations from shareholders of the parent company	-	-	6,765	(260)	(1,577)
Payments received from the issue of bonds and the raising of (financial) credits	-	-	12,250	-	-
Interest paid	(2)	(2)	(4)	-	-
Cash flow from financing activities	**(2)**	**(2)**	**19,011**	**(260)**	**(1,577)**
Cash-effective changes in cash and cash equivalents	**672**	**(1,627)**	**9,002**	**(1,422)**	**943**
Cash and cash equivalents at the beginning of the period	7,387	9,014	12	6,612	5,669
Cash and cash equivalents at the end of the period	**8,059**	**7,387**	**9,014**	**5,190**	**6,612**
Composition of cash and cash equivalents					
Liquid funds	**8,059**	**7,387**	**9,014**	**5,190**	**6,612**

9.6.1 Comparison of cash flows of the Issuer for the fiscal years ended December 31, 2020 and 2019

Cash-flow from operating activities

Cash-flow from operating activities for the fiscal year ended December 31, 2020 was EUR 1,451 thousand, a EUR 1,689 thousand increase compared to negative EUR 238 thousand for the fiscal year ended December 31, 2019. The increase was principally a result of the lower consolidated loss for the year.

Cash-flow from investment activities

Cash-flow from investment activities for the fiscal year ended December 31, 2020 was negative EUR 777 thousand, a EUR 611 thousand, or 44.0% increase compared to negative EUR 1,388 thousand for the fiscal year ended December 31, 2019. The increase was principally a result of lower investments in intangible assets.

Cash-flow from financing activities

Cash-flow from financing activities was negative EUR 2 thousand for the fiscal year ended December 31, 2020 and the fiscal year ended December 31, 2019.

Cash-effective changes in cash and cash equivalents

Cash-effective changes in cash and cash equivalents for the fiscal year ended December 31, 2020 were EUR 672 thousand, a EUR 2,299 thousand, or 138.5% increase compared to negative EUR 1,628 thousand for the fiscal year ended December 31, 2019. The increase was principally a result of an increase of liabilities (previous year: decrease of liabilities).

Liquid funds

Liquid funds for the fiscal year ended December 31, 2020 were EUR 8,059 thousand, a EUR 672 thousand, or 9.1% increase compared to EUR 7,387 thousand for the fiscal year ended December 31, 2019. The increase was principally a result of a lower consolidated loss for the year and the increase of liabilities.

9.6.2 Comparison of the cash flows of APONTIS KG for the fiscal year ended December 31, 2019 with the cash flows for the fiscal year ended December 31, 2018

Cash-flow from operating activities

Cash-flow from operating activities for the fiscal year ended December 31, 2019 was negative EUR 63 thousand, a EUR 4,522 thousand, or 101.4% decrease compared to EUR 4,459 thousand for the fiscal year ended December 31, 2018. The decrease was principally a result of the loss of APONTIS KG in 2019 compared to a profit in 2018.

Cash-flow from investment activities

Cash-flow from investment activities for the fiscal year ended December 31, 2019 was negative EUR 1,099 thousand, a EUR 840 thousand, or 43.3% increase compared to negative EUR 1,939 thousand for the fiscal year ended December 31, 2018. The increase was principally a result of lower investment activity into intangible assets.

Cash-flow from financing activities

Cash-flow from financing activities for the fiscal year ended December 31, 2019 was negative EUR 260 thousand, a EUR 1,317 thousand, or 83.5% increase compared to EUR 1,577 thousand for the fiscal year ended December 31, 2018.

Cash-effective changes in cash and cash equivalents

Cash-effective changes in cash and cash equivalents for the fiscal year ended December 31, 2019 were negative EUR 1,422 thousand, a EUR 2,365 thousand, or 250.8% decrease compared to EUR 943 thousand for the fiscal year ended December 31, 2018. The decrease was principally a result of factors discussed above.

Liquid funds

Liquid funds for the fiscal year ended December 31, 2019 were EUR 5,190 thousand, a EUR 1,422 thousand, or 21.5% decrease compared to EUR 6,612 thousand for the fiscal year ended December 31, 2018. The decrease was principally a result of factors discussed above.

9.7 Investments

9.7.1 Past investments

Between May 24, 2018 and December 31, 2020, our significant investments were related to milestone payments for intangible assets (such as the development of single pills). All of these investments were and are financed from profits and internal resources.

In the fiscal year ended December 31, 2018, our investments (calculated as the sum of cash paid for investment in property, plant and equipment, and cash paid for investments in intangible assets) amounted to EUR 854 thousand, primarily attributable to capitalized development costs for two single pills of EUR 837 thousand.

In the fiscal year ended December 31, 2019, our investments (calculated as the sum of cash paid for investment in property, plant and equipment, and cash paid for investments in intangible assets) amounted to EUR 1,120 thousand, primarily attributable to capitalized development costs for three single pills of EUR 1,042 thousand.

In the fiscal year ended December 31, 2020, our investments (calculated as the sum of cash paid for investment in property, plant and equipment, and cash paid for investments in intangible assets) amounted to EUR 779 thousand, primarily attributable to capitalized development costs for two single pills of EUR 729 thousand.

Between December 31, 2020 and the date of the Prospectus, we have not incurred any investments in property, plant and equipment or intangible assets.

All of these investments were financed through cash on hand from our operating cash flows and have not been financed through external debt.

9.7.2 Current investments

Between January 1, 2021 and the date of the Prospectus, we have have not completed, or entered into a firm commitment or resolved to enter into such commitment with respect to any significant investment.

9.7.3 Significant accounting policies

For a description of our significant accounting policies, see pages F-10 et seq. of the Prospectus.

10 PROFIT FORECAST

10.1 Important disclaimers

This forecast for Gross Profit, EBITDA and EBIT of APONTIS PHARMA AG, Monheim am Rhein, Germany, (hereinafter also the "**Issuer**") for the fiscal year ending December 31, 2021 (the Gross Profit, EBITDA and EBIT forecasts, together with the respective explanatory notes, hereinafter collectively referred to as the "**Profit Forecast**") discussed in this section is not a statement of facts and should not be regarded as such by investors.

The APMs Gross Profit, EBITDA and EBIT are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ("**ESMA**") on 5 October 2015 on APMs ("**ESMA Guidelines**"). We track the APMs to measure our general performance, achievement versus our (short- and mid-term) business plan and to make strategic decisions. The APMs are not recognized under the German generally accepted accounting principles of the HGB, should not be considered as substitutes for an analysis of APONTIS PHARMA's operating results prepared in accordance with the German generally accepted accounting principles of the HGB. The APMs should not be considered in isolation or as a substitute for analysis of the Issuer's operating results as reported under HGB as alternatives to results for the period or any other performance measures derived. The key performance indicators described below may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools. Please refer to Section "*9.3 Alternative Performance Measures*" for further details, including their calculation based on Audited Financial Statements.

The Profit Forecast reflects the forward-looking expectations of the Issuer which are necessarily based on a number of assumptions and estimates about future events and actions, including management's assessment of opportunities and risks. Such assumptions and estimates are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond the Issuer's control. Should one or more of these assumptions prove to be inappropriate or incorrect, the Issuer's actual results could materially deviate from the Profit Forecast made by the Issuer. Accordingly, prospective investors should treat this information with caution and should not place undue reliance on the Profit Forecast.

10.2 Definitions of the forecasted Key Performance Indicators

10.2.1 Gross Profit

The Issuer uses Gross Profit as its primary measure for managing and controlling profitability resulting from the sale of the different products. The Issuer considers Gross Profit, which is calculated as revenue minus cost of materials, to be a useful metric for evaluating the success of the product portfolio. The Issuer facilitates comparisons of the gross profit from period to period.

10.2.2 EBITDA

The Issuer uses EBITDA as its primary measure for managing and controlling profitability for APONTIS PHARMA as a whole. The Issuer considers EBITDA to be a useful metric for evaluating the Issuer's performance as it facilitates comparisons of the Issuer's operating results from period to period and allows an analysis of the profitability before taking interest payments, income taxes and depreciation and amortization into account.

EBITDA is derived from the Issuer's consolidated financial statements as follows:

Revenue
+ other operating income
- cost of materials
- personnel expenses
- other operating expenses
- other taxes
= EBITDA

10.2.3 EBIT

The Issuer uses EBIT as an additional measure for managing and controlling profitability for APONTIS PHARMA as a whole. The Issuer considers EBIT to be a useful metric for evaluating the Issuer's performance as it facilitates comparisons of the Issuer's operating results from period to period including the effects from depreciation and amortization, but excluding interest and income taxes.

EBIT is derived from the Issuer's consolidated financial statements as follows:

Revenue
+ other operating income
- cost of materials
- personnel expenses
- depreciation/amortization
- other operating expenses
- other taxes
= EBIT

10.3 Profit Forecast for APONTIS PHARMA AG

Based on developments in the fiscal year ended December 31, 2020 that are shown in the audited consolidated financial statements of PP Pharma HoldCo GmbH (since April 14, 2021 APONTIS PHARMA AG), the Issuer expects revenues for the fiscal year ending December 31, 2021 to be approximately EUR 48,500 thousand and forecasts, on this basis, for the fiscal year ending December 31, 2021 a Gross Profit in the amount of approximately EUR 31,750 thousand, an EBITDA in the amount of approximately EUR 5,500 thousand and an EBIT in the amount of approximately EUR 3,900 thousand.

10.4 The Underlying Principles

The Profit Forecast was prepared in accordance with the principles of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e. V., IDW*) IDW Accounting Practice Statement: Preparation of Profit Forecasts and Estimates in Accordance with the Specific Requirements of the Regulation on Prospectuses (IDW AcPS AAB 2.003)) (*IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen*) (IDW RH HFA 2.003).

The Profit Forecast was prepared on the basis of the accounting principles of HGB. In respect of the accounting policies used, reference is made to the relevant presentation in the audited consolidated financial statements as of and for the fiscal years ended December 31, 2020, 2019 and 2018 of APONTIS Pharma AG (formerly known as PP Pharma HoldCo GmbH).

The Profit Forecast has been prepared solely for the inclusion in a prospectus for the offering of shares in the Issuer and represents the Issuer's best estimates as of April 29, 2021. In preparing the Profit Forecast, the Issuer has considered a number of factors to take into account the operational and financial performance for the Profit Forecast. Major factors and assumptions that have an impact on the Profit Forecast are set out below.

10.5 Factors and Assumptions

10.5.1 Factors beyond the Issuer's control and related assumptions

Unfavourable economic conditions and, in particular, future political and economic factors which have the effect of slowing economic growth and purchase power, may negatively impact sales of the Issuer s products. Our business could, for example, be negatively affected by a continuation or worsening of the COVID-19 pandemic (including further delays in the roll-out of the vaccination plan in our core market Germany), increased pricing pressure and a more severe competition. For the purpose of the Profit Forecast, the Issuer has assumed similar economic and political conditions in the fiscal year ending December 31, 2021 as in fiscal year 2020. For the purpose of the Profit Forecast, the Issuer has also assumed that there will be no material changes to the legal and regulatory framework in which it operates. Unfavourable unforeseen events such as force majeure (e.g., fire, floods, earthquakes or other natural disasters), cyber or terrorist attacks, war or extraordinary macroeconomic events may negatively impact sales of the Issuer's products. For the purpose of this Profit Forecast, the Issuer assumes no material unforeseen events occur that could result in material or lasting limitations on the ongoing operations.

10.5.2 Factors that can be influenced by the Issuer and related assumptions

Patient retention and expansion

Both retention and expansion of patients with prescriptions of our products are key elements in the pharmaceutical products business. We are confident to increase the prescriptions for the Issuer's products by marketing them directly to the patient's physicians.

Pricing

For all sales expected for fiscal year ending December 31, 2021, actual prices realised in fiscal year 2020 are applied, i.e., no price increases are considered.

Other Operating Income

Other operating income is expected to not change significantly in the fiscal year ending December 31, 2021 as compared to fiscal year 2020.

Cost of Materials

Cost of materials are expected to increase by almost 18.2% in fiscal year ending December 31, 2021 as compared to fiscal year 2020 due to higher net sales and an increase of Ulunar®´s purchasing price as of July 2021.

Generally, our purchasing prices are connected to our selling prices (% ratio of net selling price). Apart from the increase of Ulunar®'s purchasing price as of July 2021, which is due to a conversion of a co-marketing agreement into a distribution agreement, we do not expect any price increases which results in flat purchasing prices for the fiscal year 2021.

Personnel Expenses

Personnel expenses is expected to increase by almost 1.3% in the fiscal year ending December 31, 2021 as compared to fiscal year 2020 due to slight salary increases.

Amortisation and Depreciation

Amortisation and depreciation is expected not to change in the fiscal year ending December 31, 2021 as compared to fiscal year 2020.

Other operating expenses

Other operating expenses are expected to decrease by almost 6.3% in the fiscal year ending December 31, 2021 as compared to fiscal year 2020 due to further cost savings, especially with regard to marketing and events.

Other taxes

Other taxes are expected to increase in the fiscal year ending December 31, 2021 as compared to fiscal year 2020 due to the expected positive profit before tax.

11 MARKETS AND COMPETITION

To the extent not otherwise indicated, market data, forecasts and statements regarding the Issuer's position in the markets in which it operates and market and industry developments and trends, including growth rates, are based on the Issuer's assessments and estimates, using underlying data from third parties. See "2.5 Sources of market data" for an overview of sources used. The forward-looking statements in this section are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments that may be inaccurate. See "1. RISK FACTORS" and "2.3 Forward-looking statements".

11.1 Overview

We believe we are a leading specialty pharmaceutical company for single pills in the German market in which we develop, promote and sell a broad portfolio of single pills and other leading pharmaceutical products, with a particular focus on CVDs.

11.2 German healthcare and pharmaceutical market

With approximately 83 million inhabitants, Germany represents the biggest healthcare market in Europe which is characterized by continuously rising expenditures. In 2018, health expenditures in Germany reached a new high of EUR 390.6 billion, corresponding to a per capita spending of EUR 4,712. Between 2013 and 2018, the country's healthcare market grew by almost 4.4 percent per year on average. The healthcare sector currently accounts for almost 12 percent of Germany's gross domestic product, with the share steadily increasing as annual growth rates exceed the pace of overall domestic economic growth. Driven by developments like demographic change, the growing prevalence of chronic diseases, and the recent COVID-19 outbreak, this upwards trend in annual German health expenditure is expected to continue, after already exceeding EUR 400 billion in 2019. Likewise, the total pharmaceutical market in Germany (including pharmacies and hospitals/clinics) is one of the largest pharmaceutical markets in Europe, with revenues amounting to EUR 46.4 billion in the year ended December 31, 2019 (Source: *GTAI, The Pharmaceutical Industry in Germany (2020)*). In the first nine months for the year ended December 31, 2020, the pharmaceutical market in Germany generated over EUR 36 billion in revenue (Source: *IQVIA, Marktbericht Classic Q3 (2020)*). Almost 1.2 billion packages, worth EUR 30 billion (at the selling price of the pharmaceutical manufacturer, including vaccines and test diagnostics)) were sold to patients. The market segment for prescription drugs is growing by almost 8% in terms of sales in the first nine months of 2020, while sales units are declining. This corresponds to a market volume of EUR 26.2 billion or around 556 million packages. In the first nine months of 2020, 604 million units of non-prescription medicines were dispensed from pharmacies and by mail order, which represents a reduction by approximately 3% compared to the previous year.

11.3 German health insurance market

Statutory health insurance is provided by public health insurance companies (*Krankenkassen*). There are over 100 public health insurance companies in Germany which represents around 88% of all insured German citizens (the other 12% are represented by over 40 private insurance companies). German citizens have equal access through these health insurance companies to healthcare benefits from healthcare professionals who are licensed and provide healthcare services within the statutory healthcare system. Membership in the statutory health insurance system is mandatory for all employees earning less that EUR 64,350 gross salary per year as of 2021 (Source: *European Commission Employment, Social Affairs & Inclusion*). The national health insurance system is closely linked to the marketability of our products. As an increasing number of people benefit from health insurance they are able to seek medical advice, which leads to higher numbers of physicians prescribing pharmaceutical products, as they are reimbursed by the health insurance companies at their purchase price.

Under the German Pharmaceuticals Market Reorganization Act, a revised reimbursement system introduced in 2014 within the German statutory health insurance, the price of drugs employing new active pharmaceutical ingredients are allowed to have their prices set by the manufacturer for the first twelve months post launch. At the end of twelve months, the price of drugs that demonstrate positive effects can be negotiated between drug manufacturers and the National Association of Public Health Insurance Companies (*Spitzenverband der gesetzlichen Krankenversicherungen*, ("**GKV**").

The majority of pharmaceutical products are sold by public health insurance companies (*Krankenkasse*) pursuant to public tenders in an effort to lower prices. Public tenders are issued by more than 100 public health insurance companies when several companies offer an identical product. These public health insurance companies publish their public tenders on a special tender portal online to invite a number of companies to participate in a particular public tender in order to drive down the net selling price for the particular pharmaceutical product and require the various competitors to offer rebates. Each of the more than 100 public health insurance companies can issue a public tender on its own or can work together with other public health insurance companies, which can lead to a significant number of public tenders at once. If the required rebates for the pharmaceutical products in question are set too high, we may not compete in such public tenders at all because the associated profit margins are too low. Therefore, losing or choosing not to participate in a public tender may lead to a significant loss in market share as the pharmacies are obliged to sell the winning product of a specific public tender to the insured persons of that particular public health insurance company. Unless a physician prescribes a specific pharmaceutical product by name and ticks the "aut idem" box on the prescription form, meaning that the specific product cannot be replaced by another pharmaceutical product, the pharmacy is not allowed to sell another pharmaceutical product other than the one which has won the public tender.

11.4 Over-the-Counter pharmaceutical products

The German over-the-counter ("**OTC**") market comprises two major segments: non-prescription drugs and health products. Non-prescription drugs include pharmacy-only drugs as well as OTC drugs that may also be sold outside of pharmacies. Product groups that are not subject to

pharmaceutical legislation - for example, nutritional supplements, healing earths and seawater nasal sprays – belong to the health products segment and can be sold by pharmacies as well as drugstores and supermarkets. The average annual growth rate of the German OTC market amounts to four percent for the period 2014 to 2019. In 2019, revenues increased by 3.7 percent to almost EUR 10.7 billion. More than EUR 7.2 billion was generated in the non-prescription drugs segment and over EUR 3.4 billion with health products - corresponding to a sales volume of 811 million and 744 million pack- aging units respectively. Although self-medication represents the major share of OTC sales, OTC products prescribed by physicians represent a further opportunity.

11.5 Chronic Diseases

The treatment of the growing number of patients affected by (age-related) chronic and incommunicable diseases constitutes a major concern of the German healthcare system. Together, cardiovascular diseases, psychological disorders and musculoskeletal diseases account for more than one third of overall healthcare spending in Germany (36.9% in 2015). Chronic lung diseases, cancer and diabetes mellitus - being the most common metabolic disorder - are also widespread among the general population. Estimates suggest that around six percent of German adults suffer from asthma and almost 10 percent of adults have diabetes mellitus (including around 2 million people with undetected diabetes).

11.6 Key trends

With our focus on pharmaceutical products, particularly single-pills, for the treatment of CVDs, we believe we benefit from the following key trends, which will determine the demand for our products:

11.6.1 Demographic Trend Triggering Increase in Chronic Diseases

The general demographic trend towards obesity and lack of exercise at a young age in Germany, which has generally led to an early development of hypertension and type 2 diabetes among younger people in Germany, has led and will lead to a significant increase in the need for our single pill products focused on hypertension and type 2 diabetes over a longer period of time (Sources: *Rosenbauer/Neu/Rothe/Seufert/Holl RW (2019), Journal of Health Monitoring; Heidemann; Du/Scheidt-Nave (2011) RKI GBE kompakt*). Because the German population is developing significant incidents of hypertension and type 2 diabetes at significantly younger ages than in the past, this means that these patients will generally need to be treated for longer periods of time throughout their lives for these chronic diseases, which, in turn, means that the health care insurance companies are required to spend more money for longer periods of time on medical care. We believe that this demographic trend will be one of the major drivers in our results of operations in the coming years.

11.6.2 Large market for cardiovascular diseases as leading cause of death in Germany

It is estimated that approximately 35 million Germans suffer from hypertension but only approximately 21.8 million have been accurately diagnosed and are undergoing medical treatment. Of these approximately 21.8 million patients on therapy, it is estimated that less than 50% are optimally treated, either because patients do not adhere to the suggested dosage forms or dosing intervals, or because the treating physicians do not make use of the optimally suitable products, i.e., single pills in particular (Source: *RKI (2021), Hypertension and its Consequences*). Hypertension is the most frequent and important risk factor for cardiovascular diseases and renal insufficiency. In addition, hypertension is the most prevalent risk factor for stroke worldwide, based on data from 30 international studies, and has been reported in about 64% of patients with stroke (Source: Weingarten M, Silva GS: Hypertension and Stroke: Update on Treatment, Eur Cardiol, 209 Jul; 14(2): 111-115.). Hypertension is estimated to affect one third of all adults in Germany. As a consequence, one third of those over the age of 65 take at least five different medicines regularly. Hypertension triggers serious damages to the cardiovascular system which also are one of the leading causes of death in Germany, having accounted for 20% of all deaths in Germany in 2020 (Source: *RKI (2016) Health in Germany – the Most Important Trends*). This represents a very large untapped market for pharmaceutical products which simplifies the adherence to the prescribed medication because the more patients adhere to their treatment by taking medication on a regular basis, the fewer cardiovascular events and risks they experience. The demographics of other chronic diseases in Germany show similar trends. (Source: *Robert Koch-Institut (Hrsg) (2015) Gesundheit in Deutschland. Gesundheitsberichterstattung des Bundes. Gemeinsam getragen von RKI und Destatis. RKI, Berlin*).

11.6.3 Increased Market Demand for Single Pills

Five principal drivers are fueling the growth of single pill products with a focus on CVDs and other chronic diseases. First and foremost, the preliminary results of the comprehensive START Study[2] ("**START Study**"), in which over 60,000 persons participated, were presented to the scientific community in November 2019 and later at other medical conferences in 2020 strongly supporting the use of single pill products over a loose combination of pills. The START Study highlighted the distinct advantages of single pill products which include statistically significant increased adherence, leading to a strong decrease in mortality (up to a decrease of 49%) and morbidity rates among patients,

[2] Effect of **S**ingle pill combinations on **T**reatment **A**dherence and persistence as well as on clinical and pharmacoeconomic outcomes in the **R**eal-world **T**reatment of hypertension, coronary heart disease, hypercholesterolemia and in secondary prevention of cardiovascular events: a claims data analysis. The first results of the START Study were presented to the scientific community in the form of scientific poster sessions published in scientific journals, abstracts and lectures at the Congress of the German Association of Hypertension (*Deutsche Hochdruckliga e.V. DHL*) in November 2019, the Congress of the German Cardiac Society (*Deutsche Gesellschaft für Kardiologie – Herz- und Kreislaufforschung e.V.*) in April 2020, the German Society of Prevention and Rehabili-tation of Cardiovascular Diseases (*Deutsche Gesellschaft für Prävention und Rehabilitation von Herz-Kreislauferkrankungen e. V.*) in June 2020, and the European Society of Cardiology in August 2020. Manuscripts reflecting the key results of the study have been submitted to international scientific peer reviewed journals.

increased cost efficiency for patients due to less co-payments, and reduced administrative burdens for physicians due to fewer prescriptions. Second, private and public health insurance companies have begun to recognize that single pill products significantly reduce patient costs as higher adherence rates lead to lower cardiovascular risks and events and milder disease progression (Source: *DHL Congress (2019), Results of the START Study*). Third, recent guidelines published by the ESC recommend single pill therapy as an initial treatment for hypertension and this will support the increasing acceptance of single pill usage for hypertension by physicians and private and public health insurance companies. This development, along with the publication of the favorable results for single pill use from the START Study, has led to the elimination of most restrictions on prescriptions for single pills. Further changes toward eliminating restrictions in guidelines for prescribing single pills are expected in the near future and will enable physicians more or less freely to prescribe single pill products, which we anticipate will lead to further significant growth in the use of single pill products in the near future. Fourth, there is increasing acceptance among physicians who are convinced by the START Study and the growing medical literature supporting single pill products that such treatments are the best therapy for their patients. Finally, it is expected that there will be no new API market introduction dedicated for the treatment of hypertension within the next ten years.

11.7 Competition

The market for single pill products is highly competitive in Germany. We face competition from a diverse group of competitors in Germany and throughout Europe. Our main competitors in the single pill market include Aristo Pharma, Servier, Hexal, Ratiopharm and TAD Pharma. Competition is also driven by the introduction of generic products and the public tender process required by public health insurance companies (*Krankenkasse*).

While multinational pharmaceutical companies such as Novartis Pharma and GlaxoSmithKline ("**GSK**") would have the requisite resources successfully to compete in the market for single pills, these potential competitors tend to focus on novel, patent-protected high-volume sales products instead of single pills. We also could encounter competition from generic pharmaceutical companies but these companies in general have no or limited access to the key decision makers, concentrated on selling pharmaceutical products to pharmacies and focused on price advantage and public tender procedures to grow their business. As a result of these factors, such larger multinational pharmaceutical companies and generic drug makers normally do not compete in the single pill market.

12 BUSINESS

12.1 Overview

We believe we are a leading specialty pharmaceutical company for single pills in the German market in which we develop, promote and sell a broad portfolio of single pills and other leading pharmaceutical products, with a particular focus on cardiovascular diseases ("**CVDs**"). We have over 190 employees, most of which work as sales representatives in our dedicated sales force. Members of our management have a combined experience of over 180 years in all aspects of the pharmaceutical market and expertise in all areas of the pharmaceutical business, including research and development, regulatory, quality, medical, market access and sales and marketing. We have a scalable business model in which we outsource our entire manufacturing base to a number of third party contract manufacturing organizations ("**CMOs**") or third party suppliers, store our pharmaceutical products at our logistics provider and ship directly to wholesalers. This structure enables us to avoid capital expenditures in production equipment and storage facilities and concentrate our resources on sales/marketing, research and development activities for the development of our single pill products.

We are headquartered in Monheim, Germany and operate exclusively in the German market. Germany is the leading economy in Europe and had total sales of pharmaceutical products in the statutory health insurance system of EUR 41.04 billion in 2019. (Source: *Statista 2021*). It is also the largest market for single pill products in Europe.

We have a proven track record in the category of so-called single pills, i.e., medicinal products in the form of one tablet or capsule that combine two to three generic active pharmaceutical ingredients ("**APIs**") that patients are typically prescribed together as a loose combination (separate medicinal products) in one single pill, where we believe we have a first mover advantage and leadership role in Germany. In addition, we focus opportunistically on the co-marketing of pharmaceutical products, which we promote under a second product brand and on co-promotion by marketing a product under the same brand as the license owner. These products are novel, patent-protected products from large pharmaceutical companies like Novartis Pharma GmbH ("**Novartis Pharma**") or AstraZeneca GmbH ("**AstraZeneca")** which we co-market or co-promote in order to increase sales of the overall pharmaceutical product type. We believe that the co-marketing and/or co-promotion of these products also offer significant synergies with respect to the marketing of our single pills as the target audience (*i.e.*, the prescribing physicians) are identical for all of our products covered by our co-marketing and/or co-promotion activities and our own single pill portfolio.

In addition to single pills, we also market a number of pharmaceutical products for various chronic diseases such as diabetes and respiratory ailments (through our co-marketing and co-promotion agreements), to a lesser extent heritage products (i.e., well established products which we and our predecessor company SCHWARZ PHARMA have been selling for a number of years), including a limited number of products related to women´s health, mainly contraception. Our single pill portfolio accounted for 48.5%, or EUR 19.05 million, of our total revenues of EUR 39.24 million and accounted for 57.2%, or EUR 14.32 million, of our total gross profit EUR 25.03 million in the fiscal year ended December 31, 2020. It included in particular single pills to treat CVDs, especially hypertension, including Tonotec®, Tonotec®HCT, Caramlo®, Biramlo®, Stapressial® and LosAmlo®, and for secondary prophylaxis of cardiovascular events, IItria® and for hypercholesterolemia, Atorimib®. We believe that the increased sales of single pill products will be the main driver of our revenue growth in the future as they are increasingly seen as an improved and viable treatment therapy for chronic indications in Germany. This is supported by the development of treatment guidelines introduced by the European Society of Cardiology ("**ESC**") which recommends single pill therapy as an initial treatment for hypertension. In addition, the effectiveness of single pill therapies was shown in a first time ever analysis available globally to compare a single pill therapy with multi-pill treatment therapies in terms of clinical outcomes, highlighting the value and advantages of single pill therapies over traditional treatments.

The preliminary results of the comprehensive START Study[3] ("**START Study**"), in which over 60,000 persons participated, were presented to the scientific community in November 2019 and later at other medical conferences in 2020 strongly supporting the use of single pill products over a loose combination of pills. Traditionally, a loose combination of different pills has been the most widely prescribed method of medical treatment by physicians in Germany. A comparison made between 2012 and 2018 of the use of seven single pills compared to a loose combination of medicinal products insured by AOK PLUS for the German states of Saxony and Thuringia showed that 73% of all prescriptions were made using loose pill combinations compared to 27% of single pills during this time period (Source: *START Study*). The START Study, which was conducted by AOK PLUS, INGRESS Health HWM GmbH and APONTIS PHARMA, highlighted the distinct advantages of single pill products versus loose combinations of different pills. There is a statistically significant increased adherence to therapy of 70% to 80% when using single pills compared to an adherence to therapy of 20% to 50% when using a loose combination of different pills (Source: *START Study*). The increased adherence rate leads to a strong decrease in mortality (up to a decrease of 49%) and morbidity rates among patients. In addition, physicians realize annual medication savings of up to 15% compared to therapy costs of loose combinations of pills (Source: *START Study*). Physicians also benefit from reduced administrative burdens due to fewer prescriptions. In addition, these single pill products enable private and public health insurance companies (*Krankenkassen*) to reduce costs significantly as higher adherence rates lead to lower cardiovascular risks and events and milder disease progression. Annual total savings for private and public health insurance companies

[3] Effect of **S**ingle pill combinations on **T**reatment **A**dherence and persistence as well as on clinical and pharmacoeconomic outcomes in the **R**eal-world **T**reatment of hypertension, coronary heart disease, hypercholesterolemia and in secondary prevention of cardiovascular events: a claims data analysis. The first results of the START Study were presented to the scientific community in the form of scientific poster sessions published in scientific journals, abstracts and lectures at the Congress of the German Association of Hypertension (*Deutsche Hochdruckliga e.V. DHL*) in November 2019, the Congress of the German Cardiac Society (*Deutsche Gesellschaft für Kardiologie – Herz- und Kreislaufforschung e.V.*) in April 2020, the German Society of Prevention and Rehabilitation of Cardiovascular Diseases (*Deutsche Gesellschaft für Prävention und Rehabilitation von Herz-Kreislauferkrankungen e. V.*) in June 2020, and the European Society of Cardiology in August 2020. Manuscripts reflecting the key results of the study have been submitted to international scientific peer reviewed journals.

amount to up to 34% and in the range of EUR 1,000 to EUR 3,000 per patient per year (Source: *DHL Congress, November 19, 2019, Abstract (Comparison of Direct Healthcare Costs between Patients Using Single Pill and Multiple Pill Therapies: Results of the START Study)*).

The START Study, along with the publication of recent guidelines by the ESC and legal reforms enacted at the federal state level in Germany, have led to the elimination of most restrictions on prescriptions of single pills. We anticipate that these changes will enable physicians to prescribe single pill products more freely and will lead to further significant growth in the use of single pill products in the near future, and will thus reflect our strategic and marketing emphasis on single pills.

As a result of the findings of the START Study and the improved environment for single pill products described above, we have increasingly concentrated on developing and marketing single pill products focused primarily on CVDs such as hypertension and anticipate that these single pill products will increasingly account for a significant majority of our overall revenues in the coming years. Our pharmaceutical products are based primarily on chemically synthesized APIs with documented efficacy and cover approximately 70% of all chronic indications addressed at a general practitioner´s office. Most of our pharmaceutical products are available with a prescription from a physician with a limited amount available on an over the counter ("**OTC**") basis, which accounted only for 3.06% of revenues for the year ended December 31, 2020.

We have a long history of developing and marketing pharmaceutical products, including with our predecessor companies, and our management has decades of extensive experience in the pharmaceutical business. The combined experience in the pharmaceutical business has led to the development of our dedicated sales force and strong business relationships with physicians in Germany over the last several decades. Our predecessor companies, SCHWARZ PHARMA Germany and UCB Internal Medicine, introduced our first pharmaceutical product in 1948 to treat iron deficiency. Since that time our predecessor companies and we have successfully expanded to cover the entire German market through the development and the promotion of numerous pharmaceutical products, including Ferro Sanol®, Isoket®, Tensobon®, Atmadisc®, Provas®, Rifun®. Our marketed product portfolio consists of 22 pharmaceutical products. We have introduced eight single pill products since 2013 and anticipate that we will launch an additional one to two pharmaceutical products during the course of 2021, and four in total in the next few years.

We are constantly reviewing the German market to assess the need for new single pill products for chronic indications with strong demand potential. Once we have identified a strong candidate for development, we seek to obtain a marketing license for that pharmaceutical product exclusively in the German market or we develop the product with a development partner. This nimble in-licensing/development approach allows us to bring viable single pill products to treat chronic indications quickly to the German market. As of the date of this Prospectus, we have filed an application for an additional marketing authorization for Tonotec® Lipid, which is currently in advanced stages of the marketing authorization process, and three other single pills are in late-stage development.

We market our pharmaceutical products directly to physicians inter alia through office visits by our sales force because physicians are strong decision makers driving the increase in sales of single pill products through their prescriptions to their patients. A patient cannot receive a single pill product without a prescription from a physician. Through our continued efforts to build long-term and reliable relationships with physicians by product detailing and by offering added-value services from our sales force in addition to our single pill products, we believe that we will significantly increase sales of our single pill products.

12.2 Strengths

We believe that the development of our business is supported by the following strengths:

12.2.1 First mover advantage and category leader in single pills in Germany

We believe we have a first mover advantage and are a category leader in single pills in Germany. We believe we are the category leader with our existing portfolio of eight single pill products that all have been brought to market, generate revenues and treat thousands of patients. We have an estimated patient potential of over five million patients for these existing eight single pill products. We achieved this first mover advantage through our investment in the START Study scientifically to prove the effectiveness of single pills, our single-minded focus on the development and marketing of single pill products, the lack of a significant number of specialized competitors in the single pill business, the preference by large pharmaceutical companies to invest in novel, patent-protected high-volume sales products instead of single pills and a generic pharmaceutical industry with no or only limited access to the key decision makers, the physicians, concentrated on selling pharmaceutical products to pharmacies and focused on price advantage and public tender procedures to grow their business.

We have a proven track record in single pill products in the German market. Between 2013 and the date of this Prospectus, we launched eight new single pill products in Germany, Tonotec®, Tonotec® HCT, Caramlo®, Biramlo®, Stapressial® and LosAmlo® for hypertension, Iltria® for secondary prevention of cardiovascular events and Atorimib® for hypercholesteremia, and anticipate that we will introduce four more single pill products in the next few years. We achieve high margins on the sales of our single pill products, with gross margins ranging on average above 70%. By launching our own single pill products in important areas such as hypertension ahead of our competitors, we have shown that we are an innovative specialty pharmaceutical company in single pill products for chronic indications in Germany.

To increase our sales of our single pill products in Germany focused on hypertension, we closely monitor and react to developments in the German market. Once we have identified an attractive market opportunity, we try to meet demand through the development of our own new single pill products. Of our current pharmaceutical product portfolio, we have developed two of our own single pills, purchased two marketing authorizations for single pills, in-licensed three single pills for exclusive distribution within Germany and entered into one co-

marketing agreement for a single pill with another pharmaceutical company. As of the date of this Prospectus, we have filed an application for an additional marketing authorization for Tonotec® Lipid, which is currently in advanced stages of the marketing authorization process, and three other single pills are in late stage development.

We have significant in-house medical expertise and regulatory experience with marketing authorizations for pharmaceutical products and decide on a case-by-case basis whether a particular product requires a clinical study based on the availability of certain information in medical literature and data on that particular product. Our ability to make such determinations makes our development efforts particularly low risk and cost efficient while reducing the time required for new single pill product developments. As a result, all of our product launches for single pill products have been profitable. We have a compound average growth rate ("**CAGR**") of revenue for our single pills which have been on the market for at least three years since their launch (Stapressial®, IItria®, Biramlo®, Caramlo® and Tonotec®) of 251% over that three-year period and for our single pills which have been on the market for two years since their launch (LosAmlo®, TonotecHCT® and Atorimib®) of 800% over that two-year period (Source: *Company data*). To forecast the potential for developing single pills, we monitor the development of the loose combinations of pills over a five-year period relating to prescriptions, volume and price development, the introduction of new products from competitors, regulatory developments affecting our products and the market in general and changes in medical guidelines. Due to this specific focus on the profitability of our single pill products, we have been able to maximize our profits on our single pill product launches. We believe that our ability to develop these single pill products with limited investments will allow us to continue to generate attractive returns on our single pill products.

We also own most of the marketing authorizations for our single pill products in Germany and outsource our development and production operations to maintain cost effective business operations. The typical development cycle for a single pill product is between three and a half to five years, and our development costs total approximately EUR 1.5 million to EUR 2.1 million per product which are typically paid back on average within two years. Finally, the gross margins of our single pill products average over 70%. (Source: *Management sources*). As the market for single pills grows, we anticipate these developments will significantly increase the growth of our single pill business.

12.2.2 Unique Position in the Market with Considerable Market Entry Barriers for Competitors

The market for single pill products in Germany is characterized by considerable market barriers to entry for competitors. Our single pills benefit from regulatory data protection for ten years from the date of their first marketing authorization in the EU. During that time our competitors cannot place generic single pills in the market which have used our single pill as reference product. Instead new competitors would be forced to spend significant resources to develop their own single pill marketing authorizations and to invest heavily in marketing and sales to gain appropriate market share in the single pill market in Germany. It would be particularly difficult for a competitor to replicate the size of our dedicated sales force (130 sales representatives) and their medical know-how in the field and close business relationships with physicians. The development cycles of our single pill products average between three and a half to five years which may deter a pharmaceutical company without significant experience in single pill products from entering the market. Further, the market for single pill products is a niche market. Large pharmaceutical companies generally do not enter the single pill market because the market size per product is too small for their cost base, and they focus traditionally on novel drug treatments with high prices and high-volume sales potential. In addition, generic producers of pharmaceutical products would have difficulty entering our market because they have no or only limited access to the key decision makers (they sell to pharmacists, not physicians) and the process of building relationships with physicians and gaining knowledge of their individual practices over many years cannot be replicated within a short time period simply by investing money in a new sales force with no relationship to physician practices.

12.2.3 Dedicated sales force in the market for single pills with long-standing relationships to physicians and key decision makers

We have a dedicated sales force of 130 sales representatives with long-standing relationships to physicians and key decision makers built on the foundation and heritage products of our predecessor companies, SCHWARZ PHARMA Germany and UCB Internal Medicine. In addition to their scientific knowledge to promote products (approximately 70% of our sales representatives hold university science degrees), our sales representatives are specialists to support physicians and their teams in most relevant aspects of managing a physician´s office. Such a sales force is difficult for our competitors to replicate on such a mass scale in a short time period because it is based on long-standing and reliable relationships and mutual trust.

Physicians are the main decision makers who drive the increase in sales of single pill products through their prescriptions to their patients. Our dedicated sales force comprises 130 members who are committed to promoting our entire range of products, including our value-added services, directly with the approximately 21,500 physicians who are responsible for prescribing medication for their patients in Germany via face-to-face meetings in the physician`s office and is supported by digital activities managed by our sales force together with the marketing department. We have the highest share of voice with doctors regarding single pills during the periods under review, averaging approximately 40% to 50% from the fourth quarter of 2018 to the fourth quarter of 2020. We were the first sales force out active in the market again after the initial COVID-19 lockdown expired in the second quarter of 2020, with our share of voice with doctors accounting for 54% (Source: *IPSOS data, 2nd Quarter*) of all voice with doctors calls about single pills in that quarter.

We maintain contact with physicians through our sales force in face-to-face meetings and e-mails. In 2020, we conducted 138,000 face-to-face meetings with physicians despite the lockdown caused by the COVID-19 pandemic in March/April 2020 and held 47 educational events compared to 200,000 face-to-face meetings and 120 educational events in 2019. These activities are on a case-by-case basis supported by centrally organized, personalized classic print mailings as well as ad placements in medical journals, focusing on our single pill products.

Our sales representatives also maintain contact with physicians with our digital channels through one-on-one digital activities, e.g., online newsletter (*Erfolgsrezept Direkt*), an online platform (*Erfolgsrezept Online*), digital scientific and economic events, to cover areas such as optimization cardio-vascular therapy as well as (for example) the optimization of practice routines/practice management, email marketing, webinars (for example, patient treatment in the era of COVID-19), and a call center through which physicians can contact us with questions about our products. We sent approximately 200,000 personalized e-mails to physicians in 2020. We also provide physician offices with other important value-added services, including medical trainings (reanimation), office management services, including support in accounting and business planning, consulting on hygiene certification, and regular updates on changes in laws and regulations affecting their practices. Through our continued efforts to build long-term relationships with physicians, we believe that we will significantly increase sales of our pharmaceutical products, especially our single pill products.

To drive demand further for our single pill products, we started to market our single pill products directly to rehabilitation clinics and hospitals in 2020 based in large part on the positive results of the START Study to the use of single pills and plan to grow this business in the coming years. In general, physicians at hospitals and rehabilitation clinics principally prescribe loose combinations of pills for their patients. In the case of rehabilitation clinics, single pills are offered as a substitute for loose combinations of pills during a patient´s stay and, as a result of patients normally staying for several weeks at a rehabilitation clinic, the physician becomes accustomed to prescribing the single pills and the rehabilitation clinics recommend the use of these single pills to a patient´s physician when the patient leaves the rehabilitation clinic. In the case of hospitals, we are seeing the trend that single pill therapies are increasingly recommended as a substitute to a loose combination of pills in the hospital discharge letter which is provided to the patient´s physician once the patient leaves the hospital. Once the COVID-19 pandemic subsides and we have better access to these facilities, we believe that we will be able to better promote the positive results of the START Study and the advantages of using single pill products further to improve our sales to these hospitals and rehabilitation clinics.

12.2.4 Favorable demographic trends to spur growth for chronic disease therapies

We believe that the general demographic trend toward obesity and lack of exercise at a young age in Germany, which has generally led to an early development of hypertension and type 2 diabetes among younger people in Germany, will lead to a greater need for our single pill products focused on hypertension and type 2 diabetes for a longer period of time (Sources: *Rosenbauer/Neu/Rothe/Seufert/Holl RW (2019), Journal of Health Monitoring; Heidemann; Du/Scheidt-Nave (2011) RKI GBE kompakt*). Because the German population is developing significant incidents of hypertension and type 2 diabetes at significantly younger ages than in the past, this means that these patients will generally need to be treated for longer periods of time throughout their lives for these chronic diseases, which, in turn, means that the health care insurance companies are required to spend more money for longer periods of time on medical care. We believe that this demographic trend will also increase the demand for single pills drastically, as they are easy to use and cost effective.

12.2.5 Clear cut focus on cardiovascular diseases as leading cause of death in Germany and widely an untapped market

We focus the development of our single pill products on CVDs because we believe that they represent, due to their chronic nature and widespread prevalence in Germany, the largest market for potential treatments addressable by single pill products in Germany.

Growth in the market for single pill products to address chronic diseases such as hypertension has increased significantly as the advantages of single pills have become more apparent. It is estimated that approximately 35 million Germans suffer from hypertension but only approximately 21.8 million have been accurately diagnosed and are undergoing medical treatment. Of these approximately 21.8 million patients on therapy, it is estimated that less than 50% are optimally treated, either because patients do not adhere to the suggested dosage forms or dosing intervals, or because the treating physicians do not make use of the optimally suitable products, i.e., single pills in particular (Source: *RKI (2021), Hypertension and its Consequences*). Hypertension is the most frequent and important risk factor for cardiovascular diseases and renal insufficiency. Hypertension is estimated to affect one third of all adults in Germany. As a consequence, one third of those over the age of 65 take at least five different medicines regularly. Hypertension triggers serious damages to the cardiovascular system which also are one of the leading causes of death in Germany, having accounted for 20% of all deaths in Germany in 2020 (Source: *RKI (2016) Health in Germany – the Most Important Trends*), this represents a very large untapped market for our single pill products against hypertension alone because the more patients adhere to their treatment by taking our single pills on a regular basis, the fewer cardiovascular events and risks they experience.

The demographics of other chronic diseases in Germany for which our single pill products have been developed show similar trends. (Source: *Robert Koch-Institut (Hrsg) (2015) Gesundheit in Deutschland. Gesundheitsberichterstattung des Bundes. Gemeinsam getragen von RKI und Destatis. RKI, Berlin*). Additionally, it is expected that there will be no new API market introduction dedicated for the treatment of hypertension within the next ten years. We believe that these developments show that adoption of single pill products will continue to be accelerated as a result of increasing rise of chronic diseases such as hypertension.

12.2.6 Scalable business model with strong unit economics

We have established a scalable business model which provides us with the agility to most effectively react and respond to developments in the pharmaceutical market and grow our business. Our sales, marketing and administrative expenses are scaled significantly with higher revenues as our sales force, which concentrates on the largest medical practices in Germany to maximize the value from each physician`s practice, can increase the number and type of single pills it promotes and supplies to these physicians at such large practices without having to increase the number of representatives in our sales force. In addition, we increased in 2020 after the publication of the START Study the focus on single pills and are planning on significantly increasing our business with rehabilitation clinics and hospitals as they have a target group of patients which can utilize our single pills as a substitute for loose combination of pills and continue to take these single pills once

they leave the rehabilitation clinics and hospitals and return to their physicians` practices. We will also be able to expand our single pill business for different chronic indications because we can leverage our existing know how to develop new single pill combinations.

We outsource our entire manufacturing base to a number of third party CMOs or third party suppliers, depending on whether we hold the marketing authorization for the particular pharmaceutical product, with the CMOs also handling the sourcing of raw materials. Finished products are shipped directly from these CMOs to the logistic center of our third party logistics provider, Movianto, our distribution provider, which distributes these pharmaceutical products through the transportation provider, TOF, to wholesalers, which then sell these pharmaceutical products to more than 19,000 pharmacies throughout Germany. This structure enables us to avoid significant investments in production equipment and storage facilities and concentrate our resources on research and development activities and on marketing of our single pill products.

Our single pills yield on average greater than 70% gross profit margins. We estimate that revenues from our single pill products will account for 80-85% of our revenue in the medium to long term, and the development costs are generally paid back on average within two years.

12.2.7 Experienced and committed management team with joint ownership of approximately 9% of the Company´s share capital

We have a proven track record and deep commitment to APONTIS PHARMA. Mr. Karlheinz Gast, our chief executive officer, has held a number of positions at the Company since 1997 and has worked in the pharmaceutical industry since 1986. He previously served as the head of business at the cardiovascular unit of Asta Medica. At the Company, he is currently responsible for strategy, marketing & sales, human resources and finance. Mr. Thomas Milz, our chief product officer, has worked at the Company in a number of positions since 1991. He previously worked as a marketing head at SCHWARZ PHARMA Germany and market access head at UCB Pharma. At the Company, he is currently responsible for product research & development, operations and supply chain. These two board members are complemented by an extended management of four additional senior pharmaceutical experts with particular expertise in a number of important areas in the pharmaceutical industry. Dr. rer. nat. Susanne Endreß, our head of quality assurance, drug safety and regulatory affairs, has worked in the pharmaceutical industry for 26 years and joined our predecessor company more than 20 years ago. Dr. med. Olaf Randerath, our head of medical affairs, has 23 years of experience in the pharmaceutical industry and in medical, research and clinical development. Dr. med Matthias Wendl, our head of sales, has worked in the pharmaceutical industry for 19 years, and has additional expertise in marketing and medical. Mr. Harald Weyand, our head of marketing, has worked in the pharmaceutical industry for 32 years and with strong knowledge in CVD and driver of value-added services. The joint (indirect) shareholding of our Management Board and members or the Supervisory Board and senior management accounts for approximately 9% prior to the implementation of the offering.

12.3 Strategy

We believe that our strong position in the German market for single pill products will allow us further to expand our business and capture leading positions for other chronic indications in Germany. To achieve these goals, we plan to implement the following strategies:

12.3.1 Enhance market penetration via marketing and sales activities resulting in market share gains with our existing single pill products.

We believe there are five principal drivers which will fuel the growth of our market share for existing single pill products with a focus on CVDs and other chronic diseases. First, the preliminary results of the comprehensive START Study, in which over 60,000 persons participated, were presented to the scientific community in November 2019 and later at other medical conferences in 2020 strongly supporting the use of single pill products over a loose combination of pills. The START Study highlighted the distinct advantages of single pill products which include statistically significant increased adherence, leading to a strong decrease in mortality (up to a decrease of 49%) and morbidity rates among patients, increased cost efficiency for patients due to less co-payments, and reduced administrative burdens for physicians due to fewer prescriptions. Second, private and public health insurance companies (*Krankenkassen*) have begun to recognize that single pill products significantly reduce overall patient costs as higher adherence rates lead to lower cardiovascular risks and events and milder disease progression (Source: *DHL Congress (2019), Results of the START Study*). Third, recent guidelines published by the ESC recommend single pill therapy as an initial treatment for hypertension and this will support the increasing acceptance of single pill usage for hypertension by physicians and private and public health insurance companies. This development, along with the publication of the favorable results for single pill use from the START Study, has led to the elimination of most restrictions on prescriptions for single pills. Further changes toward eliminating restrictions in guidelines for prescribing single pills are expected in the near future and will enable physicians more or less freely to prescribe single pill products, which we anticipate will lead to further significant growth in the use of single pill products in the near future. Fourth, there is increasing acceptance among physicians who are convinced by the START Study and the growing medical literature supporting single pill products that such treatments are the best therapy for their patients. Fifth, it is expected that there will be no new API market introduction dedicated for the treatment of hypertension within the next ten years. By leveraging these developments, we intend to continue to grow our market share in single pill products in the future by expanding our sales and marketing efforts.

12.3.2 Launching new single pill products for chronic diseases in the short term.

The growth of our business is directly related to our ability to launch new single pill products to treat chronic diseases, especially hypertension.

We are currently focusing on the introduction of three new single pills for hypertension, Caramlo® HCT, Caramlo® Lipid and Tonotec® Lipid and one new single pill for hyperlipidemia, Rosuva/Eze. Based on our own internal estimates, we believe that these products have a patient potential (number of patients with same substance class combination in loose form) as follows: Caramlo® HCT (330,000); Caramlo® Lipid

(486,000); Tonotec® Lipid (661,000) and Rosuva/Eze (151,000). We estimate the development costs per single pill to be EUR 1,300 thousand for Caramlo® HCT, EUR 2,725 thousand for Caramlo® Lipid, and EUR 1,854 thousand for Tonotec® Lipid. For Rosuva/Eze we will not incur any development costs due to the fact that Rosuva/Eze will be marketed by us under an exclusive licensing agreement. We estimate total annual revenue potential for each product as of 2025 to be EUR 7,930 thousand for Caramlo® HCT, EUR 2.742 thousand for Caramlo® Lipid, EUR 4,744 thousand for Tonotec® Lipid and EUR 3,000 thousand for Rosuva/Eze. For these first three of these four new single pill products, there are currently no other providers in the German market. We believe that these four single pill products are currently used in a loose combination form by well over 1.4 million patients in the German market and they represent a key revenue driver for increased sales of new single pill products.

12.3.3 Continuously assessing market opportunities and development of new products ready to be launched in the mid term.

To forecast the potential for developing single pills, we monitor the development of the loose combinations of pills over a five-year period relating to their price development, the introduction of new products from competitors, regulatory developments affecting our products and the market in general and changes in medical guidelines. Due to this specific focus on the profitability of our single pill products, we have been able to maximize our profits on our single pill product launches. We believe that our ability to develop these single pill products with limited investments will allow us to continue to generate attractive returns on our single pill products.

We are also currently assessing the potential of a number of new single pill products in the medium term to address mainly CVD and hypertension. We believe in the aggregate that these products have a narrow and wide patient potential ranging from approximately 200,000 to 2.5 million patients. We anticipate that the development costs for each development candidate will range between EUR 0.5 and EUR 3.0 million with an annual revenue potential of approximately EUR 60 million for our top 10 development candidates to be launched in the midterm.

As the acceptance of single pill products has grown significantly with the publication of the START Study and an increasing awareness from physicians and private and public health insurance companies (*Krankenkasse*) as to the benefits of such treatments, we believe that our growth in revenues will significantly increase with the additional introduction of new single pill products.

12.3.4 Expand our market position through selected acquisitions of other businesses, marketing authorizations, pharmaceutical products, assets or other arrangements throughout Germany.

We constantly review potential acquisition targets as an opportunity to expand our market position and the chronic indications covered by our product portfolio. In the past, we have focused on selected acquisitions of marketing authorizations. Going forward, however, we plan to increase our growth in the market for single pill products by engaging in acquisition activities to capitalize on attractive external growth opportunities. When considering such acquisitions, we will primarily consider opportunities which will allow us to accelerate our expansion, including the expansion of marketing authorizations of new indications, help increase our contacts to physicians and/or offer the potential for cost synergies. We expect that selected, accretive acquisitions could enable us to expand the range of indications covered by our product offering, complement its existing product portfolio and help fuel our continued growth to foster our position as a leading provider of single pill products.

12.4 Business Operations

We believe we are a leading specialty pharmaceutical company for single pills in the German market in which we develop, promote and sell a broad portfolio of single pills and other leading pharmaceutical products, with a particular focus on cardiovascular diseases ("CVDs"). We have traditionally marketed and sold our pharmaceutical products in the German market through co-marketing and/or co-promotion agreements with large, well-known pharmaceutical companies such as Novartis Pharma, GlaxoSmithKline and AstraZeneca.

The preliminary results of the comprehensive START Study, in which over 60,000 persons participated, were presented to the scientific community in November 2019 and later at other medical conferences in 2020 strongly supporting the use of single pill products over a loose combination of pills. Traditionally, a loose combination of different pills has been the most widely prescribed method of medical treatment by physicians in Germany. A retrospective evidenced-based comparison made between 2012 and 2018 of the use of seven single pills compared to a loose combination of medicinal products insured by AOK PLUS for the German states of Saxony and Thuringia showed that 73% of all prescriptions were made using loose pill combinations compared to 27% of single pills during this time period (Source: *START Study*). The START Study, which was conducted by AOK PLUS, INGRESS Health HWM GmbH and APONTIS PHARMA, highlighted the distinct advantages of single pill products versus loose combinations of different pills. There is a statistically significant increased adherence to therapy of 70% to 80% when using single pills compared to an adherence to therapy of 20% to 50% when using a loose combination of different pills (Source: *START Study*). The increased adherence rate leads to a strong decrease in mortality (up to a decrease of 49%) and morbidity rates among patients. In addition, physicians realize annual medication savings of up to 15% compared to therapy costs of loose combinations of pills (Source: *START Study*). Physicians also benefit from reduced administrative burdens due to fewer prescriptions. In addition, these single pill products enable private and public health insurance companies (*Krankenkassen*) to reduce costs significantly as higher adherence rates lead to lower cardiovascular risks and events and milder disease progression. Annual total savings for private and public health insurance companies amount to up to 34% and in the range of EUR 1,000 to EUR 3,000 per patient per year (Source: *DHL Congress, November 19, 2019, Abstract (Comparison of Direct Healthcare Costs between Patients Using Single Pill and Multiple Pill Therapies: Results of the START Study)*).

The START Study, along with the publication of recent guidelines by the ESC and legal reforms enacted at the federal state level in Germany, have led to the elimination of restrictions on prescriptions of single pills. We anticipate that these changes will enable physicians to prescribe

single pill products more freely and will lead to further significant growth in the use of single pill products in the near future and reflect our strategic and marketing emphasis on single pills.

We have outsourced our entire manufacturing process to third party CMOs or third party suppliers, with the CMOs also handling the sourcing of the required raw materials. Finished products are shipped directly from these CMOs to the warehouse of our third party logistics provider, Movianto. This logistics provider stores our pharmaceutical products in its warehouse and distributes these pharmaceutical products through the transportation company TOF to wholesalers, which then sell these pharmaceutical products to more than 19,000 pharmacies throughout Germany.

12.4.1 Our Key Pharmaceutical Products

We have several pharmaceutical products in our portfolio from which a large number of patients in primary care practices of physicians can benefit. We focus our single pill products on CVDs, primarily hypertension, because this is the most frequent and important risk factor for cardiovascular diseases and renal insufficiency, which are major causes for death in Germany. Hypertension is estimated to affect one third of all adults in Germany. It is expected that there will be no new API market introduction dedicated for the treatment of hypertension within the next ten years.

Our product portfolio mainly covers four key fields of treatment: CVDs, with a particular focus on hypertension, respiratory diseases, type 2 diabetes and to a lesser extent, heritage products and a limited number of products related to women's health, including contraception.

We derive a substantial portion of our revenues from sales of our key single pills, Tonotec® (Ramipril/Amlodipine), Tonotec® HCT (Ramipril/Amlodipine/HCT), Caramlo® (Candesartan/Amlodipine), Biramlo® (Bisoprolol/Amlodipine), LosAmlo® (Losartan/Amlodipine), Stapressial® (Perindopril/Amlodipine/Atorvastatin), IItria® (Ramipril/Atorvastatin/ASA) and Atorimib® (Atorvastatin/Ezetimibe). Other than Atorimib® and IItria®, these single pill products are used to treat hypertension.

Our single pill portfolio accounted for 48.5%, or EUR 19.05 million, of our total revenues of EUR 39.24 million and accounted for 57.2%, or EUR 14.32 million, of our total gross profit EUR 25.03 million in the fiscal year ended December 31, 2020 and we anticipate that this percentage will increase significantly in the coming years. Of those single pills, Atorimib® accounted for approximately 14.25% of our revenues, while our other single pill therapies used to treat CVD, with a focus on hypertension, accounted for 33.19% of our revenues. In addition, we derived a significant amount of our revenues 24.4% from sales in pharmaceutical products marketed under the Ulunar® brand, a medication used to treat chronic obstructive pulmonary disease ("**COPD**"). In addition, a further significant amount of revenues 17.9% from sales in pharmaceutical products were reached under the brands Jalra® and Icandra® in type 2 diabetes.

The following table provides a breakdown of our revenues between single pill and other brands for the periods indicated as derived from the Issuer's accounting records:

	For the fiscal year ended December 31,		
	2020	2019	2018
		(unaudited)	
		(in EUR million)	
Single Pill[(1)]	**19.0**	**11.2**	**12.7**
Ulunar®	**9.5**	**10.1**	**10.5**
Dafiro®[(2)]	**1.0**	**10.4**	**15.3**
Diabetes[(3)]	**7.0**	**3.1**	**0.1**
Gynecology	**0.7**	**0.8**	**0.9**
Vascular	**0.02**	**0.06**	**0.1**
Local Brands	**2.7**	**3.8**	**4.2**
Cimzia F4C	**0**	**0.3**	**0.3**
Total	**40.1**	**40.0**	**44.4**

(1) Comprises Biramlo®, Caramlo®, LosAmlo®, Stapressial®, Tonotec®, Tonotec® HCT, IItria®, and Atorimib®

(2) The Co-Marketing Agreement with Novartis Pharma for Dafiro® ended in August 2019 and was replaced until May 2020 with a distribution agreement.

(3) Comprises Jalra® and Icandra®.

12.4.1.1 Key product areas

12.4.1.1.1 Single pill products

The following are our single pill products. Our single pills yield on average greater than 70% gross profit margins. These products have received marketing authorization primarily to be used as a substitute for loose combinations of pills which have already been prescribed to patients.

Cardiovascular Diseases (Hypertension, secondary prophylaxis of cardiovascular events)

Biramlo®

Biramlo® addresses hypertension in adult patients. It is produced as a single pill (fixed dose combination) consisting of the active agents Bisoprolol and Amlodipine. Biramlo® was launched in November 2016 pursuant to a license and supply agreement with the Hungarian company Egis. This product is owned by APONTIS PHARMA. APONTIS PHARMA is the marketing authorization holder ("**Marketing Authorization Holder**") and the trademark holder ("**Trademark Holder**"). Biramlo® accounted for 4.3% of our revenues in the fiscal year ended December 31, 2020.

Caramlo®

Caramlo® addresses hypertension in adult patients. It is produced as a single pill consisting of the active agents Candesartan and Amlodipine. Caramlo® was launched in September 2015 pursuant to a co-distribution agreement with the Czech company Zentiva, and we have the exclusive distribution and promotion rights for Germany. Zentiva is the Marketing Authorization Holder and Trademark Holder. Caramlo® accounted for 8.7% of our revenues in the fiscal year ended December 31, 2020.

LosAmlo®

LosAmlo® addresses hypertension in adult patients. It is produced as a single pill consisting of the active agents Losartan and Amlodipine. LosAmlo® was launched in October 2019 pursuant to a supply agreement with the Slowenian company Krka. Krka is the Marketing Authorization Holder and Trademark Holder. APONTIS PHARMA was granted exclusive distribution and promotion rights for Germany. LosAmlo® accounted for 1.1% of our revenues in the fiscal year ended December 31, 2020.

Tonotec®

Tonotec® addresses hypertension in adult patients. It is produced as a single pill consisting of the active agents Ramipril and Amlodipine. Tonotec® was launched in September 2013 pursuant to a license and supply agreement with the Hungarian company Egis. This product is owned by APONTIS PHARMA, and APONTIS PHARMA is also the Marketing Authorization Holder and Trademark Holder. Tonotec® accounted for 13.8% of our revenues in the fiscal year ended December 31, 2020.

Tonotec® HCT

Tonotec® HCT addresses hypertension in adult patients. It is produced as a single pill consisting of the active agents Ramipril, Amlodipine and HCT. Tonotec® HCT was launched in June 2019 pursuant to a license and supply agreement with the German company Midas. This product is owned by APONTIS PHARMA, and APONTIS PHARMA is also the Marketing Authorization Holder and Trademark Holder. Tonotec® HCT accounted for 2.2% of our revenues in the fiscal year ended December 31, 2020.

Stapressial®

Stapressial® addresses hypertension and coronary artery disease in adult patients. It is produced as a single pill consisting of the active agents Perindopril, Amlodipine and Atorvastatin. Stapressial® was launched in March 2018 as a second brand to Servier´s brand Triveram® pursuant to a promotion agreement with the French company Servier. Servier is the Marketing Authorization Holder and Trademark Holder. APONTIS PHARMA was granted distribution rights for Germany. Stapressial® accounted for 0.5% of our revenues in the fiscal year ended December 31, 2020. This promotion agreement with Servier has been terminated with effect on June 30, 2021 with the opportunity to purchase the remaining products in inventory until September 30, 2021.

Secondary Prophylaxis for Cardiovascular Events

Iltria®

Iltria® functions as a secondary prophylaxis of cardiovascular events in adult patients. It is produced as a single pill consisting of the active agents Ramipril, Atorvastatin and Acetylsalicylic acid. Iltria® was launched in September 2017 pursuant to a license and distribution agreement with the Spanish company Ferrer. Ferrer is the Marketing Authorization Holder and Trademark Holder. APONTIS PHARMA was granted exclusive distribution and promotion rights for Germany. Iltria® accounted for 3.3% of our revenues in the fiscal year ended December 31, 2020.

Hypercholesterolemia

Atorimib®

Atorimib® addresses hypercholesterolemia in adult patients. It is produced as a single pill consisting of the active agents Atorvastatin and Ezetimibe. Atorimib® was launched in December 2019 pursuant to a license and supply agreement with the German company Midas. This product is owned by APONTIS PHARMA, and APONTIS PHARMA is also the Marketing Authorization Holder and Trademark Holder. In addition,

APONTIS PHARMA has the right to launch the product under a second trademark named EzeAtor®. Atorimib® accounted for 14.6% of our revenues in the fiscal year ended December 31, 2020.

12.4.1.1.2 Non-Single Pill Therapies

Cardiovascular Diseases

dehydro sanol tri®

dehydro sanol tri® addresses drainage of fluids, flushing out of edema due to cardia insufficiency. The active ingredients are bemetizide and triamterene. The product was launched more than 20 years ago. The marketing of dehydro sanol tri® was halted in 2020 for manufacturing reasons, but patients have the option to continue therapy under the successor product dehydro® comp. APONTIS PHARMA is the owner of the product, the Marketing Authorization Holder and the Trademark Holder. dehydro sanol tri® accounted for 0.9% of our revenues in the fiscal year ended December 31, 2020.

diucomb® and diucomb® mild

diucomb® and diucomb® mild address drainage of fluids, flushing out of edema as well as lowering blood pressure. The active ingredients are bemetizide and triamterene. The products were launched more than 20 years ago. The trade name of diucomb® mild was changed to dehydro® comp at the end of 2020. APONTIS PHARMA is the owner of the product, as well as the Marketing Authorization Holder and Trademark Holder. Diucomb® mild accounted for 0.5% of our revenues in the fiscal year ended December 31, 2020.

Respiratory diseases

Ulunar® Breezhaler®

Ulunar® Breezhaler® is used to ease breathing in adult patients who have breathing difficulties due to COPD. It is a co-marketed product with Novartis Pharma. Ulunar® Breezhaler® was launched in March 2016 pursuant to a co-marketing agreement with the Swiss company Novartis Pharma. Novartis Pharma is the Marketing Authorization Holder and Trademark Holder. Ulunar Breezhaler® accounted for 24.4% of our revenues in the fiscal year ended December 31, 2020.

We will cease sales and promotion activities related to Ulunar® as of March 31, 2021. As of April 1, 2021 our activities are limited to the physical distribution of the packages.

Rocornal®

Rocornal® addresses ischaemic heart disease. The active ingredient is trapidil. The product was launched more than 20 years ago. As the active ingredient supplier had stopped the production of trapidil for commercial reasons, it was decided to renounce the marketing authorization and the last packages of Rocornal® were sold in 2020. We distributed this product in Germany pursuant to a manufacturing services and supply agreement with UCB Baine. Rocornal® accounted for 0.8% of our revenues in the fiscal year ended December 31, 2020.

Trixeo Aerosphere®

Trixeo Aerosphere® is a maintenance treatment in adult patients with moderate to severe COPD. It is a co-promoted product with AstraZeneca. AstraZeneca is the Marketing Authorization Holder and Trademark Holder. It contains a triple combination of formoterol, glycopyrronium and budesonide. The Co-Promotion Agreement was concluded on April, 1 2021 and will be in effect until December, 31 2022.

Bevespi Aerosphere®

Bevespi Aerosphere® is a medicine used in adults to relieve the symptoms of COPD and is used for maintenance treatment. It is a co-promoted product with AstraZeneca. AstraZeneca is the Marketing Authorization Holder and Trademark Holder. It contains the active substances glycopyrronium, bromide and formoterol. The Co-Promotion Agreement was concluded on April, 1 2021 and will be in effect until December, 31 2022.

Diabetes

Icandra®

Icandra® addresses type 2 diabetes in adult patients. The active ingredients are Vildagliptine and Metformin. It is a product that is co-marketed with Novartis Pharma. Icandra® was launched the first time in September 2009 pursuant to a co-marketing agreement with the Swiss company Novartis Pharma. Novartis Pharma withdrew the product from the German market from July 1, 2014 to September 2018. Icandra® was launched a second time in October 2018. Novartis Pharma is the Marketing Authorization Holder and Trademark Holder. Icandra® accounted for 12.0% of our revenues in the fiscal year ended December 31, 2020.

Jalra®

Jalra® addresses type 2 diabetes in adult patients. The active ingredient is Vildagliptine. It is a product that is co-marketed with Novartis Pharma. Jalra® was launched the first time in September 2009 pursuant to a co-marketing agreement with Novartis Pharma. Novartis Pharma withdrew the product from the German market from July 1, 2014 to September 2018 and Jalra® was launched a second time in October 2018. Novartis Pharma is the Marketing Authorization Holder and Trademark Holder. Jalra® accounted for 5.9% of our revenues in the fiscal year ended December 31, 2020.

Women's health

agnus sanol®

agnus sanol® is a herbal product that addresses premenstrual symptoms. This product was launched in 2004 and we distribute it in Germany pursuant to a manufacturing and supply agreement with Recipharm (formerly Aesica Pharmaceuticals). APONTIS PHARMA is the Marketing Authorization Holder and the Trademark Holder.

morea sanol®

morea sanol® addresses severe acne for women and is also used as a contraceptive product. This product was launched in January 2007. We distribute it in Germany pursuant to a supply agreement with our partner Stragen. APONTIS PHARMA is the Marketing Authorization Holder and the Trademark Holder.

ladonna sanol®

ladonna sanol® is an oral contraceptive product for women. This product was launched in December 2012 and we distribute it in Germany pursuant to a registration sale, license and supply agreement with Cyndea. APONTIS PHARMA is the Marketing Authorization Holder and the Trademark Holder.

onefra sanol®

onefra sanol® is an oral contraceptive product for women. This product was launched in February 2013. We distribute it in Germany pursuant to a registration sale, license and supply agreement with our partner Cyndea. APONTIS PHARMA is the Marketing Authorization Holder and the Trademark Holder.

previva sanol®

previva sanol® is an oral contraceptive product for women. This product was launched in December 2012 and we distribute it in Germany pursuant to a supply agreement with Stragen. APONTIS PHARMA is the Marketing Authorization Holder and the Trademark Holder.

All products under the umbrella of women´s health collectively accounted for 1.9% of our revenues in the fiscal year ended December 31, 2020.

Other

Codicaps® mono

Codicaps® mono addresses irritable cough. The active ingredient is codeine. This product was launched in 1991 and we distribute it in Germany. It is manufactured by NextPharma/Pharbil. APONTIS PHARMA is the owner of the product, the Marketing Authorization Holder and the Trademark Holder. Codicaps® mono accounted for 1.6% of our revenues in the fiscal year ended December 31, 2020.

magno sanol® and magno sanol® uno

magno sanol® and magno sanol® uno address deficiencies in magnesium. The active ingredient is magnesium. The products were launched in 2001 and we distribute them pursuant to a manufacturing and supply agreement with Recipharm (formerly Aesica Pharmaceuticals). APONTIS PHARMA is the owner of the product, the Marketing Authorization Holder and the Trademark Holder. magno sanol®and magno sanol® uno accounted for 3.0% of our revenues in the fiscal year ended December 31, 2020.

Obstinol®

Obstinol® is a laxative. The active ingredient is paraffin. This product was launched in 1928 and we distribute it in Germany. It is manufactured by NextPharma/Pharbil. APONTIS PHARMA is the owner of the product, the Marketing Authorization Holder and the Trademark Holder. Obstinol® accounted for 0.5% of our revenues in the fiscal year ended December 31, 2020.

12.4.1.2 Co-marketing

We currently have three different types of co-marketing agreements: (i) co-marketing, (ii) fee for call and (iii) promotion. We focus opportunistically on all three of these agreements. The difference between co-marketing and co-promotion agreements is principally that we co-market products under a second product brand and we promote a product under the same brand as the license owner. We co-market and co-promote products in order to increase sales of the overall pharmaceutical product type.

12.4.1.2.1 Co-Marketing Agreements

We are currently party to three co-marketing agreements with Novartis Pharma for the products Jalra®, Icandra® and Ulunar® Breezhaler®. We entered into a co-marketing agreement with Novartis Pharma for Ulunar® Breezhaler® on December 18, 2015 and for Icandra® and Jalra® on October 16, 2018 (collectively, the "**Co-Marketing Agreements**"). Under the terms of these Co-Marketing Agreements, we are authorized to advertise, sell, and distribute the co-marketed products that have been developed and manufactured by Novartis Pharma. The Co-Marketing Agreements have set minimum sales targets and minimum investment targets we have to meet in a given time frame. We order our products under the Co-Marketing Agreements from Novartis Pharma at a fixed supply price and distribute these products through our logistics provider Movianto to our customers. In the event that we commit a so-called "material breach" under the terms of the Co-Marketing Agreements and we are not able to "heal" this material breach, Novartis Pharma would have the right to terminate these Co-Marketing Agreements, and we would not recover any of the expenses we invested in these pharmaceutical products during the duration of the co-marketing agreement. The Co-Marketing Agreement for Icandra® and Jalra® will likely end in September 2022 at the time ofthe expiration of the patent for this product.

12.4.1.2.2 Co-Promotion/Fee for Call

Under co-promotion of "fee for call" agreement, we contract to advertise a single product with the relevant target group of health care professionals.

Our Co-Marketing Agreement with Novartis Pharma for Ulunar® ended on March 31, 2021 as planned. For the fiscal year ended December 20, 2020, we generated 24.4% of our total revenues through sales of Ulunar®, which was our leading product in terms of revenue in fiscal year 2020.

On March 8, 2021, we entered into a Co-Promotion Agreement with AstraZeneca GmbH for the promotion of Trixeo® and Bevespi® in Germany. Both Trixeo® and Bevespi® are used to relieve the symptoms of COPD and for regular maintenance treatment of COPD. Trixeo® is a triple combination of the active substances Formoterol, Glycopyrronium and Budesonide. Bevespi® contains the active substances glycopyrronium bromide and formoterol.

The Co-Promotion Agreement has a duration from April 1, 2021 to December 31, 2022 during which we can promote the product in the German market. Prior to the start of our promotion activities, our sales representatives will have to undergo a special training program provided by AstraZeneca GmbH. The number of sales representatives who will attend this training program will be agreed on in the near future, but is set at a minimum of 60 full time equivalent employees. The relevant promotion material will also be supplied by AstraZenenca.

Our activities are limited to the promotion of Trixeo® and Bevespi® in the German market, while Astra Zeneca remains responsible for all other business activities including manufacturing, distribution, sales and invoicing.

During the term of the Co-Promotion Agreement, and for six months after its termination, we are prohibited from promoting competing products. As a result of entering into this promotion agreement, we will cease the marketing and sales activities for the competing product Ulunar® on March 31, 2021 and limit our activities to the physical distribution of the packages as of April 1, 2021.

12.4.2 Development

Identifying attractive market opportunities and successfully developing single pill pharmaceutical and other products are our key competencies and the main driver of our continued growth. Since 2013, we were able to expand our portfolio to eight new products as of the date of this Prospectus.

We commence the development by identifying new market opportunities. To this end, we constantly analyze the overall market situation in Germany, including utilizing databases such as Insight Health´s NPI, NVI, ODV, and PIA, ASP Monitor from Applied Services and GPI from IPSOS, to identify attractive single pill opportunities calculated by the number of patients using possible single pill substances as loose combination. In addition, we regularly screen sources of regulatory information in order to identify possible development activities of either competitors or potential partners. We also monitor trends in demand for other pharmaceutical products in order to anticipate changes in the market. We believe that our in-house knowledge with respect to identifying, assessing and addressing unique market opportunities has been a key factor in establishing strong market positions for single pill products and will enable it further to expand our product portfolio.

In addition, we seek to acquire marketing authorizations for single pill products in cooperation with third parties through co-development with the development partner or through the use of the license of partners, which can provide the rights to use the license for a particular

pharmaceutical product in Germany on an exclusive or semi-exclusive basis. As a result of our in-depth market knowledge, we have been able to compile and maintain a portfolio of relevant marketing authorizations.

We primarily pursue those single pills that meet the following four criteria:

- the product addresses a widespread chronic indication with a large number of patients, which are already being prescribed with a loose combination of pills that will allow the product to achieve sufficient sales to make the new single pill product a relevant addition to our existing product portfolio;

- we believe there is a high market potential due to a strong need from patients for a single pill product that can replace or supplement existing treatment options supported by current recommendations under valid medical guidelines (directives);

- no competitor has already captured a strong market share for a product meeting that need, giving us the opportunity to achieve fast growth for our new product introduction; and

- we believe that we can generate attractive revenues with high margins for this new single pill.

When we identify an attractive combination for a single pill product, we review whether there are any published clinical data to support the efficacy of the single pill product. If such clinical data is available, we review whether it is possible to develop the single pill product from a pharmaceutical perspective and start the development process. In addition, we review in the databases available to us whether there are any currently existing developments of identical or similar products. If identical or similar developments exist, we decide whether we want to undertake our own development of the product or enter into a cooperation agreement with the developer.

As we are an attractive marketing partner and category leader in the area of single pills, other developers from other companies approach us to market their developments in Germany or we actively approach such developers. While we utilize chemically synthesized APIs with documented efficacy, the process for obtaining the marketing authorization required to introduce an actual single pill product based on these APIs is complex, requires in-depth knowledge and typically takes between three and a half to five years depending, in particular, on the process of the competent governmental authority granting the authorization. This process comprises four distinct stages:

- We initially develop the formulation for our new single pill product based on the relevant chemically synthesized APIs and carry out the required clinical investigation (e.g., bioequivalence study, drug-drug-intraction study);

- we then prepare the documentation required to apply for a corresponding marketing authorization and select a suitable brand before the application for the marketing authorization is filed;

- afterwards, we conduct the process for obtaining the marketing authorization, which may require discussions with the competent governmental authorities; and

- finally, we prepare the launch of the new single pill product (e.g., qualification of the CMO/supplier and preparing marketing materials).

We initiate all key stages of the development and approval process in cooperation with our development partners, in particular the pharmaceutical formulation of the finished product and the conduct of the application process for new marketing authorizations, with the help of experienced third-party service providers. We believe that our in-depth know-how on the single pill and other pharmaceutical products represents a key competitive advantage.

For our single pill products, marketing authorizations can be obtained on an European level and/or on a national level. As a result of our profound knowledge on drug development and registration procedures in combination with our established network with specialized development partners, we believe that we will continue to be able to successfully introduce additional single pill products in additional target geographies in the future if we decide to expand into other markets.

12.4.3 Manufacturing

To keep our operations asset-light and focus on our key competencies of developing and marketing leading single pill and other pharmaceutical products, we outsource the manufacturing of these products. To this end, we procure our products from 12 qualified third-party CMOs or third party suppliers, all of whom are based in the European Union and comply with good manufacturing practices ("**GMP**") standard. If we are the Marketing Authorization Holder for a particular product, we outsource the manufacture of that product to a CMO and are responsible for the quality of the product. If we are not the Marketing Authorization Holder for a particular product but rather a distributor ("**Distributor**") (*Mitvertreiber*), those products are manufactured by the relevant Marketing Authorization Holder and that party is responsible for the quality of the product. All CMOs and suppliers are certified by our very experienced quality assurance team and a joint team consisting of our quality assurance and supply chain employees continuously oversees and manages the activities of the CMOs and suppliers. By outsourcing the manufacturing process either to a CMO or a supplier, we do not have to invest significant funds in the installation and maintenance of any manufacturing capacities of our own.

When introducing a new product as a Manufacturing Authorization Holder or a distributor, we either select a suitable CMO from among our existing partners, seek a new potential partner or our development partner selects a suitable supplier. When we work with a development partner, in most cases the development partner proposes the CMO for the particular product.

We expect that for all of our pharmaceutical products, we will continue to outsource the complete sourcing and manufacturing process to CMOs and third party suppliers, depending on whether we are the Marketing Authorization Holder.

When we are the Marketing Authorization Holder for a pharmaceutical product, we retain control over the key steps of the manufacturing process for those products. To this end, we provide our CMOs with product specifications and manufacturing directions and further instructions according to the Marketing Authorization Dossier. We typically order our single pill and other pharmaceutical products several months in advance to ensure that our CMOs and suppliers can provide sufficient supplies. To ensure high quality standards, we rely on the internal quality controls of our CMOs as well as on our overall detailed quality assurance processes on the management and supervision of CMOs, which include regular on-site audits and yearly risk assessments of all CMOs. To maintain consumer trust, we even recall products that are not harmful, but simply do not meet our high quality standards as defined in the Marketing Authorization Dossier. If we are the distributor for a particular product, we apply the same quality standards, even though the Marketing authorization Holder is ultimately responsible for the quality of the product and oversees the above tasks.

The resilience and sustainability of our asset-light business model is evidenced by our ability to maintain our operations during the recent pandemic spread of COVID-19. Our diversified network of suppliers has allowed us to avoid any major manufacturing interruptions. We believe that we will continue to be able to maintain our operations without significant interruptions despite the ongoing pandemic spread of COVID-19.

12.4.4 The START Study

The preliminary results of the comprehensive START Study, in which over 60,000 persons participated, were presented to the scientific community in November 2019 and later at other medical conferences in 2020 strongly supporting the use of single pill products over a loose combination of pills. Traditionally, a loose combination of different pills has been the most widely prescribed method of medical treatment by physicians in Germany.

The START Study, along with the publication of recent guidelines by the ESC and legal reforms enacted at the federal state level in Germany, have led to the elimination of most restrictions on prescriptions of single pills. We anticipate that these changes will enable physicians more freely to prescribe single pill products and will lead to further significant growth in the use of single pill products in the near future and reflect our strategic and marketing emphasis on single pills

Current guidelines for the treatment of arterial hypertension or cardiovascular ("**CV**") event prevention recommend combination drug treatments with single pill combinations as these are associated with a better adherence to treatment. With the START Study we aimed to assess whether the single pill combination: (i) leads to a better persistence to medication, (ii) is clinically superior for outcome reduction compared to a loose combination (the same as multiple pill combinations) with identical drugs and (iii) is also associated with lower direct healthcare cost.

Under the title "Effect of **S**ingle pill combinations on **T**reatment **A**dherence and persistence as well as on clinical and pharmacoeconomic outcomes in the **R**eal-world **T**reatment of hypertension, coronary heart disease, hypercholesterolemia and in secondary prevention of cardiovascular events: A claims data analysis" ("**START**"), we conducted an explorative, retrospective-based evidence study to analyse anonymized claims data of patients treated with CV drugs for hypertension and CV disorders. We analysed data from patients who were insured by the German AOK PLUS statutory health fund covering July 1, 2012 through June 30, 2018. Patients older than 18 years who received either a single or multiple pill combination with identical drugs were followed for up to one year. To guarantee a high-quality study design, a one to one propensity score matching ("**PSM**") was applied to minimize the confounding that is sometimes discussed for non-randomized between-group comparisons. After PSM, data from 59,336 patients were analysed. In all cohorts patients were significantly more compliant to the single pill combination. The adherence percentage of patients continuing the initial therapy in the seven PSM cohorts after 12 months was between 69.4% to 80.6% for single pill combination compared to 20.8% to 52.5% for multiple pill combination. In 30 out of 56 risk analyses for cardiovascular events (including all-cause mortality), superiority of single pill combination over multiple pill combination was shown. In all cohorts, patients receiving a single pill combination had a lower frequency of general practitioner visits compared to multiple pill combination, similar results were shown for specialist visits. In addition, a significantly lower hospitalization duration in all single pill combination cohorts was observed. The data of our analysis could show that single pill therapy is associated with a lower all-cause health care resource use ("**HCRU**") and lower direct outpatient and inpatient cost.

The results of the START Study provide for the first time based on a huge sampling of the population that single pills are associated with lower cardiovascular events and a lower mortality risk for patients. In other words, the change from a loose combination of pills to a single pill improves a patient`s prognosis and reduces mortality, all of which can be achieved through the prescription by a physician of a single pills instead of a combination of loose pills.

12.4.5 Sales and Marketing

We handle the key aspects of our sales and marketing efforts, in particular drawing up sales and marketing concepts and deciding on marketing strategy, in-house.

The cornerstone of our sales and marketing approach lies in our direct relationships with physician. Physicians are the main decision makers who drive the increase in sales of single pill products by creating value for patients through their prescriptions to their patients. Our dedicated 130 member sales force is fully engaged to promote our wide range of products, including our value-added services, directly with the approximately 21,500 physicians who are responsible for prescribing medication for their patients in Germany via face-to-face meetings in the physician`s office and is supported by digital activities managed by our sales force together with the marketing department. We have the highest share of voice with doctors regarding single pills during the periods under review, averaging approximately 40% to 50% from the fourth quarter of 2018 to the fourth quarter of 2020, and even increased this after the initial COVID-19 lockdown expired in the second quarter of 2020, with our share of voice with doctors accounting for 54% (Source: *IPSOS data, 2nd Quarter*) of all voice calls with physicians about single pills in that quarter.

We maintain contact with physicians through our sales force in face-to-face meetings and e-mails. In 2020, we conducted 138,000 face-to-face meetings with physicians despite the lockdown caused by the COVID-19 pandemic in March/April and held 47 educational events compared to 200,000 face-to-face meetings and 120 educational events in 2019. These activities are on a case-by-case basis supported by centrally organized, personalized classic print mailings as well as ad placements in medical journals, focusing on our single pill products.

Our sales representatives also maintain contact with physicians with our digital channels through one-on-one digital activities, e.g., on-line newsletter (*Erfolgsrezept Direkt*), an online platform (*Erfolgsrezept Online*), digital scientific and economic events, to cover areas such as optimization cardio-vascular therapy as well as (for example) the optimization of practice routines/practice management, email marketing, webinars (for example, patient treatment in the era of COVID-19), and a call center through which physicians can contact us with questions about our products. We sent approximately 200,000 personalized e-mails to physicians in 2020. We also provide physician offices with other important value-added services, including medical trainings (reanimation), office management services, including support in accounting and business planning, consulting on hygiene certification, and regular updates on changes in laws and regulations affecting their practices. Through our continued efforts to build long-term relationships with physicians, we believe that we will significantly increase sales of our pharmaceutical products, especially our single pill products.

When designing and tracking our marketing campaigns, we rely on a proven data analysis process, tracking both recent sales in pharmacies as well as the success of our past and current product launches. In addition, we believe that we have a significant marketing budget for single pill products compared to other distributors of single pills in Germany and we plan to capitalize on our new opportunities by making significant investments in our marketing activities in order to drive demand for new product launches and increase the recognition of our key brands.

In order to strengthen our relationships with our physicians we focus on understanding their needs and finding innovative ways to optimize their day-to-day operations. We help them to use technical tools to identify patients who might benefit from a change in medication from a loose combination to one of our single pill products. This way we can make them aware of the opportunities they have to introduce our products. In 2020, despite the lockdown caused by the COVID-19 pandemic, we conducted 4,000 searches with physicians of their patients who could potentially benefit from a change of a loose combination of pills to single pills. We conducted 5,600 such searches in 2019. We believe that once the COVID-19 pandemic subsides, we will be able to increase the number of searches we conducted with physicians and thereby increase the number of single pills prescribed to such patients.

The COVID-19 pandemic did have a temporary material adverse effect on our marketing activities. Given that we directly market our products to physicians face to face we only had temporarily to cut down our office visits in light of the increased risk of infection. We were, however, successful in helping them to reorganize their daily operations by creating separate office hours for patients who were suffering from COVID-19 related issues and those who had to seek medical attention due to chronic illnesses or other medical concerns. By singling out patients in different groups we were able to reinforce the office visits of chronically ill patients, who are more likely to be prescribed our products. We also benefitted from maintaining contact with physicians during COVID-19 pandemic through face-to-face meetings and regular email contact. We believe that we will continue to be able to successfully market our products despite the ongoing pandemic spread of COVID-19. We have determined that because of our dedicated sales force we have been able to and still are able to maintain excellent contacts with physicians and provide them with necessary services during the COVID-19 pandemic. We also believe that an increasing number of vaccinations will improve access to physicians, especially when physicians will be allowed to provide these vaccinations in their own practices.

12.4.6 Warehousing, Logistics and Distribution

With respect to warehousing, logistics and distribution, we have commissioned the services of the logistics provider Movianto, which provides specialized logistics services in the healthcare industry. We entered into a logistics services agreement ("**Logistics Agreement**") with Movianto on February 10, 2016. Under the terms of this Logistics Agreement, Movianto is responsible for processing, stocking, handling, transporting and delivering medicinal products. Movianto stores our products in their own warehouse. In this capacity Movianto is also responsible for conducting batch verification processes of our products as an additional safeguard for the quality of our products before they are delivered to the public. Once we receive an order from our customers, the order is transmitted to Movianto which handles the distribution and delivery process. While we remain in charge of the inventory process, we rely on the cooperation with Movianto to keep up with our customer's orders. Movianto also assumes certain responsibilities for product returns and customer complaints, which are always based on our instructions.

The large number of services provided by Movianto along the value chain allows us to focus on our key competencies of developing and marketing our products.

The recent pandemic spread of COVID-19 did not have any material adverse effects on our logistic operations. Given that pharmacies have generally remained open and all of our products are also available via online pharmacies, this pandemic has not affected the availability and delivery of our pharmaceutical products. We expect that we will continue to maintain the widespread availability of our products despite the ongoing pandemic spread of COVID-19.

12.5 Information Technology

We use a number of standard software for our business operations, in particular monitoring and accounting software provided by tribe29 and SAP. To ensure data safety and protection from outages, we have implemented a number of protective measures, including duplicate systems, firewalls, antivirus software, patches, data encryption, log monitors, routine backups, system audits, data partitioning, routine password modifications and disaster recovery procedures.

We also have a number of office software programs ranging from ERP systems provided by SAP and CRM systems provided by Salesforce to market analytic systems provided by Insight Health and infrastructure software provided by Microsoft. We regularly update our information technology systems to ensure that we comply with the market standards in our industry and protect our business against external threats.

12.6 Intellectual Property

As of the date of this Prospectus, our portfolio of trademarks comprises approximately 60 different registered word marks, figurative marks and word-figurative marks and applications. All of these trademarks are German and for some of them we additionally have European registrations. Our most important protected trademarks are those related to our brand family Tonotec®.

We have various registered domain names, including with respect to each of its different product families, in particular apontis-pharma.de, apontis-pharma.com, single-pill.de, hochdruck-aktuell.de, tonotec.de, biramlo.de, caramlo.de and tonotec.de.

These trademarks and domain names are significant to our business and profitability. We therefore constantly monitor our intellectual property to ensure that all material rights remain in full force and effect. In addition, we have engaged a third-party service provider with alerting us to any potential violations. Where such violations are identified, we hire specialized counsel in order to effectively assert our rights with respect to any infringements.

12.7 Real Property

We do not own any real estate. The sole real estate leased by us are our headquarters located at Alfred-Nobel-Straße 10, 40789 Monheim am Rhein, Germany.

For further information with respect to the lease agreement for our headquarters, see "*12.12.4 Lease Agreement for our Headquarters*".

12.8 Employees

As of the date of this Prospectus, we employ a total of 170 employees (full-time equivalent) ("**FTE**"), all of whom are located in Germany and 130 of whom operate as sales representatives. In the fiscal year ended December 31, 2020, we employed 152 employees (FTE) on average (fiscal year ended December 31, 2019: 178 employees (FTE) on average,fiscal year ended December 31, 2018: 183 employees (FTE) on average, both numbers of employees indicated on the basis of the consolidated financial statements 2019 and 2018). The average FTE for the year ended December 31, 2019 was adversely affected by a number of events and the average FTE for the year ended December 31, 2020 was affected by the COVID-19 pandemic. In 2019, before the outbreak of the COVID-19 pandemic, deliveries of Caramlo® were delayed for several months due to a shortage of the active ingredient candesartan caused by a significant increase in global demand for this active ingredient. We also experienced a shortfall in revenues as a result of a new framework agreement between the DAV and the GKV in July 2019 which substituted Ulunar® for a less expensive parallel import of Ultibro®. In addition, the awarding of the marketing authorization and introduction of Atorimib® was delayed and took place in December 2019 instead of July 2019. These pre-COVID-19 factors led us to introduce short-time work (*Kurzarbeit*) for approximately 20% of our workforce in October 2019, which was primarily limited to our sales force.

This short-term work (*Kurzarbeit*) was extended to 100% of our sales force for the months of March and April 2020 as a result of the outbreak of the COVID-19 pandemic. Starting in May 2020, our short-term work (*Kurzarbeit*) reverted back to 20% of our entire work force. Short-term work ended on December 31, 2020. We have also been forced to scale back the number of office visits to physicians conducted by our sales force during the COVID-19 pandemic. In addition, as a result of fewer patients visiting physicians during the COVID-19 pandemic, the growth of our business has been adversely affected because physicians cannot make changes in the existing medication of a particular patient from a loose combination of pills to a single pill. Initial sales of our newly introduced pharmaceutical products, especially Atorimib®, were not as strong as we had expected, as we could not promote it as strongly due to the limited access to the physicians caused by the COVID-19 pandemic.

12.9 Compliance Management

As we co-operate with health care professionals ("**HCP**"), we have implemented clear standard operation procedures defining policies and procedures ("**SOPs**") regarding interactions with HCPs. Employees who interact with HCPs are trained about these SOPs and compliance with our policies is monitored by clearly defined procedures. Our compliance officer supervises and updates this system on a regular basis.

Our data-privacy officer assures that all requirements are fulfilled regarding this matter. He is involved in all projects regarding requirements on data protection.

12.10 Insurance

We have taken out insurance policies we consider customary and necessary in the health industry, in particular pharmaceuticals product liability insurance as required by Section 94 para. 1 of the German Pharmaceuticals Act (*Arzneimittelgesetz* ("**AMG**")) and general product liability insurance. These insurance policies are usually entered into by the Company, but also cover all other entities.

Our insurance policies contain market-standard exclusions and deductibles. We regularly review the adequacy of our insurance coverage and believe that our insurance coverage is in line with market standards in the industry. Nevertheless, we may suffer losses for which no insurance coverage is available or its losses may exceed the amount of insurance coverage under our existing insurance policies.

We have also taken out directors and officers ("**D&O**") insurance policies that cover the current and future members of the Management Board and the Supervisory Board as well as equivalent bodies of other entities, with a total coverage of up to EUR 10 million in total per year and various sub-limits depending on the specific nature of claims. The D&O insurance provides for a deductible for all members of the Management Board in line with the German Stock Corporation Act. In addition, we plan to amend shortly following the Offering the existing D&O insurance cover for the aforementioned persons to the extent that it also applies in view of the Listing.

12.11 Litigation

In the course of our business activities, we are regularly exposed to numerous legal risks, particularly in the areas of product liability, competition, intellectual property disputes and tax matters (see "*1.3 Risks Related to Regulatory, Legal and Tax*").

We are, however, not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), with a value exceeding EUR 0.5 million during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on our financial position or profitability.

12.12 Material Agreements

12.12.1 Co-Marketing Agreements

See description in section "*12.4.1.2 Co-Marketing*" above.

12.12.2 Contract Manufacturing Agreements and Supply Agreements

We have entered into several contract manufacturing agreements with our third party CMOs and into supply agreements with third party suppliers, all of whom are based in the European Union. These agreements typically comprise a general framework agreement and an annex detailing the products to be manufactured or supplied by the relevant CMO/supplier. The contract manufacturing agreements and supply agreements are accompanied by quality agreements (technical agreements) which allocate various statutory responsibilities to either us or the third-party manufacturer or set forth standards for other aspects of the manufacturing process (e.g., the required quality of raw materials and packaging). The technical agreements are typically entered into for an indefinite term or for the same term as the contract manufacturing agreement or supply agreement, but are updated regularly to reflect recent changes in applicable regulations.

Pursuant to the general terms of the framework agreements, our third-party CMOs for our products are required to hold a manufacturing authorization and to manufacture the relevant products in accordance with applicable legal provisions (e.g., the GMP standard), as provided for by both German and European law. The agreements require our third-party manufacturers to conduct internal quality controls of the products by following control instructions provided by us. Each batch of products is subject to review and release for sale by the qualified person of the relevant third-party manufacturer who meets the requirements of a qualified person under the AMG.

12.12.3 Logistics Agreement with Movianto

In February 2016, we entered into our logistics agreement with Movianto with respect to the warehousing, logistics and distribution of our products in Germany. The logistics agreement sets forth the services to be provided by Movianto, with such services covering the storage and distribution process. Our products are delivered to Movianto for initial product inspection (*Wareneingangskontrolle*) and storage in Movianto's warehouse based in Neunkirchen near Saarbrücken. Movianto conducts inventory checks and informs us of the remaining stock on a daily basis. Orders from customers are collected by us and forwarded to Movianto, who then delivers our products to such customers

through third-party carriers. We invoice the customers directly. In addition, Movianto provides services with respect to product returns based on our instructions.

12.12.4 Lease Agreement for our Headquarters

On August 1, 2018, we entered into a lease agreement for office space located at Alfred-Nobel-Straße 10, 40789 Monheim am Rhein, Germany. The lease agreement has a fixed term until August 1, 2022. The leased office space amounts to approximately 895 square meters, plus storage space and a number of parking lots.

13 REGULATORY AND LEGAL ENVIRONMENT

The Company currently operates exclusively in the German market. Most of the regulations applicable to the Company are based on regulations and directives of the European Union ("**EU**"), which create the common regulatory framework that applies in all EU member states as well as some EEA member states. This regulatory framework sometimes allows member states to adopt more detailed and more stringent regulations, thus in limited cases additional German laws and regulations can apply. In addition, the Company is subject to a number of internationally harmonized guidelines, especially those relating to the application for and content in marketing authorizations.

The following provides a brief description of the main regulations that govern the activities carried out by us. Although the following contains the principal information concerning such regulations that are considered material by us in the context of the Offering, it is not an exhaustive account of all applicable laws and regulations. References and discussions to laws, treaties, regulations and other administrative and regulatory documents are entirely qualified by the full text of such laws, treaties, regulations and other administrative and regulatory documents themselves. Prospective investors and/or their advisers should make their own full analysis of the legislation and regulations which apply and of the impact they may have on an investment in the Shares and should not rely on the content of the following paragraphs only.

13.1 Marketing Authorization

There are three main procedures for applying for a marketing authorization: (i) the Centralized Procedure (operated by the European Medicines Agency and the European Commission under EC Regulation 726/2004), (ii) the Mutual Recognition Procedure ("**MRP"**) and (iii) the Decentralized Procedure ("**DCP"**), with both (ii) and (iii) operated by the member state's national authorities under the rules set out in Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community Code relating to Pharmaceutical Products for Human Use ("**Directive 2001/83/EC**"). It is also possible to obtain a purely national, standalone authorization for pharmaceutical products intended for marketing in a single member state only, which also follows the rules set out in Directive 2001/83/EC. Depending on what procedure is chosen the product can be marketed in one country, several countries or across the whole of the EU. The procedures differ in price and duration of the application process.

Under all of these authorization procedures, the applicant must submit a dossier containing, among other items, data demonstrating the safety, quality and efficiency of the pharmaceutical product. For generic and (under certain circumstances) hybrid pharmaceuticals there are reduced data submission requirements (no preclinical or clinical study results are required though bioequivalence must be substantiated, usually via appropriate bioavailability studies). For similar biological pharmaceuticals (biosimilars) some preclinical and/or clinical studies performed for the original reference product may not need to be reproduced as a biosimilar application is based on a comparison of the biosimilar product and its reference medicine to show there are no significant differences between them. When an active ingredient of a pharmaceutical product has a well-established medicinal use (which has been used for more than ten years in the EU), with recognized efficacy and an acceptable level of safety, it is possible to base the application for a marketing authorization on detailed scientific literature. Furthermore, if an informed consent has been obtained from a marketing authorization holder of a reference product and the applicant has permanent access to the pharmaceutical product, pre-clinical and clinical data, the data submission requirements for the applicant are also reduced. According to Article 10b of Directive 2001/83/EC, in the case of new medicinal products containing known components which have not yet been used in combination for therapeutic purposes, the results of toxicological and pharmacological tests and clinical trials relating to that combination must be provided, but it shall not be necessary to provide references relating to each individual component.

The German regulatory authority responsible for granting a marketing authorization is the Federal Institute for Drugs and Medicinal Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte* ("**BfArM**")) or the Paul-Ehrlich-Institut ("**PEI**"), depending on the type of medicinal product. The process is governed by section four of the Medicinal Products Act (*ArzneimittelG* ("**AMG**")).

At the time of the granting of a marketing authorization for a pharmaceutical product, the competent regulatory authority must specify the classification of the medicinal product as either prescription-only or prescription-free. National laws may provide for certain sub-categories. It is open to the marketing authorization holder subsequently to apply for a change of this classification, subject to the filing of relevant supporting additional data.

A marketing authorization is a regulatory authorization required to offer, distribute or sell an industrially manufactured drug. The marketing authorization procedure with the BfArM via the DCP for a pharmaceutical product typically takes on average one and a half to two years. The marketing authorization is initially valid for 5 years and is reviewed for possible renewal after that period. Typically, the renewal is then granted for an unlimited time period. Every product that is part of our own portfolio or that we co-market has to be authorized by the BfArM, the PEI or the EMA, though currently none of our pharmaceutical products have been authorized by the PEI.

We have to apply for marketing authorizations with the BfArM, or PEI, for all pharmaceutical products which are developed and manufactured by us. Under our Co-Marketing Agreements, however, our Co-Marketing partner obtains the applicable marketing authorization. Under these Co-Marketing Agreements, we are allowed to distribute, sell and advertise the co-marketed product. We have distribution rights in Germany ("**Mitvertreiber**") for a number of our single pills for which the license holder of those single pills is the holder of the marketing authorization.

13.2 Manufacturing and Contract Manufacturing

Directive 2001/83/EC as amended and as adopted in Germany through the AMG, the Pharmaceuticals and Active Substances Manufacturing Regulation (*Arzneimittel- und Wirkstoffherstellungsverordnung*) and the Drug Testing Guidelines (*Arzneimittelprüfrichtlinien*) applies

substantial requirements to the manufacturing of pharmaceutical products, which are required to be manufactured in accordance with the rules of Good Manufacturing Practice (''**GMP**'') set out in Commission Directive 2003/94/EC of 8 October 2003 which sets forth the principles and guidelines of good manufacturing practice in respect of medicinal products for human use and investigational medicinal products for human use ("**Directive 2003/94/EC**"). Directive 2003/94/EC has been transposed into German law through the adoption of the Pharmaceuticals and Active Substances Manufacturing Regulation (*Arzneimittel- und WirkstoffherstellungsVO*). Although we do not consider ourselves a manufacturer of pharmaceutical products because we outsource all manufacturing of our products to third parties, we have the ultimate responsibility for the quality of our products in our role as holder of the marketing authorization. There are also prescriptive requirements relating to the content and design of the packaging and labelling of medicinal products, which stipulate the information that must be stated on the product label, packaging and patient information leaflet. As marketing authorization holder, we must ensure that our third-party manufacturers, which manufacture, test and also release the products to the market, comply with the requirements of the marketing authorization and GMP and any other relevant legal requirements.

Manufacturers are required to ensure that all manufacturing operations for pharmaceutical products subject to a marketing authorization are carried out in accordance with the information provided in the application for marketing authorization as accepted by the competent regulatory authorities. Any manufacturing operation or linked operation, which is carried out under a contract for the manufacturer, must be the subject of a written contract between the manufacturer and the subcontractor which defines and allocates responsibilities of each party and which defines, in particular, the observance of GMP to be followed by each party. Manufacturers must monitor and review the subcontractor's performance, also through regular audits.

If manufacturing activity is undertaken within the EEA, a manufacturing authorization from the relevant member state is required which is valid for the category of products concerned and which covers the type of manufacturing activity undertaken (e.g., import or packaging etc.). The holder of a manufacturing authorization is obliged to comply with the principles and guidelines of GMP for pharmaceutical products and to use only active substances (active ingredients), which have been manufactured in accordance with GMP for active substances. Excipients (inactive substances) for use in pharmaceutical products must also be produced in accordance with appropriate GMP to be determined following a formal risk assessment. As a matter of GMP compliance, manufacturers must verify via site audits that suppliers and distributors of active substances are each complying with GMP and the guidelines on good distribution practice of medicinal products for human use in the European Union (''**GDP**'') principles. Manufacturers are subject to regular inspections by competent authorities to assess their compliance with GMP. Manufacturers must also appoint a named ''qualified person'' who is responsible for certifying that individual batches of pharmaceutical products satisfy the legal requirements and can be placed on the market.

Manufacturing authorizations must be issued by the member state authority where the manufacturing activity and plant is located and are holder and site-specific. An EU-based manufacturer may only import active substances from outside the EEA if the active substances have been manufactured in accordance with GMP equivalent to EU GMP for active substances and if they are accompanied by a written confirmation from the competent authority of the exporting third country, which as regards the plant manufacturing the exported active substance, confirms that the standards of GMP and control of the plant are equivalent to those in the EEA. Alternatively, active substances may be imported from countries on the white list of recognized GMP-equivalent countries operated by the European Commission.

In Germany, the GMP principles have been codified in the Pharmaceuticals and Active Substances Manufacturing Regulation Arzneimittel- und WirkstoffherstellungsVO (**"AMWHV"**). For medicinal products which require a medical prescription, marketing authorization holders and manufacturers must also adhere to the requirements set forth in the Falsified Medicines Directive 2011/62/EU and the Commission Delegated Regulation (EU) 2016/161 to ensure that the products have the obligatory safety features (unique identifier and anti-tampering device) on their outer packaging.

In order to maintain our asset light business, we have outsourced the manufacturing process to third parties ("**CMOs**") which are all based within the European Union. In this respect the CMOs are required to hold an authorization to manufacture pharmaceutical products and adhere to the rules of the manufacturing process.

13.3 Distribution

Entities undertaking the wholesale distribution of medicinal products are also required, provided they do not already hold a respective manufacturing authorization for these products, to hold a wholesale dealer's authorization from the member state where the distribution activity take place and must fulfil specified requirements concerning suitability and adequacy of premises, installations and equipment, so as to ensure proper storage and distribution of the pharmaceutical products. These requirements also extend to staff. In particular, a wholesale distributor must have a qualified 'responsible person' who meets national legislative requirements regarding qualifications.

Although we outsource the storage and distribution of our products to a third party, the EU definition of wholesale distribution applies for us as well, as it covers all activities consisting of procuring, holding, supplying or exporting pharmaceutical products, apart from supplying medicinal products to the public. Such activities are carried out with manufacturers or their depositories, importers, other wholesale distributors or with pharmacists and persons authorized or entitled to supply pharmaceutical products to the public in the member state concerned. We are required to ensure that our distributor complies with such requirements in the course of operating our business, and we also must comply with these distribution requirements as a result of our wholesale distribution license (*Großhandelserlaubnis*). One of the key laws in this respect is the regulation on wholesale and the distribution of pharmaceuticals (*Verordnung über den Großhandel und die Arzneimittelvermittlung (Arzneimittelhandelsverordnung - AM-HandelsV)*) and the GDP.

Distributors are subject to regular site and system inspections by competent regulatory authorities to assess the distributor's compliance with applicable legal requirements in the Community Code in Directive 2001/83/EC, which include compliance with the principles of EU GDP. Distributors must keep certain records and documentation (particularly for the purposes of facilitating product and batch recall) and must operate a quality system and have a plan for effective implementation of recalls. Distributors are also obligated to confirm that entities from whom they obtain supplies of pharmaceutical products have the appropriate authorizations and, where applicable, have complied with GDP principles. They may also only supply to entities who possess appropriate authorizations.

13.4 Labelling

On the EU level, the labelling requirements for medicinal products are largely set forth in Title V of Directive 2001/83/EC. These provisions determine the information that has to be displayed on the immediate packaging (the container or other form of packaging immediately in contact with the medicinal product) and, if used, on the outer packaging of pharmaceutical products as well as the information to be contained in the leaflet.

Since February 2019, the EU falsified medicines legislation (Directive 2011/62/EU and Commission Delegated Regulation 2016/16/EU, amending and supplementing Directive 2001/83/EC) imposes additional obligations on manufacturers. Its goal is to prevent the entry of falsified pharmaceutical products into the legal supply chain by requiring the placing of safety features consisting of an unique identifier and an anti-tampering device on the product packaging of certain pharmaceutical products for human use for the purposes of allowing their identification and authentication. The labelling of all our products has to comply with these legal requirements.

According to the AMG, as a pharmaceutical company placing medicinal products on the market, we have appointed an 'information officer' with the required expert knowledge and reliability to perform her activities. The information officer is responsible for ensuring that the product does not contain misleading names, specifications or presentations and that the labelling, the package leaflets, the expert information and advertisements correspond with the content of the marketing authorization.

13.5 Promotion

Directive 2001/83/EC provides for a regime for the advertising of pharmaceutical products. In the EU, the concept of advertising is broadly defined and includes any form of door-to-door information, canvassing activity or inducement designed to promote the prescription, supply, sale or consumption of pharmaceutical product. Advertising must not be misleading and there is a positive obligation for the advertising to encourage the rational use of a pharmaceutical product amongst other matters. All promotional materials and activities must also comply with the official Summary of Product Characteristics, which is always issued for an authorized pharmaceutical product by the authorizing competent authority. We are required to comply with such requirements.

The advertising of pharmaceutical products in the EU is permitted subject to certain restrictions in Directive 2001/83/EC. For example, the advertising of unauthorized pharmaceutical products is prohibited. This includes the advertising of a pharmaceutical products before a marketing authorization has been granted, as well as the advertising of an authorized pharmaceutical product for uses (i.e., therapeutic indications) outside the scope of its marketing authorization (''off label use''). Advertising of prescription-only medicines to the general public is also prohibited, as is the provision of samples to the public for promotional purposes. In addition, the EU legislation gives member states certain flexibility to ensure adequate and effective monitoring of advertising and the detailed rules regarding promotion and monitoring are consequently not fully harmonized across the EU.

The German Drug Advertising Act (*HeilmittelwerbeG* "**HWG**"), the AMG and the Unfair Competition Act (*Gesetz gegen den unlauteren Wettbewerb* "**UWG**") form the legal framework for advertising in the German healthcare system. It applies to manufacturers and suppliers of pharmaceutical products and medical devices as well as service providers, including hospitals, pharmacies and - to a limited extent - physicians. The prohibitions on advertising are intended to prevent sick people from being misled by inappropriate advertising into making the wrong decisions when using medicines. In our company, the information officer is responsible to ensure that our promotional activities comply with these regulatory requirements. The responsibilities of the information officer are defined in section 74a of the AMG.

13.6 Fraud and Abuse

Healthcare fraud and abuse regulations enforced by the different countries may impact a company's pharmaceutical products business activities. These healthcare laws and regulations vary significantly from country to country. In essence, they aim to prevent any undue influence on the practice of prescribing products or other procurement decisions by prohibiting the provision of improper economic benefits to healthcare professionals and include, inter alia, anti-kick-back statutes and regulations on the advertising and promotions of pharmaceutical products. If a company's operations are found to be in violation of any of these healthcare laws and regulations, it may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from the reimbursement programs, and the curtailment or re-structuring of its operations.

In Germany, for example, the offering or receipt of payments or other incentives may be subject to criminal sanctions not only with regard to physicians qualifying as a public official. In 2016, two new criminal offences have been added to the German Criminal Code (*Strafgesetzbuch*), which sanction, *inter alia*, discounts and kick-backs to physicians or other healthcare professionals for prescribing pharmaceutical products. Besides, the Fifth Volume of the German Social Security Code (*Fünftes Sozialgesetzbuch*, ''**SGB V**''), proscribes physicians to promise, grant, receive or offer any payment or other advantage for the referral of patients or diagnoses. The state rules for professional conduct of physicians (*Berufsordnungen für Ärzte*) contain similar regulations. Any circumvention of the regulations is prohibited

as well. Although these regulations directly refer only to physicians, they may apply to other persons as well if they instigate or assist physicians engaged in the behavior prohibited. Furthermore, violations of the SGB V as well as the state rules for professional conduct of physicians may also constitute an infringement of the Unfair Competition Act, which prohibits unfair business practices. The violation of the Unfair Competition Act, in turn, may inter alia result in injunctive reliefs and claims for damages by competitors. Furthermore, the violation of healthcare fraud and abuse regulations may result in the exclusion from public procurement procedures, conducted inter alia by public hospitals or public health insurance, unless the respective company can demonstrate adequate self-cleaning measures. Especially in regards of advertisement strategies that involve marketing our products directly to physicians the above mentioned restrictions have to be adhered to.

13.7 Pharmacovigilance

''Pharmacovigilance'' refers to the science and activities relating to the detection, assessment, understanding and prevention of adverse effects or any other medicine-related problem. Marketing authorization holders are subject to detailed and extensive risk management and pharmacovigilance obligations under Directive 2001/83/EC, as amended and supplemented (especially by Directive 2010/84/EU), and EC Regulation 726/2004, as amended from time to time, and the associated guideline on good pharmacovigilance practices and section 10 of the AMG. Among other matters, these include the implementation of risk minimization measures on a per product basis, as applicable, as well as a requirement for the marketing authorization holder to operate a pharmacovigilance system to monitor the safety of authorized pharmaceutical products and to detect any change to their risk-benefit balance. The marketing authorization holder must appoint a qualified person who is resident in a Member State of the European Union having the required expert knowledge and the reliability necessary for exercising its function (graduated plan officer) to set up and manage this pharmacovigilance system and to collect and evaluate notifications on medicinal product risks that have become known and co-ordinate the necessary measures. Details of the pharmacovigilance system must be set out in the pharmacovigilance system master file, which must be maintained by the marketing authorization holder and kept available for inspection by competent authorities upon request. The marketing authorization holder must establish and use a ‘‘quality system'' to perform its pharmacovigilance obligations.

Pharmacovigilance obligations on the marketing authorization holder include detailed obligations regarding reporting. For example, a marketing authorization holder must record all suspected adverse reactions in the EEA or in countries outside of the EEA which are brought to its attention, and report such information via the centralized EudraVigilance database. The marketing authorization holder must also submit periodic safety update reports to the European Medicines Agency regarding the benefits and risks of the pharmaceutical product. Other pharmacovigilance obligations are imposed regarding the availability to the marketing authorization holder of appropriate personnel and resources. For example, as mentioned above, the marketing authorization holder must have permanently and continuously at its disposal an appropriately ‘qualified person responsible for pharmacovigilance'.

13.8 Activity as a Pharmaceutical Entrepreneur

Companies, which place medicinal products on the market, are required to notify the responsible regulatory authorities before they commence their business activities in accordance with Section 67 of the AMG. The notification must include information about their place of operation and the type of activity, the name of the responsible parties (information officer, graduated plan officer, as well as the responsible person for the wholesale business, i.e., the person with knowledge of and responsibility for the wholesale business or the qualified person, resp.), proof of the availability of a quality assurance system as well as proof of coverage provision in accordance with Section 94 of the AMG.

13.9 National and regional associations of health insurance companies

The public health insurance companies form regional associations of Board of Panel Doctors (*Kassenärztliche Vereinigung* (''**KV**'')). There are 17 of these regional associations in Germany in addition to two nationwide organizations, National Association of Public Health Insurance Companies (*Verband der gesetzlichen Krankenversicherungen* (''**GKV**'')) and National Association of Board of Panel Doctors (*Kassenärztliche Bundesvereinigung* (''**KBV**'')). The GKV and KBV issue broad guidelines for the prescription of pharmaceutical products for each calendar year. These serve as an orientation for the KV’ who in turn issue their own more detailed prescription guidelines for physicians. As there are 17 different regional associations the rules the physicians have to adhere to may differ depending on the particular federal state in question. As most of our products are prescription products, these guidelines have an impact on our business. In addition, the GKV also determines which price for a specific medication the public health insurance companies (*Krankenkasse*) will refund. As a result, they have a strong influence on the pricing and marketability of our products.

13.10 Reimbursement and Pricing of Pharmaceutical Products

Council Directive of 21 December 1988 relating to the transparency of measures regulating the pricing of pharmaceutical products for human use and their inclusion in the scope of national health insurance systems (89/105/EEC) (“**Directive 89/105/EEC**”) places obligations on member states in respect of their regulation of the pricing of pharmaceutical products. These obligations include: (i) prescribed time periods in which a competent regulatory authority must respond to an application for approval of the price/price increase of a pharmaceutical product (where such approval is required before the product can be marketed or the price increase implemented, respectively); (ii) regular review of price freezes to consider whether such price freezes are justified and prescribed time periods for announcing the results of such reviews; (iii) requirements to provide reasons for certain decisions; (iv) the duty to publish prescribed information and provide prescribed information to the European Commission regarding products for which prices have been fixed and the prices which may be charged including any price increases; and (v) time periods for communicating decisions (including exclusions) on whether reimbursement of a pharmaceutical product

will be covered by a national health insurance system. These obligations include communicating criteria used by national social security systems for therapeutic classification of pharmaceutical products, as well as criteria used by competent authorities to verify transfer pricing used by companies for active ingredients, intermediate manufactured or finished pharmaceutical products.

Member states are also obliged to publish information and to communicate to the European Commission the methods and criteria they apply to define profitability, return on sales and/or return on capital, including the ranges of target profit permitted and the maximum percentage of profit permitted to persons placing pharmaceutical products on the market.

The pricing of prescription products is also influenced by Section 130a SGB V. Pursuant to Section 130a (1), (2), (3a) and (3b) of the German Social Code, Book V, the public health insurance companies receive manufacturer discounts from pharmacies for finished drugs billed to them. Pharmaceutical companies are obliged to reimburse pharmacies for this discount. In general, subject to certain exceptions, this discount is currently set at 7% of the price before VAT.

13.11 The tender system and "open house" contracts

Public health insurance companies (*Krankenkasse*) offer usually open-house contracts when a small number of identical products are on the market. As a non-exclusive admission procedure, the open house contract grants every interested company a right to join during the term of the contract if they are willing to pay the fixed rebate and accept other conditions of the individual public health insurance company. The contracts are aimed at leading to a reduction in price. It is not limited to a certain number of participants. The public health insurance company does not make any selection decision between the various offers, so the process does not have to follow the rules of public procurement law.

Public tenders offered by the public health insurance companies increasingly influence the German pharmaceutical market. When there are a large number of several identical products on the market offered by different pharmaceutical companies, the individual public health insurance companies often offer a public tender with the goal of driving down the price of the pharmaceutical products. The pharmaceutical companies take part in the public tender by offering the public health insurance company a (net) price at which the pharmaceutical product could be sold. In general, subject to certain exceptions, the pharmaceutical company which offers the lowest price wins the public tender and then enters into a contractual agreement with the public health insurance company (*Krankenkasse*). The contract stipulates that if a physician does not prescribe a specific brand and prohibits the exchange to another product (aut idem) but an active agent, which is the most common practice, the pharmacies are under an obligation exclusively to sell the winning company's product. There are more than 100 different public health insurance companies, each of which have their own public tenders or work together with other public health insurance companies (in total, there are approximately 23 different public tenders which take place at a maximum in any one given year). As public health insurance companies insure 75 million out 83 million people in Germany, winning public tenders is critical to market a product. If a company wins a particular public tender, it will likely take a market share of up to 80%. As a result, the tender system leads to increased pressure on pricing.

13.12 Data Protection

The Regulation (EU) 2016/679 (General Data Protection Regulation, ''**GDPR**'') is a uniform framework laying down principles for legitimate data processing. The GDPR has direct effect in each member state, without the need for further enactment in all member states. Many member states have enacted national implementation acts which accompany the GDPR, such as e.g., the German Federal Data Protection Act (*Bundesdatenschutzgesetz*, ''**BDSG**''). The GDPR and the BDSG entail strict requirements, obligations and restrictions for the collection, storage, transfer, and further processing of personal data, in particular (without limitation) for lawful processing, transparency, international data transfers, storage limitation, data mapping and accountability, processor (service provider) obligations, joint controllership, notification of data breaches and the requirement to designate a data protection officer and/or EU representative, as applicable.

Under the GDPR, the regulatory requirements include that personal data: (i) may only be collected for specified, explicit and legitimate purposes based on a legal ground set out in the GDPR or in member state laws; (ii) may only be further processed in a manner consistent with those purposes; (iii) must also be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed; (iv) must be processed in a manner that ensures transparency, fairness and appropriate security of the personal data; and (v) must not be transferred outside of the EU unless certain steps are taken to ensure an adequate level of protection and must not be kept for longer than necessary for the purposes of collection or further processing. Data subjects, i.e., an identified or identifiable natural person to whom the personal data relates) have far-reaching rights in relation to the processing of their personal data, such as the right to access, rectification, deletion, restriction of processing and data portability.

With respect to the use of sensitive data relating to individuals (for example, patients' health or medical information, religious believes, union membership or sexual orientation), even more stringent rules apply which limit the circumstances and the manner in which it is legally permitted to process personal data and transfer such data outside of the EU. In particular, in order to process sensitive data, explicit and so-called informed consent to the processing (including any transfer) is often required from the relevant data subject.

Additionally, the GDPR sets forth substantial fines for violations of the data protection rules and other administrative sanctions. These sanctions depend on the nature of the infringed provision and the concomitant circumstances and may include formal warnings, cease-and-desist orders and fines of up to EUR 20 million or up to 4% of the total worldwide annual turnover of the offending data processor in the preceding financial year, whichever is higher, for each infraction. Additional penalties may apply, such as the deprivation of profits. Further adverse consequences of infringements of the GDPR may include civil claims for material and immaterial damages of the data subjects

affected by the infringement. Individual member state implementation laws such as e. g., Section 42 of the BDSG even apply criminal sanctions for specific violations.

14 SHAREHOLDER INFORMATION

14.1 Current shareholders

As of the date of the Prospectus, only the current shareholders, i.e., the Paragon Fund and Boost KG directly hold an interest in the Issuer's share capital and voting rights.

The following table sets forth (i) the direct shareholding of the current shareholders and their respective ultimate shareholder immediately prior to the completion of the Offering based on an Offer Price at the mid-point of the Price Range (EUR 21.50), and (ii) their expected shareholding, together with the expected shareholding of the public float, upon completion of the Offering, assuming an Offer Price at the mid-point of the Price Range and assuming no and full exercise of Greenshoe Option and Upsize Option:

SHAREHOLDER	**SHAREHOLDING IN %[1]**		
Direct	**Immediately prior to the completion of the Offering[2]**	**Upon completion of the Offering[2]**	
		(No exercise of Greenshoe Option and Upsize Option)	**(Full exercise of Greenshoe Option and Upsize Option)**
The Paragon Fund II GmbH & Co. KG [3]	89.26	49.44	29.55
Boost Management GmbH & Co. KG [4].....	10.74	8.21	8.21
Public float	-	42.35	62.24
TOTAL.....		**100.00**	

(1) Percentages have been rounded according to established commercial standards. As a result, such percentages may not add up to the sum totals, which are calculated based on unrounded figures.
(2) Offering as read herein refers to the implementation of the IPO Capital Increase and the sale of the Secondary Base Shares.
(3) None of the shareholders of the ultimate controlling entity of The Paragon Fund II GmbH & Co. KG, Paragon Partners GmbH, has, as of the date of the Prospectus, a controlling influence on Paragon Partners GmbH. See section "*14.2 Controlling interest*" below.
(4) The shares in Boost KG are held by the members of the Management Board and our Senior Management (as described and defined in section "*17. Governing Bodies*"). In addition, Boost KG's general partner, PP MPP Verwaltungs GmbH, indirectly holds 1.6% of the Issuer's share capital prior to the Offering through its limited partnership interest in Boost KG which are attributable to Paragon Fund by virtue of a trust agreement between PP MPP Verwaltungs GmbH and Paragon Fund dated June 29, 2020.

None of the current shareholders intends to buy any Offer Shares in the Offering.

14.2 Controlling interest

As of the date of the Prospectus, the Paragon Fund directly holds the majority of the Issuer's share capital and voting rights and, therefore, has a controlling influence (*beherrschender Einfluss*) on the Issuer within the meaning of Section 17 para. 1 AktG. Paragon Fund, in turn, is directly controlled by Paragon GP II GmbH, Munich, Germany ("**Paragon GP**"), as its sole general partner (*persönlich haftender Gesellschafter*). Paragon GP, in turn, is wholly owned and, therefore, controlled by Paragon Partners GmbH, Munich, Germany ("**Paragon Partners**"). None of the shareholders of Paragon Partners has, as of the date of the Prospectus, a controlling influence on Paragon Partners. As of the date of the Prospectus, Paragon Partners is, therefore, the ultimate controlling shareholder of the Issuer.

Assuming (i) a placement of all Offer Shares, i.e., full exercise of the Greenshoe Option and Upsize Option, based on an Offer Price at the mid-point of the Price Range, the Paragon Fund will continue to directly hold 2,512,160 Shares, i.e., 29.55% of the Issuer's share capital and voting rights, and, therefore, will continue to directly control the Issuer.

The Issuer assumes that the regulations of the German corporate law, in particular the stock corporation law and the capital market law are sufficient to prevent abuse of the control. Special measures in regard to the Issuer were not taken. The Issuer is currently not aware of any agreements that could, at a later date, lead to a change in control of the Issuer. The shareholders of the Issuer do not have different voting rights. All Shares confer the same voting rights.

15 GENERAL INFORMATION ON THE COMPANY

15.1 Incorporation of the Issuer and recent corporate measures

The Issuer was incorporated as a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) by articles of associated dated March 19, 2018. Its legal name was "Blitz 18-394 GmbH". The Issuer had its registered office in Munich, Germany, and was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under registration number HRB 241126 on May 24, 2018. The Issuer's founder was the Paragon Fund.

On July 26, 2018, the Issuer's shareholders' meeting (*Gesellschafterversammlung*) resolved to change the Issuer's legal name to "PP Pharma HoldCo GmbH". The change of the Issuer's legal name was registered with the Commercial Register on August 2, 2018 under the registration number HRB 241126 with the Commercial Register in Munich.

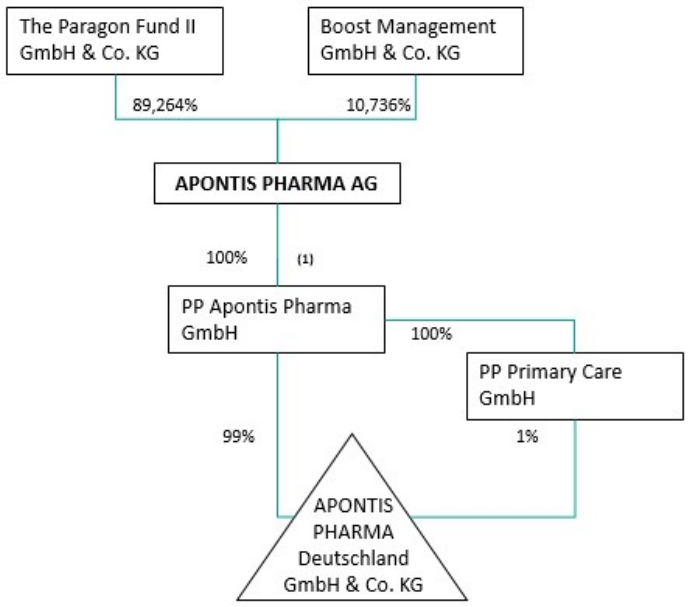
On January 22, 2021, the Issuer's shareholders' meeting (*Gesellschafterversammlung*) resolved to change the Issuer's statutory seat to Monheim am Rhein (Tel: +49 2173 8955 1540, website: www.apontis-pharma.de. The information on the website does not form part of this Prospectus and has not been reviewed or approved by the competent authority.). The change of the Issuer's statutory seat was registered with the Commercial Register Duesseldorf on February 3, 2021 under the registration number HRB 92340.

On April 7, 2021 the Issuer's shareholders' meeting (*Gesellschafterversammlung*) resolved to change the Issuer's legal form from a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) to a German stock corporation (*Aktiengesellschaft* or *AG*) under the legal name "APONTIS PHARMA AG". The changes in legal form and name were registered with the Commercial Register on April 14, 2021 under the current registration number HRB 92340. All changes took effect in accordance with the applicable provisions of the UmwG.

15.2 Corporate Structure

APONTIS PHARMA Deutschland GmbH & Co. KG (previously: APONTIS PHARMA GmbH & Co. KG), a German limited partnership (*Kommanditgesellschaft*) with its business address at Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf, Germany, under the registration number HRA 23282 is the only operating subsidiary of APONTIS PHARMA AG.

The following structure chart shows our corporate structure as of the date of this Prospectus.



(1) It is intended to simplify the corporate structure in the short to medium by way of merger of the intermediate holding companies, PP Apontis Pharma GmbH and PP Primary Care GmbH, which have been implemented for tax optimization purposes in connection with the Acquisition.

15.3 History of APONTIS PHARMA

In 1946, Schwarz Pharma AG ("**Schwarz Pharma**"), a German stock coporation (*Aktiengesellschaft*) was founded by the families Schwarz and Schwarz-Schütte. Schwarz Pharma Germany achieved a high degree of recognition through the distribution of pharmaceuticals like Tensobon® Provas®, Rifun®, Prostavasin® and atmadisc®. The company Schwarz Pharma was not only active in the German market, but also in other European countries, in Asia and in the USA.

The families Schwarz and Schwarz-Schütte controlled Schwarz Pharma until 2006, when the Belgian pharmaceutical company UCB S.A. ("**UCB**") acquired the company. In the same year, UCB established the business unit "UCB Innere Medizin" to set the focus on the area of general medicine in the German market. However, UCB focused more and more intensively on the therapeutic fields of neurology and immunology, with the result that Internal Medicine increasingly developed into an independent unit. In 2009, the UCB group founded UCB Pharma GmbH, a German limited liability company (*Gesellschaft mit beschränkter Haftung*). In the same year, the company entered the diabetes market with the antidiabetic drugs jalra® and icandra®. In 2016, the UCB group founded UCB Innere Medizin GmbH & Co. KG ("**UCB Innere Medizin**"), a German limited partnership with a limited liabilty company as general partner (*GmbH & Co. KG*).

In October 2018, the private equity company Paragon Partners acquires UCB Innere Medizin and continues to lead it as a separate company with the entire workforce of around 200 employees. In 2019, UCB Innere Medizin GmbH & Co. KG was renamed to APONTIS PHARMA GmbH & Co. KG (since April 8, 2021: APONTIS PHARMA Deutschland GmbH & Co. KG), a German limited partnership with a limited liabilty company as general partner (*GmbH & Co. KG*).

15.4 Governing law

The Issuer is a German stock corporation (*Aktiengesellschaft* or *AG*) and, therefore, generally governed by German law. Thus, the AktG as well as other laws applicable to a German stock corporation (*Aktiengesellschaft* or *AG*), in particular the UmwG and the HGB, apply to the Issuer. As the Shares will not be admitted to trading on a regulated market (*regulierter Markt*), the WpHG and the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – "**WpÜG**") do not apply to the Issuer.

15.5 Legal and commercial name

The Issuer's legal name is "APONTIS PHARMA AG". The Issuer operates under the commercial name "APONTIS PHARMA".

15.6 Registration

The Issuer has its registered seat in Monheim am Rhein, Germany, and is registered with the Commercial Register Düsseldorf under the registration number HRB 92340. The Issuer's address is Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany, (telephone: +49 2173 8955 1540).The Issuer's LEI is 894500ETO1J6MR8PDF91.

15.7 Website

The Issuer's website is apontis-pharma.de. Information contained on the Issuer's website is not incorporated by reference in the Prospectus and is not part of the Prospectus.

15.8 Financial year and duration

The Issuer's financial year corresponds to the calendar year. The Issuer has been established for an unlimited duration.

15.9 Corporate purpose

Section 2 of the Articles of Association defines the Issuer's corporate purpose as follows:

- Research, development, production, marketing authorisation and distribution of medical products and diagnostics
- In-licensing and out-licensing of property rights based thereon
- Provision of related services and consultancy for third parties

15.10 Auditor

Ebner Stolz audited (i) the Issuer's audited financial statements as of and for the full fiscal year ended December 31, 2020, (ii) the Issuer's audited consolidated financial statements as of and for the full fiscal years ended December 31, 2019, (iii) the Issuer's audited consolidated financial statements as of and for the short fiscal year from May 24, 2018 to December 31, 2018, (iv) APONTIS KG's audited financial statements as of and for the financial year ended December 31, 2019, (v) APONTIS KG's audited financial statements as of and for the financial year ended December 31, 2018, and (vi) the Issuer's audited unconsolidated financial statements as of and for the full fiscal year ended December 31, 2020, each in accordance with Section 317 HGB and in compliance with the German generally accepted standards for financial statement audits promulgated by the IDW) and issued German language unqualified independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. In addition, Ebner Stolz audited APONTIS KG's statements of cash flows and changes in equity for the fiscal year ended December 31, 2019 (with comparative financial information for the fiscal year ended December 31, 2018) in accordance with IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) promulgated by the IDW and issued unqualified auditor's reports thereon. Ebner Stolz is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer K.d.ö.R.*), Rauchstraße 26, 10787 Berlin, Germany.

15.11 Announcement and paying agent

In accordance with the Articles of Association, the Issuer's announcements are published in the Federal Gazette (*Bundesanzeiger*), unless otherwise required by law.

In accordance with the Prospectus Regulation, announcements in connection with the approval of the Prospectus or any supplements thereto will be published in the form of publication provided for in the Prospectus, in particular through publication on the Issuer's website (apontis-pharma.de). Printed copies of the Prospectus and any supplements thereto are available at the Issuer's office free of charge during normal business hours at the following address: Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany, Germany (telephone: +49 2173 8955 1540).

The paying agent is Bankhaus Gebr. Martin AG, Göppingen, Germany ("**Paying Agent**"). The mailing address of the Paying Agent is Schlossplatz 7, 73022 Göppingen, Germany.

16 SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

16.1 Current share capital and Existing Shares

As of the date of the Prospectus, the Issuer's share capital amounts to EUR 6,500,000.00 and is divided into 6,500,000 Existing Shares, each such Existing Share representing a notional value of EUR 1.00 in the Issuer's share capital.

The Issuer's share capital has been fully paid up.

The Existing Shares were created pursuant to German law and are denominated in euro. All Existing Shares are held by the existing shareholders (see "*14.1 Current shareholders*").

16.2 Development of the share capital

The Issuer was initially incorporated as a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) with a share capital of EUR 25,000.

The Issuer was incorporated as a German stock corporation (*Aktiengesellschaft* or *AktG*) by articles of association dated April 7, 2021 and registered with the Commercial Register on April 14, 2021. As of the date of this Prospectus, its share capital amounts to EUR 6,500,000.00 and is divided into 6,500,000 Existing Shares.

The following table and sections set forth the changes in the Issuer's share capital since its foundation:

Date of shareholder resolution to change the share capital	Nominal amount of the change in share (in EUR)	Resulting issued capital (in EUR)	Date of entry in the Commercial Register
March 19, 2021	6,475,000	6,500,000	March 25, 2021
April 28, 2021	Up to 2,000,000	Up to 2,000,000	–

16.2.1 Capital Increase from company funds (Kapitalerhöhung aus Gesellschaftsmitteln)

A shareholders' meeting (*Gesellschafterversammlung*) of the Issuer held on March 19, 2021 resolved to increase the Issuer's share capital from company funds (*Kapitalerhöhung aus Gesellschaftsmitteln*) from EUR 25,000 by EUR 6,475,000 to EUR 6,500,000 ("**Capital Increase**").

The implementation of the Capital Increase was registered with the Commercial Register on March 25, 2021.

16.2.2 IPO Capital Increase

An extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Issuer held on April 28, 2021 resolved to increase the Issuer's share capital against contributions in cash from EUR 6,500,000 by up to EUR 2,000,000 by issuing up to 2,000,000 New Shares ("**IPO Capital Increase**"). For the subscription and underwriting of all New Shares only Hauck & Aufhäuser was admitted, acting partly for its own account and acting partly for the account of M.M.Warburg. The New Shares are part of the Offering.

16.3 Authorized capital

As of the date of the Prospectus, the Issuer has an authorized capital pursuant to Section 4 para. 4 of the Articles of Association in conjunction with Section 202 AktG. Thereunder, the Management Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the Issuer on or before April 18, 2026, on one or more occasions, by up to a total of EUR 3,250,000 through the issuance of up to 3,250,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) in return for contributions in cash or in kind ("**Authorized Capital 2021/1**"). The new shares participate in the profit from the beginning of the financial year in which they are issued.

Shareholders are generally to be granted a subscription right, unless the Management Board exercises the below authorizations to exclude the subscription right, subject to the consent of the Supervisory Board. The new shares may also be taken up by a credit institution or a financial institution operating under Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 of the German Banking Act (*Kreditwesengesetz* – "**KWG**") or a syndicate of such credit or financial institutions, in each case as determined by the Management Board, subject to an undertaking to offer the shares to shareholders for subscription. Subject to the Supervisory Board's consent, the Management Board is authorized to exclude the subscription right of shareholders in the following cases:

- to even out fractional amounts occurring due to a capital increase;

- where this is necessary to grant subscription rights to new shares to holders or creditors of convertible or warrant bonds or convertible participation rights issued by the Issuer or entities in which the Issuer holds a direct or indirect majority interest, to the extent to which they would be entitled to such subscription rights as shareholders after exercising their conversion or option rights or, as the case may be, after fulfilment of their option or conversion obligations;

- where the new shares are issued against contributions in cash and the issue price of the new shares is not significantly lower than the stock market price of the Issuer's listed shares at the time of the final determination of the issue price. This authorization to exclude the subscription right only applies to the extent that the pro rata amount of the share capital mathematically attributable to the shares issued with the exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 AktG does not exceed 10% of the share capitalbased on either the amount of share capital existing at the time when this authorization takes effect or the amount of share capital when the authorization is exercised. The 10%-limit includes shares that (i) were issued or sold during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights on the basis of other authorizations in direct or mutatis mutandis application of Section 186 para. 3 sentence 4 AktG or (ii) were issued or are to be issued to service bonds or participation rights with conversion or option rights or conversion or option obligations, provided that the bonds or participation rights were issued during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights in mutatis mutandis application of Section 186 para. 3 sentence 4 AktG;

- where the capital increase is performed for the purposes of granting shares in return for contributions in kind, in particular with the aim of acquiring enterprises, parts of enterprises or interests in enterprises, or of other assets.

The Management Board is further authorized, subject to the consent of the Supervisory Board, to determine the further details regarding the capital increase and the conditions for the issuance of shares. The Supervisory Board is authorized to amend the wording of Section 4 of the Articles of Association following the performance, in whole or in part, of a capital increase under the Authorized Capital 2021/1 or after expiry of the authorization period, in line with the scope of the capital increase.

16.4 Conditional capital

16.4.1 Conditional Capital 2021

An extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Issuer held on April 19 2021 resolved to conditionally increase the Issuer's share capital pursuant to Section 192 AktG and amend the Articles of Association by a new Section 4 para. 3. Under the new Section 4 para. 3 of the Articles of Association, the share capital of the Issuer is conditionally increased by up to EUR 3,250,000 by issuing up to 3,250,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) ("**Conditional Capital 2021**"). The sole purpose of the Conditional Capital 2021 is to grant new shares to the holders or creditors of convertible or warrant bonds entitled to convert, or holders or creditors of participation rights with option rights or conversion issued by the Issuer or other entities in which the Issuer holds a direct or indirect majority interest under the shareholder resolution passed at the Issuer's shareholders' meeting of April 19, 2021 under agenda item 2, in case conversion or option rights are utilized or conversion or option obligations are fulfilled or in case the Issuer exercises its right to, in whole or in part, grant shares in the Issuer in lieu of cash payments due. The shares are issued at the conversion and option price to be set in accordance with the aforementioned resolution as further described under "*16.5. Authorization to issue convertible bonds and/or warrant bonds*". The conditional capital increase will only be carried out to the extent that conversion or option rights are utilized or conversion or option obligations are fulfilled or the Issuer exercises its right to, in whole or in part, grant shares in the Issuer in lieu of cash payments due and unless other forms of fulfilment are used.

The new shares participate in the profit from the beginning of the financial year in which they are issued. Within the bounds of the law and subject to the Supervisory Board's consent, the Management Board can depart from this provision and from Section 60 para. 2 AktG, and also determine an entitlement to profit participation for a financial year that has already ended.

The Management Board is authorized to determine the remaining details for carrying out the conditional capital increase. The Supervisory Board is authorized to amend the wording of Section 4 para. 3 of the Articles of Association in accordance with the respective utilization of the Conditional Capital 2021.

The Conditional Capital 2021 becomes effective with its registration in the Commercial Register.

16.5 Authorization to issue convertible bonds and/or warrant bonds

On April 19, 2021, the Issuer's shareholders' meeting authorized the Management Board, subject to the consent of the Supervisory Board, to issue, on one or more occasions until April 18, 2021, bearer or registered convertible and/or warrant bonds or combinations of these instruments for an aggregate nominal amount of up to EUR 3,250,000, in each case with or without a definite maturity date, and to grant the holders of bonds option or conversion rights for up to 3,250,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Issuer with a pro rata amount of the share capital of up to a total of EUR 3,250,000, as set forth in detail in the issuing terms and conditions for the bonds ("**Issuing Terms**"). This authorization can be utilized in whole or in part. The bonds may also provide for an obligation to convert the bonds or exercise the options at the end of the term or at an earlier time. The Issuing Terms may also give the Issuer the right to grant the holders or creditors of the bonds Shares in lieu of cash payments due or cash payments in lieu of Shares, in whole or in part, or to choose other forms of fulfilment. Bonds may be issued in return for cash or for contributions in kind. The bonds can be denominated in Euros or - capped at their equivalent value in Euros - in the legal currency of an OECD country. Where the bonds are issued in a currency other than Euros, the relevant equivalent value is to be applied, calculated on the basis of the Euro reference rate of the European Central Bank applicable on the date of the resolution on the issuance of the bonds. The bonds can also be issued by entities in which the Issuer holds a direct or indirect majority interest. For such a case, the Management Board is authorized, subject to the consent of the Supervisory Board, to take on the necessary guarantees for the obligations under the bonds and to grant the holders or creditors of the bonds conversion or option rights for shares of the Issuer or to impose on them respective obligations.

If convertible bonds are issued, their holders or creditors receive the right or take on the obligation to convert the bonds into shares of the Issuer, pursuant to the Issuing Terms to be laid down by the Management Board. The pro rata amount of the share capital mathematically attributable to the shares to be issued in the event of conversion must not exceed the nominal amount of the bond or the issue price for the bond, if the issue price is less than the nominal amount. The conversion ratio is determined by dividing the nominal amount of a bond by the conversion price for a Share. Where the issue price for the bonds is less than their nominal amount, the conversion ratio is established by dividing the issue price of a convertible bond by the conversion price for a Share. The Issuing Terms can also provide that the conversion ratio be variable and that the conversion price be determined based on future stock market prices within a certain range. If warrant bonds are issued, one or more warrants will be attached to each bond, which entitle or obligate the holder or creditor to subscribe to Shares under the Issuing Terms to be specified by the Management Board. The pro rata amount of the share capital mathematically attributable to the Shares to be issued in the event of an option being exercised must not exceed the nominal amount of the bonds.

The conversion or option price to be stipulated in the Issuing Terms must be equivalent to (i), if no subscription rights are granted or otherwise no trade in subscription rights takes place, at least 80% of the arithmetic means of the auction closing prices of the Shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the last ten trading days before the day of the Management Board's resolution on the public announcement of the issuance of the bonds or (ii), if subscription rights are granted by choice of the Management Board alternatively, at least 80% of the arithmetic means of the auction closing prices of the Shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange from the beginning of the subscription period until the third day (included) prior to the end of the subscription period. In the event of bonds with a conversion or option obligation or the right of the Issuer to grant the holders or creditors of the bonds Shares in lieu of cash payments due, in whole or in part, the conversion or option price must be at least the minimum price stated above (80%), or correspond to the arithmetic means of the auction closing price of the Shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange (i) on the last ten trading days before the day of final maturity or (ii) on at least ten trading days immediately prior to the determination of the conversion or option price in accordance with the Issuing Terms, even if this average price is below the minimum price stated above (80%). Sections 9 para. 1 and 199 AktG remain unaffected.

Subject to the consent of the Supervisory Board, the Management Board is authorized to specify the Issuing Terms in more detail, in particular on the following: interest rate, issue price, term and denomination of the bonds; conversion or option period; conversion or option price; conversion rights and obligations; option rights and obligations to exercise options; whether the Shares to be delivered shall be in the form of Shares newly created by a capital increase or in the form of existing Shares, in whole or in part; whether, instead of delivering Shares, their market value can be paid over in cash; whether the conversion or option price or the conversion ratio is to be fixed when issuing the bonds or based on future stock market prices within a certain range during the term of the bond. In the event of a situation where there are fractional amounts of the Shares, it can be stipulated that these fractions can be added together for the purposes of acquiring complete shares, in accordance with the Issuing Terms. An additional cash payment or cash compensation for fractions can also be stipulated.

The Issuing Terms can further provide for protection against dilution and adjustment mechanisms under certain circumstances, including changes in the Issuer's share capital during the term of the bond (such as a capital increase, a capital decrease or a share split), dividend payments, the issuance of additional convertible and/or warrant bonds, that provide an entitlement to subscribe for shares of the Issuer, transformation measures and extraordinary events occurring during the term of the bond, such as a change of control at the Issuer. The measures for protection against dilution and adjustment mechanisms that can be provided for under the Issuing Terms can, in particular, take the form of changing the conversion or option price, granting subscription rights to Shares or to convertible or warrant bonds, or granting or adjusting cash components. Sections 9 para. 1 and 199 AktG remain unaffected.

When issuing bonds, shareholders are to be generally granted a subscription right to the bonds unless the Management Board exercises the below authorizations to exclude the subscription right, subject to the consent of the Supervisory Board. The bonds may also be taken up by a credit institution or a financial institution operating under Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 KWG or a syndicate of such credit or financial institutions, in each case as determined by the Management Board, subject to an undertaking to offer the bonds to shareholders for subscription. If bonds are issued by an entity in which the Issuer holds a direct or indirect majority interest, the Issuer must ensure that the Issuer's shareholders are granted subscription rights in line with the above sentences. However, the Management Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription right of shareholders when issuing bonds in the following cases:

- to make use of any fractional amounts;

- where the bonds are issued in return for contributions in kind in particular with the aim of acquiring enterprises, parts of enterprises or interests in enterprises;

- where this is necessary for protection against dilution, in order to grant holders or creditors of bonds with conversion or option rights or conversion or option obligations that were or will be issued by the Issuer or by other entities in which the Issuer holds a direct or indirect majority interest, a right to subscribe for new bonds to the extent to which they would be entitled to such subscription right as shareholders after exercising their conversion or option rights or, as the case may be, after fulfilment of their conversion or option obligations; or

- for bonds issued against cash, if the Management Board, after due examination, is of the opinion that the issue price for the bonds is not significantly lower than the theoretical market price of the bonds as calculated using recognized mathematical methods. However, this authorization to exclude subscription rights only applies to bonds with conversion or option rights or conversion or option

obligations to shares with a pro rata amount of the share capital which does not exceed 10% of the share capital, based on either the amount of share capital existing at the time when this authorization takes effect or the amount of share capital when the authorization is exercised. The limit of 10% of the share capital includes shares that (i) were issued or sold by the Issuer during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights on the basis of other authorizations in direct or mutatis mutandis application of Section 186 para. 3 sentence 4 AktG or (ii) were issued or are to be issued to service bonds or participation rights with conversion or option rights or conversion or option obligations, provided that the bonds or participation rights were issued during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights in mutatis mutandis application of Section 186 para. 3 sentence 4 AktG.

16.6 Authorization to purchase and use treasury shares

As of the date of the Prospectus, the Issuer does not hold any Shares as treasury shares, nor does a third party hold any Shares on behalf of, or for the account of, the Issuer. The Issuer's shareholders' meeting held on April 19, 2021 authorized the Management Board to acquire, on or before April 18, 2026, treasury shares of up to a total maximum of 10% of the share capital existing at the time of the adoption of the resolution or - in the event that this amount is the lower one - when the authorization is exercised. The acquired shares, together with other treasury shares which are in the possession of the Issuer or are attributable to it pursuant to Sections 71a et seq. AktG, may at no time exceed 10% of the Issuer's share capital. At the discretion of the Management Board, the acquisition may be conducted (i) through a stock exchange or (ii) by means of a public offer directed at all shareholders or a public solicitation to submit offers ("**Acquisition Offer**").

- If the acquisition is conducted through a stock exchange, the consideration paid by the Issuer for each Share (not including incidental acquisition costs) may not exceed the market price of one Share in Xetra trading (or a comparable successor system), determined in the opening auction on the relevant trading day at the Frankfurt Stock Exchange, by more than 10% and may not fall below such price by more than 10%.

- If the acquisition is conducted through an Acquisition Offer, the Issuer may determine either a price or a price range at which it is willing to acquire the Shares. However, - subject to an adjustment during the offer period - the purchase price (in each case not including incidental acquisition costs) may not exceed the average market price of one Share on the Frankfurt Stock Exchange on the last three exchange trading days prior to the public announcement of the Acquisition Offer, or, in the case of a public solicitation to submit offers, prior to the Management Board's final decision regarding to submit the public solicitation to submit offers, as determined based on the arithmetic means of the auction closing prices in Xetra trading (or a comparable successor system), by more than 10% and may not fall below such price by more than 10%. In the event that after the public announcement of the offer significant variances in the applicable price occur, the purchase price or the price range may be adjusted. In that case, the average market price of the Shares on the Frankfurt Stock Exchange on the last three exchange trading days prior to the public announcement of the adjustment, if any, as determined based on the arithmetic means of the auction closing prices in Xetra trading (or a comparable successor system), or, in the case of a public solicitation to submit offers, prior to the Management Board's final decision regarding to modify the public solicitation to submit offers, will be relevant. The Acquisition Offer may provide for additional requirements.

In the event that the Acquisition Offer is over-subscribed, the acceptance is to be effected, as a general rule, in proportion to the respective Shares offered. However, a preferred acceptance of small offers or small portions of offers of up to a maximum of 150 Shares may be provided for.

With regard to treasury shares that will be or have been acquired under the above authorization, the Management Board is authorized, subject to the consent of the Supervisory Board and excluding shareholders' subscription rights, to use these Shares - in addition to a disposal through a stock exchange or an offer granting a subscription right to all shareholders - as follows:

- The Shares may be sold and transferred against cash consideration, provided that the selling price is not significantly lower than the market price of the Shares at the time of the sale (Section 186 para. 3 sentence 4 AktG). The pro rata amount of the share capital mathematically attributable to the Shares sold in accordance with the preceding sentence may not, in total, exceed 10% of the share capital existing at the time of the adoption of the resolution or, if lower, at the time this authorization is utilized. The 10%-limit includes Shares that (i) were issued or sold by the Issuer during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights on the basis of other authorizations in direct or mutatis mutandis application of Section 186 para. 3 sentence 4 AktG (ii) were issued or are to be issued to service bonds or participation rights with conversion or option rights or conversion or option obligations, provided that the bonds or participation rights were issued during the term of this authorization up to the time of it being exercised with the exclusion of subscription rights in mutatis mutandis application of Section 186 para. 3 sentence 4 AktG.

- The Shares may be sold and transferred against contribution in kind, particularly in the course of mergers or the acquisition of companies, parts of companies, equity interests in companies, receivables and other assets.

- The Shares may be used in order to satisfy the rights of holders or creditors of bonds and participation rights carrying conversion or option rights or conversion or option obligations issued by the Issuer or entities in which the Issuer holds a direct or indirect majority interest.

- The Shares may be offered for purchase as part of the compensation or within the scope of special programs, including stock option programs, with or without consideration, and transferred to individuals who are or were employed by the Issuer or an entity in which

the Issuer holds a direct or indirect majority interest as well as to organ members of such entities. Section 71 para. 1 no. 2 AktG remains unaffected.

- The Shares may be used to issue a scrip dividend.

- The Shares may be used to introduce the Shares on foreign stock exchanges to which they were previously not admitted for trading. The price at which these shares are placed on foreign stock exchanges, excluding incidental acquisition costs, may not lie more than 5% above or below the arithmetic mean of the closing auction prices of the Shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange in the course of the three stock exchange trading days immediately prior to the placement on the foreign stock exchange.

Furthermore, the Supervisory Board is authorized to use these treasury shares to satisfy obligations or rights attached to shares in the Issuer insofar (i) as agreed with members of the Management Board in connection with the compensation of the members of the Management Board or (ii) as agreed within the participation of members of the Management Board in a stock optionprogram.

In addition, the Management Board is authorized to redeem treasury shares, without such redemption or its implementation requiring an additional resolution by the Issuer's shareholders' meeting.

All aforementioned authorizations may be utilized on one or several occasions, in whole or in part, separately or collectively also with respect to treasury shares which have been acquired by entities in which the Issuer holds a direct or indirect majority interest or by third parties acting on account of such entities or on account of the Issuer.

In each case, the Management Board must inform the Issuer's shareholders' meeting about the utilization of the above authorizations, in particular about the reasons for and the purpose of the acquisition of treasury shares, the number of treasury shares acquired and the amount of the share capital attributable to them, the portion of the share capital represented by them and the equivalent value of the Shares.

16.7 General provisions governing the liquidation of the Issuer

Apart from liquidation as a result of insolvency proceedings, the Issuer may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Issuer, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Issuer for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Issuer. The AktG provides that any assets remaining once all of the Issuer's liabilities have been settled shall be distributed among the Issuer's shareholders in proportion to their shareholdings. The AktG provides certain protections for creditors in the event of a liquidation of the Issuer.

16.8 General provisions governing a change in the share capital

Under the AktG, a German stock corporation (*Aktiengesellschaft* or *AG*) requires a resolution of the Issuer's shareholders' meeting passed by a majority of at least 75% of the share capital represented at the vote to increase its share capital and the change of the articles of association accordingly. Yet pursuant to the Articles of Association, capital increases may be resolved by the Issuer's shareholders' meeting with a simple majority of the share capital represented at the vote, if at least 50% of the Issuer's share capital is represented at the vote.

The Issuer's shareholders' meeting may also create authorized capital. This requires a resolution passed by a majority of at least 75% of the share capital represented at the vote, authorizing the Management Board to issue a specific number of shares within a period of no more than five years. The aggregate nominal amount of the new shares may not exceed 50% of the share capital existing at the time the authorization is granted (i.e., at the time the authorized capital is registered with the Commercial Register).

In addition, the Issuer's shareholders' meeting may create conditional capital by a resolution passed with a majority of at least 75% of the share capital represented at the vote, for the purposes of (i) granting exchange or subscription rights to holders of convertible bonds or other securities granting a right to subscribe for shares, (ii) preparing for a merger with another company, or (iii) granting subscription rights to managers and employees of the Issuer or an affiliated company by way of an approval resolution or authorization resolution. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to grant subscription rights to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce the Issuer's share capital require a majority of at least 75% of the share capital represented at the vote.

16.9 General provisions governing subscription rights

Pursuant to Section 186 AktG, all shareholders generally have the right to subscribe for new shares of the Issuer issued in case of a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. Yet shareholders do not have the right to demand admission to trading for subscription rights. The Issuer's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. The exclusion of

shareholders' subscription rights, in full or in part, also requires a report from the Management Board to the shareholders' meeting that justifies the exclusion and demonstrates that the Issuer's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Issuer increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares under exclusion of subscription rights does not exceed 10% of the outstanding share capital, both at the time when the authorization takes effect and at the time when it is exercised; and
- the price at which the new shares are issued is not materially lower than the stock exchange price of the Shares.

16.10 Exclusion of minority shareholders

Pursuant to Sections 327a et seq. AktG, which govern the so-called "squeeze-out under stock corporation law", upon request of a shareholder holding 95% or more of the Issuer's share capital, the Issuer's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate cash compensation. The amount of the cash compensation offered to minority shareholders must to reflect "the circumstances of the Issuer" at the time the shareholders' meeting passes the resolution. The amount of the cash compensation is based on the full value of the Issuer, which is generally determined using the capitalized earnings method. Minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), wherein the court will review the fairness (*Angemessenheit*) of the cash compensation.

Pursuant to Section 62 para. 5 sentence 1 UmwG, a majority shareholder holding at least 90% of the Issuer's share capital may require the Issuer's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate cash compensation, provided that (i) the majority shareholder is a stock corporation (*Aktiengesellschaft* or *AG*), a partnership limited by shares (*Kommanditgesellschaft auf Aktien* or *KGaA*), or a European company (*Societas Europaea* or *SE*) having its seat in Germany; and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Issuer. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

16.11 Integration

Pursuant to Section 319 et seq. AktG, the Issuer's shareholders' meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the Issuer. The former shareholders of the Issuer are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. In such case, Section 305 para. 3 sentence 1 AktG stipulates that shares must be issued based on the appropriate valuation in case a merger had taken place between the two companies. Fractional amounts may be paid out in cash.

16.12 Managers transactions

A person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 25 MAR (i.e., the members of the Management Board and the Supervisory Board), must notify the Issuer and BaFin of transactions undertaken for their own account relating to the Shares or to financial instruments based on the Shares (subject to a EUR 20,000 *de-minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 26 MAR. Such notifications shall be made promptly and no later than three business days after the date of the relevant transaction. The Issuer shall ensure that such notifications are made public promptly and no later than three business days after the relevant transaction.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Issuer is required to make public according to (i) the rules of the trading venue where the Shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Issuer, or to derivatives or other financial instruments linked to such securities.

16.13 Short Selling Regulation (ban or naked short selling)

Pursuant to Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps ("**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Shares is only permitted under certain conditions. In addition, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Net- to-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European

Commission enacted on short-selling. In certain situations, described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

16.14 Disclosure requirements

As a result of the Listing, the Issuer will be subject to, inter alia, the following "follow-up inclusion obligations" pursuant to § 21 of the DBAG General Terms and Conditions:

- the submission and publication of the annual financial statements and the management report;
- the submission and publication of the half-yearly financial statements and the interim management report;
- the provision of information to the research provider;
- the update and submission of the Issuer's corporate calendar;
- the conduct of an information event for analysts and investors;
- the commissioning of a Capital Market Partner; and
- the notification on and submission of changes with regard to the Issuer or the Shares.

16.15 Non-applicability of the WpÜG; statement on public takeover offers

The WpÜG does not apply to the Issuer, as no market segment on which the Shares shall be traded following the Listing is an organized market (*organisierter Markt*) within the meaning of Section 1 para. 1 WpÜG. Therefore, even if a shareholder of the Issuer gains control of the Issuer, i.e., at least 30% of the Issuer's voting rights pursuant to Section 29 para. 2 WpÜG, such shareholder will neither be required to publish this fact nor to make a mandatory takeover offer (*Pflichtangebot*) to the other shareholders of the Issuer pursuant to Section 35 WpÜG.

During the last financial year and the current financial year of the Issuer, no public takeover offers have been made in respect of the Issuer's equity.

17 GOVERNING BODIES

17.1 Overview

The Issuer's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting (*Hauptversammlung*). The powers and responsibilities of these governing bodies are determined by the AktG, the Articles of Association and the internal rules of procedure for both the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*) and the Management Board (*Geschäftsordnung für den Vorstand*).

The Issuer's shareholders' meeting elects the members of the Supervisory Board, which in turn appoints the members of the Management Board. The Supervisory Board represents the Issuer in and out of court towards the members of the Management Board. The Supervisory Board is responsible for the appointment of members of the Management Board, the conclusion of their service contracts and the revocation of appointments as well as for the change and termination of their service contracts.

Simultaneous membership in the Supervisory Board and the Management Board is not permitted under the AktG, as the Supervisory Board is tasked with supervising and controlling the management of the Issuer by the Management Board. In exceptional cases and for an interim period, a member of the Supervisory Board may, however, assume a vacant seat on the Management Board. During this period, such individual may not perform any duties pertaining to his position on the Supervisory Board. In addition, the duration of such stand-in arrangements may not exceed one year.

The Management Board is responsible for managing the Issuer in accordance with applicable laws, the Articles of Association and its rules of procedure, including the schedule of responsibilities. The Management Board represents the Issuer in dealings with third parties. As set out in Section 111 AktG, the Supervisory Board advises and oversees the Management Board's administration of the Issuer, but is itself generally not authorized to manage or represent the Issuer.

The Articles of Association may designate transactions and measures that may only be conducted with the prior consent of the Supervisory Board. In addition, the Supervisory Board may itself determine that certain matters are subject to its prior approval. Pursuant to the rules of procedure of the Management Board, the following transactions and measures are, inter alia, subject to the prior consent of the Supervisory Board:

- determination of the annual and multi-year planning;
- acquisition and disposal of companies and shares in companies;
- acquisition and disposal of fixed assets if the value exceeds EUR 500,000 in an individual case;
- acquisition, sale and development of real property and rights equivalent to real property if the value in an individual case exceeds EUR 500,000;
- significant changes in the production or distribution programme;
- decisions regarding new product developments in the Single Pill area, if commitments for R&D exceed 500,000;
- conclusion of new co-marketing contracts/partnerships with a contract value of EUR 500,000 or more;
- borrowings if the individual loan exceeds EUR 500,000;
- assumption of sureties, guarantees or similar liablities and provision of collateral for third-party liabilities outside the ordinary course of business if the value in an individual case exceeds EUR 500,000;
- conclusion of contracts if their annual payments exceed EUR 200,000 in an individual case or if they are non-cancellable for more than one year, except for annually recurring contracts, e.g. with suppliers and customers, and unless the contracts/payments are already included in the annual budget;
- the promise or granting of bonuses and gratuities of any kind outside of existing employment contracts as well as the payment of advances or the granting of loans to employees insofar as these exceed a total amount of EUR 50,000 per year; approval is not required if the bonuses/gratuities are explicitly included in the annual budget;
- initiation and termination of legal disputes, in particular arbitration disputes, the amount in dispute of which exceeds EUR 100,000 in an individual case, with the exception, however, of measures of interim legal protection;
- entering into investments that are not included in the annual investment budget and exceed the annual budget by more than EUR 500,000. Shifts within the investment budget do not require approval.

The Management Board is also required to obtain the prior consent of the Supervisory Board to certain transactions and measures concluded by subsidiaries, if such transactions or measures require consent of the Supervisory Board had they been undertaken by the Issuer**.** In addition, the Supervisory Board may make other transactions and measures subject to its prior consent by amending the rules of procedure of the Management Board or through a resolution of the Supervisory Board.

In urgent cases, the Executive Board may act without the prior consent of the Supervisory Board if and to the extent that this appears necessary at its due discretion to avoid imminent serious disadvantages for the Company. In this case, the supervisory board shall be informed immediately of the measures taken and the reasons for the urgency.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Issuer. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Issuer and its shareholders, employees and other stakeholders. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Issuer for any damage the Issuer has incurred.

Under German law, shareholders generally have no right to directly assert claims against members of the Management Board or Supervisory Board if they believe that such members have violated their duties to the Issuer (i.e., only the Issuer has the right to enforce such claims against the members of the Management Board or Supervisory Board). With respect to claims against members of the Management Board, the Issuer is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Issuer is represented by the Management Board. The Federal Supreme Court (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Management Board if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Issuer conflict with the pursuit of such claims and outweigh the interests of the Issuer asserting such claims against members of the Management Board.

If either the Supervisory Board or the Management Board decides not to pursue claims of the Issuer against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The Issuer's shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Issuer's share capital or a pro rata share of EUR 1 million in the Issuer's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Issuer was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1% of the Issuer's share capital or a pro rata share of EUR 100,000 of the Issuer's share capital may under certain conditions assert claims of the Issuer against members of the Management Board or Supervisory Board in their own names. Yet such claims become inadmissible once the Issuer itself files a suit to assert such claims.

In addition, the Issuer's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court shall appoint such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Issuer's share capital or a *pro rata* share of EUR 100,000 of the Issuer's share capital, if there are facts that justify the suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the Issuer's shareholders' meeting has resolved to appoint special auditors, the competent court shall appoint different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Issuer's share capital or a pro rata share of EUR 100,000 of the Issuer's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Via the shareholders' forum of the Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the Issuer Register (*Unternehmensregister*), shareholders and shareholder associations may solicit other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Issuer may only waive or settle claims for damages against members of the Management Board or Supervisory Board if at least three years have elapsed since such claims arose and if the Issuer's shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders whose aggregate shareholdings amount to at least 10% of the Issuer's share capital does not object to such resolution in the minutes of the Issuer's shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Issuer to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Issuer. Any person who uses his influence on the Issuer to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Issuer or its shareholders may be liable to compensate the Issuer and the affected shareholders for the resulting losses. Moreover, in this context, the members of the Management Board and Supervisory Board are jointly and severally liable in addition to the person using his influence if such members acted in breach of their duty of care towards the Issuer.

17.2 Management Board

17.2.1 Overview

Under the Articles of Association, the Management Board comprises at least two members. The Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board may appoint members of the Management Board for a maximum term of up to five years. Reappointments or extensions, each for a maximum term of up to five years, are permissible.

The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the relevant member's term for good cause (*wichtiger Grund*) (e.g., a gross breach of fiduciary duties, inability to properly manage the Issuer or if the Issuer's shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons).

If the Management Board has only two members, it has a quorum if all its members take part in the voting, and if it has three or more members, if at least half of its members take part in the voting.

The Issuer is represented towards third parties and in court proceedings by two members of the Management Board or a member of the Management Board jointly with an authorized representative (*Prokurist*). If the Supervisory Board has authorized a single member of the Management Board to represent the Issuer alone, such member may solely represent the Issuer towards third parties.

Additional provisions regarding, inter alia, the composition of the Management Board, the duties of its members, the overall responsibility of the Management Board, the allocation of responsibilities for particular functions and the Management Board's internal organization are set forth in the rules of procedure of the Management Board, which will be adopted by the Supervisory Board upon the successful Listing.

17.2.2 Members of the Management Board

The following table sets forth the current members of the Management Board, their respective age and responsibilities and the duration of their remaining term:

Name	Age	First appointed	Appointed until	Responsibilities
Karlheinz Gast	64	2021[(1)]	2026	Chief Executive Officer
Thomas Milz	56	2021[(1)]	2026	Chief Product Officer

[(1)] Before: Served as managing director (*Geschäftsführer*) of the Issuer's sole operating company, APONTIS PHARMA Deutschland GmbH & Co. KG.

The members of the Management Board may be reached at the Company's offices at Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany, (telephone: +49 2173 8955 1540.

Below are summaries of the curricula vitae of the current members of the Management Board, with indications of their principal activities outside the Company to the extent that those are significant with respect to the Company.

Karlheinz Gast

Karlheinz Gast was born in Landau, Germany, on May 21, 1956. He holds a degree in Physics and Sport from the University Karlsruhe and received his teaching degree for these two subjects, the Second State Exam in Speyer. Mr. Gast started his professional career in 1986 at KLINGE PHARMA where he held several positions until 1995. In 1986, he began his career as a sales representative. In 1988, he became Junior Product Manager, Respiratory. In 1989, he was promoted to Product Manager, Respiratory and Group Product Manager, Respiratory. From 1991 to 1995 he held the position of Head of Business Unit Respiratory. In 1995, Mr. Gast transferred to Asta Medica, where he was Head of Business Unit Cardiovascular. He joined Schwarz Pharma Deutschland GmbH as Sales Director in 1997. From 2008 until 2010 he was the Senior Director of the Business Unit Internal Medicine and became the General Manager of this unit from 2010 to 2016. Since 2018 he has held the position of CEO at APONTIS PHARMA Deutschland GmbH & Co. KG.

The following table shows the positions that Mr Gast holds or has held as a member of a management, administrative, or other supervisory body or senior management in companies or as a partner in partnerships outside the Group in the last five years, as well as select positions Mr. Gast currently holds in companies within the Group:

Positions Held in Companies and Partnerships outside the Group within the last five Years	Select Positions Held in Companies and Partnerships within APONTIS PHARMA and predecessor companies within the last five Years
• none	• Managing Director APONTIS PHARMA Deutschland GmbH & Co. KG* • Managing Director UCB Pharma GmbH • Senior Director Business Unit Internal Medicine at Schwarz Pharma Deutschland GmbH

* Position is currently held.

Thomas Milz

Thomas Milz was born on July 22, 1964 in Neuss, Germany. Mr. Milz holds a degree in Business Economics from the University of Applied Sciences (Fachhochschule) Düsseldorf. He joined Schwarz Pharma as a Marketing Trainee in 1991. From 1993 – 1996 he was Product Manager for Prostavasin® at Schwarz Pharma and from 1996 – 1997 he left Schwarz Pharma and held the position of Product Manager for Prescriptions at Madaus AG, located in Cologne. He returned to Schwarz Pharma in 1997 as Head of Product Management for Vascular Diseases and in 1998 additionally Allergy where he became Head of Marketing in 1999. In 2007 he took up the position of Director of Strategic Projects & Market Access at UCB Pharma and was in this function responsible for Germany and temporarily for several European countries like Austria, Switzerland, Czech Republik, Slovakia and Hungaria. He continued in this position in from 2017- 2018 at UCB Innere Medizin Gmb H& Co. KG and has held it since 2019 at APONTIS PHARMA Deutschland GmbH & Co. KG.

Positions Held in Companies and Partnerships outside APONTIS PHARMA within the last Five Years	**Select Positions Held in Companies and Partnerships within APONTIS PHARMA and predecessor companies within the last Five Years**
• none	• Director at APONTIS PHARMA Deutschland GmbH & Co. KG, Strategical Business Development & Market Access and Management Team Member* • Director Strategical Business Development & Market Access, UCB Innere Medizin GmbH & Co. KG

* Position is currently held.

17.2.3 Senior Management

The Issuer has determined that the following senior executives of APONTIS PHARMA are “senior managers” due to their specialisation and responsibilities within APONTIS PHARMA.within the meaning of Item 12.1(d) of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/200

Dr. rer. nat. Susanne Endreß

Mrs. Dr. rer. nat. Susanne Endreß was born on October 9, 1965 in Birkenfeld, Germany. Dr. Endreß holds a degree in pharmacy from the University of Frankfurt and received her certification as pharmacist in 1989. From 1990 until 1994 she worked on her doctoral thesis at the University of Mainz and received her doctorate degree in natural sciences in 1994. In 1994 she worked as a consultant for the project „Visit and advice of the National Drug Quality Control Laboratoiy of Syria", directed by the Deutsche Gesellschaft fürTechnische Zusammenarbeit (GTZ); Damascus/Syria and Frankfurt. In 1995 she became Manager of International Regulatory Affairs at Merz + Co. She transferred to Sanavita Gesundheitsmittel GmbH & Co. KG as a Head of regulatory and Medical Affairs in 1997. In 1998 she was appointed Manager of Regulatory Affairs at UCB GmbH where she subsequently held the positions of Head of Regulatroy Affairs, Drug Safety and Quality Assuarance (2000 – 2007) and the additional function as Qualified Person for Pharmacovigilance for UCB GmbH and Rodleben Pharma GmbH (2001 - 2007). Dr. Endreß then took up the position of Head of Local Marketed Products from 2007 – 2008 at UCB Global Regulatory Affairs and then became the Head of Regulatory Affairs and Quality Assurance of UCB Pharma GmbH from 2008 – 2016. In 2016 she was appointed Director of Quality Assurance, Drug Safety and Regulatory Affairs at APONTIS PHARMA and held the additional function of as deputy QPPV and was the responsible person for wholesale distribution, the position she holds to date.

Positions Held in Companies and Partnerships outside APONTIS PHARMA within the last Five Years	**Select Positions Held in Companies and Partnerships within APONTIS PHARMA within the last Five Years**
• none	• Director of Quality Assurance, Drug Safety and Regulatory Affairs at APONTIS PHARMA Deutschland GmbH & Co. KG*

* Position is currently held.

Dr. med. Olaf Randerath

Dr. med Olaf Randerath was born on August 5, 1960 in Leverkusen, Germany. He holds a degree of medicine from Cologne University and received his doctorate in 1993. In 1998 he specialised in Sports Medicine. He started his professional career in 1989 working as a Medical scientific assistant at the Department of Internal Medicine II at the Cologne University Hospital. He then held the same position at the Medical Microbiology and Hygiene Department (1992 -1998) and was the Depeuty of the Hospital Hygiene Department 1993 -1998). In 1998 he joined Schwarz Pharma as a Local Trial Manager until 1999 and was later appointed Head of Clinical Development from 1999 to 2002. He became Head of CNS New Products Medical Affairs at Schwarz Pharma where he took the position of Head of MSL Movement Disorder in 2008 as well as Head of Therapeutic Area RLS/Sleep Disorders from 2008 until 2009. From 2009 until 2011 he was the Senior Medical Advisor at Octapharma GmbH. In 2011 he returned to UCB Pharma as Associate Medical Director Internal Medicine. In 2013 he was promoted to Head of Medical Affairs Internal Medicine and became Medical Director in 2015. Since 2019 he is Medical Director at APONTIS PHARMA Deutschland GmbH & Co. KG.

Positions Held in Companies and Partnerships outside APONTIS PHARMA within the last Five Years	Select Positions Held in Companies and Partnerships within APONTIS PHARMA within the last Five Years
• none	• Medical Director at APONTIS PHARMA Deutschland GmbH & Co. KG* • Head of Medical Affairs Internal Medicine at APONTIS PHARMA Deutschland GmbH & Co. KG

* Position is currently held.

Dr. Matthias Wendl

Dr. Matthias Wendl was born on March 24, 1973. He holds a degree in medicine from the Rheinische-Friedrich-Wilhelms Univervisty Bonn. He started his professional career as an Assistant Physician Internal Medicine in 2001 at the St. Elisabeth/St. Petrus Hospital Bonn. In 2002 he took up a position as Medical and Product Manager Gastroenterology at Schwarz Pharma GmbH. In 2006 he was appointed Product Manager Neurolgy at Janssen-Cilag GmbH and was promoted to Executive Product Manager Neurology in 2009. He started working at Achimedes Pharma GmbH as Head of Marketing Pain Care Management/Oncology in 2010. From 2011 until 2013, he was Head of Product Group Respiratory/Hypertension/Urology at UCB Pharma GmbH. At UCB Pharma GmbH he then held the positions of Medical Director Rheumatology (2013), Associate Director Strategic Projects (2013 – 2016), Head of Sales Region North-East Germany (2014 – 2016), Director of Sales (2016- 2018). Since 2019 he has held the position of Sales Director at APONTIS PHARMA Deutschland GmbH & Co. KG.

Positions Held in Companies and Partnerships outside APONTIS PHARMA within the last Five Years	Select Positions Held in Companies and Partnerships within APONTIS PHARMA within the last Five Years
• none	• Director Sales at APONTIS PHARMA Deutschland GmbH & Co. KG* • Head of Sales Region North-East Germany at APONTIS PHARMA Deutschland GmbH & Co. KG* • Senior Assistant Director Strategic Projects at APONTIS PHARMA Deutschland GmbH & Co. KG*

* Position is currently held.

Harald Weyand

Harald Weyand was born on November 29, 1960 in Trier. He has a diploma in business administration from the University in Trier. He started as JuniorProduct Manager at SANOL GmbH in 1991 and was promoted to Product Manager in 1992 and then to Head of Product Group "ferro-sanol" Portfolio and "Migräne" (1992 – 1995). From 1995 until 1998 he was Head of Product Management SANOL and Product Management "Dynacil" at Schwarz Pharma. At Schwarz Pharma he then held the positions of Head of Product Management Gastroenterology and Cardio Vascular (1998 – 2004), Head of Product Management Vascular Disease Health Politic and Patient Access (2004 - 2010). At UCB Innere Medizin GmbH he held the positions of Associate Director Vascular Disease/Diabetes (2010 – 2013) and Director of Marketing (2013 – 2018). Since 2019 he has been the Director of Marketing at APONTIS PHARMA Deutschland GmbH & Co. KG.

Positions Held in Companies and Partnerships outside APONTIS PHARMA within the last Five Years	Select Positions Held in Companies and Partnerships within APONTIS PHARMA within the last Five Years
• none	• Director of Markeing at APONTIS PHARMA Deutschland GmbH & Co. KG* • Director of Marketing at UCB Innere Medizin

* Position is currently held.

17.2.4 Remuneration of the members of the Management Board and Senior Management

Each member of the Management Board and the Senior Management has entered into a service agreement with the Issuer governed by German law and based on substantially similar terms which will come into force on the date of the Listing and substitute the current service agreements ("**Post-Listing Service Agreements**"). The Post-Listing Service Agreements are set to expire after a period of three years following the Listing. Under the Post-Listing Service Agreements, the remuneration system for the members of the Management Board and the Senior Management reflects the long-term strategic objectives of the Issuer and the responsibilities of the members of the Management Board and the Senior Management as well as the scope of their roles, taking into account each member's level of experience. The remuneration of the members of the Management Board and the Senior Management comprises fixed and variable components, with all payouts made in gross amounts. The aggregate annual bonus for the members of the Management Board and the Senior Management for the fiscal year 2020 amounted to EUR 212 thousand on the basis of the consolidated financial statements.

Fixed compensation

The members of the Management Board and the Senior Management receive a fixed base compensation in cash which is paid in twelve equal installments as a monthly salary. The aggregate annual fixed compensation for the members of the Management Board and the Senior Management for the fiscal year 2020 amounted to EUR 1,018 thousand on the basis of the consolidated financial statements.

Short-term incentive (annual bonus)

All members of the Management Board members of the Management Board and the Senior Management are entitled to receive a short term-incentive in the form of an annual bonus, depending on the Issuer's financial and strategic performance, of up to EUR 312 thousand although it is at the discretion of the Supervisory Board to reward overperformance.

Long-term incentive plan

The members of the Management Board and the Senior Management will further participate in a long-term incentive plan established in April 2021 ("**LTI-Plan 2021**"). Under this four-year LTI-Plan 2021, LTI Units created from a target amound in relation to the share price at issuance are granted to the participants of the LTI-Plan 2021. The LTI Units grant entitlement to a certain amount in EUR according to the share price at the end of the programme. This entitlement can be fulfilled by the issuance of shares or in cash. In the case of cash settlement, participants are obliged to incest net amounts in shares of the Company.

IPO bonus

The members of the Issuer's Management Board and Senior Management will receive an IPO bonus in case of a successful completion of the Offering. The aggregate amount to be paid to the Issuer's Management Board and Senior Management under this IPO bonus scheme amounts to EUR 2,500 thousand, of which 50% will be borne by the Issuer and 50% will be borne by the Selling Shareholder.

Other benefits

Each member of the Management Board and the Senior Management receives additional benefits, including contributions to the Management Board members' (private or statutory) health instance premiums (equivalent to the statutory employer's contributions to statutory health insurance, aggregated amount for the completed financial year 2020: EUR 30,028), and a monthly gross amount corresponding to the employer's contribution to the statutory pension and unemployment insurance (aggregated amount for the completed financial year 2020: EUR 52,164), company cars (aggregated monetary benefit amount for the completed financial year 2020: EUR 32,676) and reimbursements of out-of-pocket expenses, including travel expenses, properly and reasonably incurred by a members of the Management Board and the Senior Management in the course of his services in accordance with the applicable guidelines and policies of the Issuer.

Furthermore, the members of the Management Board and the Senior Management are covered by the Issuer's D&O insurance. The Issuer believes that the terms of this insurance policy are in line with market practice (see "*12.10 Insurance*"). In addition, we plan to amend shortly following the Offering the existing D&O insurance cover for the aforementioned persons to the extent that it also applies in view of the Listing.

17.2.5 Shareholdings of the members of the Management Board

Immediately prior to the completion of the Offering, Karlheinz Gast indirectly holds 1.6 % of the Issuer's share capital and voting rights and Thomas Milz indirectly holds 1.6 % of the Issuer's share capital and voting rights. The members of the Senior Management hold an aggregate of 5.3% and the Supervisory Board member Dr. Christopher Friedel holds further 0.7% of the Issuer's share capital and voting rights through their respective shareholding in Boost KG.

17.3 Supervisory Board

17.3.1 Overview

In accordance with Sections 95 and 96 AktG as well as Section 9 para. 1 of the Articles of Association, the Supervisory Board comprises five members. All of the members are appointed by the Issuer's shareholders' meeting and represent the shareholders.

According to the Articles of Association, members of the Supervisory Board may be elected for a maximum term lasting until the end of the shareholders' meeting which resolves on the discharge (*Entlastung*) of the relevant members of the Supervisory Board for the fourth financial year after the commencement of the term of office. The financial year in which the term of office commenced is not counted towards the aforementioned number of four years. For members of the Supervisory Board who leave office before the end of their term, a successor must be elected for the remaining term of the leaving member, unless the Issuer's shareholders' meeting specifies a different term for such successor. Reelections of members of the Supervisory Board are permissible.

When electing members of the Supervisory Board, the shareholders' meeting may also appoint substitute members who replace any members of the Supervisory Board leaving their office before the end of their term. Unless stipulated otherwise in the election, the substitute members, in the order of their election, replace members of the Supervisory Board ending their term prematurely which were elected by the same shareholders' meeting. In such case, the office of the substitute member ends once a successor for the former member of the Supervisory Board is elected through a by-election. Otherwise, the term of office corresponds to the remaining term of office of the former member. If the term of office of the substitute member ends due to a by-election, the substitute member regains its previous position as a substitute member for other members of the Supervisory Board.

The Supervisory Board elects a chairman and a deputy chairman from amongst its members to serve for the duration of those members' terms, unless a shorter period is determined at the time of their respective election. If the chairman or his deputy leaves office before the end of his term, the Supervisory Board must hold a new election without undue delay.

Each member of the Supervisory Board may resign from office with or without cause by giving written notice one month in advance to the chairman of the Supervisory Board or, in the event the chairman resigns, to the deputy chairman of the Supervisory Board.

Meetings of the Supervisory Board are generally called at least five calendar days in advance by the chairman of the Supervisory Board. Notice of meetings may be given in writing, by telefax, per e-mail or other common means of telecommunication. In urgent cases, the chairman may shorten this period and may call the meeting orally or by telephone.

The Articles of Association and the rules of procedure of the Supervisory Board provide that resolutions of the Supervisory Board are generally passed in meetings. Meetings of the Supervisory Board may also be held in the form of a video or telephone conference or individual members of the Supervisory Board may be connected to the meetings via video or telephone, and in such cases, resolutions may also be passed by way of telephone or video conference. Absent members of the Supervisory Board or members who do not participate in, or are not connected to, the telephone or video conference can also participate in the passing of resolutions by submitting their votes in writing through another Supervisory Board member. In addition, they may also cast their vote prior to or during the meeting or following the meeting within a reasonable period as determined by the chairman of the Supervisory Board in oral form, by telephone, by telefax, by email or any other customary means of communication. Objections to the form of voting determined by the chairman of the Supervisory Board are not permitted. Resolutions may also be passed outside of meetings in writing, by telefax, email or any other comparable means of communication, whereas the aforementioned forms may also be combined, at the order of the chairperson of the Supervisory Board if preceded by reasonable notice or if all members of the Supervisory Board participate in the adoption of the resolution. Members who abstain from voting are considered to take part in the resolution.

The Articles of Association and the rules of procedure for the Supervisory Board provide that the Supervisory Board has a quorum if at least half of the members of which it has to consist of in total take part in the voting. Absent members of the Supervisory Board or members who do not participate or are connected via telephone or via other electronic means of communication (especially via video conference), and who cast their vote in the aforementioned ways as well as members who abstain from voting, are considered to take part in the voting for purposes of the required quorum. Resolutions of the Supervisory Board are passed, unless otherwise provided by mandatory law, by a simple majority of the votes cast. For purposes of passing a resolution, abstentions do not count as votes cast. If a vote in the Supervisory Board results in a tie, the chairman of the Supervisory Board has the deciding vote. This right does not apply to the deputy chairman of the Supervisory Board.

The Supervisory Board must adopt rules of procedure and may form committees in accordance with applicable laws and the Articles of Association. The Supervisory Board determines the composition, competences and procedures of such committees, if any. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to the chairman, to any of the Supervisory Board member(s) or to any committee(s) established from amongst its members. The rules of procedure of the Supervisory Board will be adopted upon the successful Listing.

17.3.2 Members of the Supervisory Board

The following table sets forth the current members of the Supervisory Board, their respective age and responsibilities, and the duration of their remaining term:

Name	Age	First appointed	Appointed until	Responsibilities
Christian Bettinger	36	2021	2022	Member of the Supervisory Board
Dr. Edin Hadzic	50	2021	2022	Chairman of the Supervisory Board
Dr. Matthias Wiedenfels	47	2021	2022	Deputy Chairman of the Supervisory Board
Dr. Christopher Friedel	52	2021	2022	Member of the Supervisory Board
Olaf Elbracht	56	2021	2022	Member of the Supervisory Board

Christian Bettinger

Christian Bettinger was born in Kirchen, on January 29, 1985. He holds a Bachelors degree in Business Administration form the University of Applied Science Ingolstadt and a Masters degree in Business Administration from Harvard Business School. He started his professional career at Siemens AG in an apprenticeship programme (2005 to 2008). From 2008 to 2011 he worked at McKinsey & Company. At McKinsey, he conducted strategic and operational analyses and worked for clients in the chemicals, technology, insurance and banking industries. From 2013 to 2014 he held a position as Head of Strategy/Data/Project Management at CLIQZ (TECHNOLOGY STARTUP). At this firm he was responsible for product and go-to market strategy. Since 2014 he has been working at Paragon Partners where he has been promoted to Principal in 2018.

Alongside his office as a member of the Supervisory Board, Christian Bettinger is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside the Issuer:

Currently:

- Managing Director, at FCK Holding GmbH
- Managing Director, at SCUR Alpha 370 GmbH
- Managing Director, at PP Chemical Services GmbH
- Managing Director, at PP Live Entertainment AcquiCo GmbH
- Managing Director, at PP Live Entertainment GmbH
- Managing Director, at PP Packaging GmbH
- Managing Director, at PP Optik HoldCo GmbH
- Managing Director, at PP Media Holding GmbH
- Managing Director, at PP Media MidCo GmbH
- Managing Director, at PP Media FinCo GmbH
- Managing Director, at Rental Holding GmbH
- Managing Director, at Virotech Diagnostics Holding GmbH*
- Member of the Supervisory Board, at inprotec AG

* Virotech Diagnostics Holding GmbH is in the process of liquidation after its only operating subsidiary was sold and the proceeds of the sale were distributed to the shareholders of Virotech Diagnostics Holding GmbH.

Previously

- From July 26, 2018 to April 7, 2021, Managing Director, at PP Pharma HoldCo GmbH
- From April 25, 2020 to October 2, 2020, Managing Director, at PP Media AcquiCo GmbH
- From July 23, 2019 to September 6, 2019, Managing Director, at PP Optik AcquiCo GmbH
- From April 23, 2020 to August 26, 2020, Managing Director, at PP Media Immobilien GmbH
- From August 3, 2018 to October 12, 2018, Managing Director, at PP Apontis Pharma GmbH
- From June 26, 2019 to July 25, 2019, Managing Director, at Kölnton Holding GmbH
- From June 26, 2019 to September 23, 2019, Managing Director, at Duo Plast Beteiligungs GmbH
- From March 3, 2020 to October 1, 2020, Managing Director, at WEKA Group GmbH
- From September 19, 2017 to November 9, 2017, Managing Director, at PP Silvretta TopCo GmbH (PP Safety HoldCo)
- From September 18, 2017 to November 14, 2017, Managing Director, at Condecta Holding GmbH (PP Safety AcquiCo)
- From April 16, 2020 to September 8, 2020, Managing Director, at PP AT GmbH
- From June 23, 2020 to July 2020, General Director, at PP Media Admin FR
- From June 2, 2020 to July 2020, General Director, at PP Media Holding FR
- From October 7, 2020 to February 26, 2021, Formal Advisory Board, 1. FC Kaiserslautern Management GmbH
- From October 7, 2020 to February 26, 2021, Member of the Supervisory Board, at FCK e.V.

Other than that, he is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside the Issuer.

Dr. Edin Hadzic

Dr. Edin Hadzic was born on July 24, 1970. He holds a Masters degree in Finance and Econmics from the University of Mannheim and a PhD in International Taxation. He started his professional career in 1995 at Arthur Andersen where he was responsible for freelance assignments on development and implementation of financial models on restructuring/merger projects in cooperation with McKiney, Bain and Roland Berger. From 1997 – 1999 he worked at Drueker & Co. as an associate. At Druecker & Co., he was responsible for project management of numerous national and cross-border M&A transactions. In 2004 he took up a partner position at Triton Partners. There he was responsible for planning and execution of deal sourcing initiatives in Germany, shortly after inception of Triton in Germany where he spearheaded the sector related sourcing initiatives and led firm wide efforts in media industry. Since 2004 he has been working at Paragon Partners of which he is a founding partner.

Alongside his office as a member of the Supervisory Board, Dr. Edin Hadzic is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside the Issuer:

Currently:

- Managing Director, at Paragon Partners.
- Managing Director, at Paragon Partners GmbH
- Managing Director, at Paragon GP II GmbH
- Managing Director, at Paragon GP GmbH
- Managing Director, at Paragon Capital Management GmbH
- Managing Director, at The Paragon Partners Fund I GmbH & Co.KG
- Managing Director, at The Paragon Partners Fund II GmbH & Co.KG
- Managing Director, at The Paragon Partners Fund III GmbH & Co.KG
- Managing Director, at PP Investment Verwaltungs GmbH

- Managing Director, at PP Investment GmbH & Co. KG
- Managing Director, at MINGA FAMILIENHOLDING GmbH
- Managing Director, at MINGA Vermögensverwaltungs GmbH & Co. KG
- Managing Director, at MINGA Verwaltungs GmbH
- Managing Director, at HY-LINE Verwaltungs GmbH
- Managing Director, at PP MPP Verwaltungs GmbH
- Managing Director, at PP Packaging GmbH
- Managing Director, at PP Welding HoldCo GmbH
- Managing Director, at Castolin Eutectic Holding GmbH
- Managing Director, at PP Media Holding GmbH
- Managing Director, at PP Media MidCo GmbH
- Managing Director, at PP Media FinCo GmbH
- Managing Director, at Blitz 20-466 GmbH
- Managing Director, at Blitz 20-465 GmbH
- Managing Director, at LEO Beteiligungs GmbH
- Member of the Supervisory Board, at Duo Plast AG

Previously:

- From July 26, 2018 to April 7, 2021, Managing Director, at PP Pharma HoldCo GmbH
- From April 25, 2020 to October 2, 2020, Managing Director, at PP Media AcquiCo GmbH
- From April 23, 2020 b to August 26, 2020, Managing Director, at PP Media Immobilien GmbH
- From August 3, 2018 to October 12, 2018, Managing Director, at PP Apontis Pharma GmbH
- From June 26, 2019 to September 23, 2019, Managing Director, at Duo Plast Beteiligungs GmbH
- From May 9, 2012 to November 11, 2016, Managing Director, at PSO Pensions GmbH
- From August 15, 2014 to November 8, 2019, Managing Director, at SEMA Lizenz- und Beteiligungs- GMBH
- From March 8, 2017 to March 3, 2020, Managing Director, at Blitz 17-6 GmbH*
- From September 18, 2017 to November 14, 2017, Managing Director, at Condecta Holding GmbH (PP Safety AcquiCo)
- From September 19, 2017 to November 9, 2017, Managing Director, at PP Silvretta TopCo GmbH (PP Safety HoldCo)
- From March 3, 2020 to October 1, 2020, Managing Director, at WEKA Group GmbH
- From April 16, 2020 to September 8, 2020, Managing Director, at PP AT GmbH
- From October 7, 2011 to August 30, 2017, Managing Director, at PP PP LuxCo1 SarlAT GmbH
- From June 2, 2020 to June 2020, Managing Director, at President, at PP Media Holding FR.

* Blitz 17-6 GmbH is in the process of liquidation as part of the ordinary course dissolution of The Paragon Fund I GmbH & Co. KG.

Other than that, he is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside the Issuer.

Dr. Matthias Wiedenfels

Matthias Wiedenfels was born on April 14, 1973 in Kiel, Germany. He holds a law degree as well as PhD in law from the Albert – Ludwigs University Freiburg im Breisgau. From 2002 – 2009 he worked as an attorney at Ashurst LLP in Frankfurt. In 2009 he became Senior Vice President (Legal, Human Resources, Compliance, Risk Management QA/QC) at STADA. In 2013 he became STADA's president of corporate development and central services. From 2016 until 2018 he served as chairman of the board. Currently, Mr. Wiedenfels works as an attorney and business consultant in his own firm. In addition he is Managing Director of Digithep, member of the board at BioMedion AG and member of the supervisory board at Healgen Medical AG.

Alongside his office as a member of the Supervisory Board, Matthias Wiedenfels is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside the Issuer:

Currently:

- Attorney and business consultant at his own firm "Wiedenfels"
- Member of the Supervisory Board, at Healgen Medical AG
- Board Member, at BioMedion AG
- Managing Director, at Digithep GmbH

Previously:

- From June 2016 to November 2018, Member of the Supervisory Board, at Stada Arzneimittel AG
- From May 2013 to June 2016, member of the Supervisory Board at Stada Arzneimittel AG

Other than that, he is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside the Issuer.

Dr. Christopher Friedel

Dr. Christoher Friedel was born on March 25, 1968. He is physician by training, holding a medical and a doctoral degree from the University of Göttingen, Germany. He began his career in 1996 in the surgery department at the Marienhospital in Düsseldorf and in the same year moved on to the University hospital of Dresden, Department of Internal Medicine / Cardiology where he stayed until end of 1999. In January 2000 Dr. Friedel joined Sanofi-Synthelabo to become Medical Manager and quickly moved on to the role of Marketing Manager and Brand Director for the national Thrombosis business. In 2004 he joined GlaxoSmithKline where he stayed 6 years, holding several roles with increasing responsibility in Munich and Paris, including Vice President for the European Thrombosis Business and Vice President for the German Vaccines department.

In 2011 Dr. Friedel moved on to the Biotech-/Biopharmaceutical Industry. Over the past 10 years he acted as Managing Director and Vice President in Germany and DACH for several (US-) Biotechs incl. Human Genome Sciences, Sigma Tau-, Cubist-, Intercept- and Bellicum Pharmaceuticals, mostly setting up these organizations from scratch. In December 2020 he started as Managing Director DACH for EUSA Pharma (Germany) GmbH in Munich.

Olaf Elbracht

Olaf Elbracht was born on February 24, 1965 in Versmold, Germany. He holds a degree in Accounting/Reporting, Tax and Controlling form the University of Paderborn. He passed the tax advisor exam for Germany in 1996 and is a certified accountant in the USA since 1998. He started his professional career in 1983 at H & E Reinert KG. In 1992 he took up a position at Deloitte & Touche. In 1999 he started working at Schwarz Pharma AG as Head of Consolidation and Internal/Management Reporting. He then took up the position of Vice President for Corporate Finance. In 2008 he became Chief Financial officer and as such was responsible for Finance, Accountiung,/Resporting, Controlling and IT. He had a dual responsibility as he also served as Vice President for Accounting, Consolidation and Shared Services (2007 – 2013). From 2013 – 2015 he was the Vice President of Global Business Services Finance at UCB S.A. Brussels. In 2017, he founded Elbracht Consulting.

The members of the Supervisory Board can be reached at the Issuer's office at Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany, (telephone: +49 2173 8955 1540).

17.3.3 Supervisory Board committees

As of the date of the Prospectus, the Supervisory Board has no committees.

17.3.4 Remuneration of the members of the Supervisory Board

Pursuant to Section 11 para. 1 of the Articles of Association, each member of the Supervisory Board receives a fixed annual remuneration of EUR 25,000. The Chairman receives a fixed annual remuneration of EUR 40,000 and the Deputy Chairman receives a fixed annual remuneration of EUR 30,000. The remuneration is due after the end of the shareholders' meeting which receives the annual financial statements for the financial year for which the remuneration is paid or decides on their approval. Christian Bettinger and Dr. Edin Hadzic have waived claim to receive a fixed annual remuneration as members of the Supervisory Board as long as Paragon Fund is a shareholder of the Issuer.

In addition to their fixed remuneration, members of the Supervisory Board are entitled to reimbursements for their out-of-pocket expenses incurred in connection with the performance of their duties. The Issuer also reimburses the members of the Supervisory Board for any value added taxes due on their remuneration and reimbursements for out-of-pocket expenses.

Furthermore, the members of the Supervisory Board are covered by the Issuer's D&O insurance. The Issuer believes that the terms of this insurance policy are in line with market practice (see "*12.10 Insurance*"). In addition, we plan to amend shortly following the Offering the existing D&O insurance cover for the aforementioned persons to the extent that it also applies in view of the Listing.

17.3.5 Shareholdings of the members of the Supervisory Board

Dr. Edin Hadzic holds 33.33% of the share capital of Paragon Partners GmbH, which is the ultimate controlling shareholder of the Issuer via Paragon Fund as one of the Existing Shareholders (see "*14 SHAREHOLDER INFORMATION*"). Paragon Fund is one of the Existing Shareholders and the Issuer's direct controlling shareholder. In addition, Dr. Christopher Friedel is a limited partner (*Kommanditist*) of Boost KG and indirectly holds 0.7% of the Issuer’s share capital through his interest in Boost KG.

17.4 Certain information regarding the members of the Management Board and the members of the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been:

- convicted of fraudulent offenses; or

- associated with any bankruptcy, receivership, liquidation or companies put into administration, acting in its capacity as a member of any administrative, management or supervisory body; or

- the subject of any official public incriminations and/or sanctions have been pending or imposed by statutory or legal authorities, including designated professional bodies; or

- disqualified from acting as a member of the administrative, management, or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer.

The members of the Management Board as well as Dr. Edin Hadzic as member of the Supervisory Board are indirect shareholders of the Issuer (see "*17.2.5 Shareholdings of the members of the Management Board*" and "*17.3.5 Shareholdings of the members of the Supervisory Board*"). To the extent the interests of the Existing Shareholders diverge from those of the Issuer, this would result in a conflict of interests for the members of the Management Board and Dr. Edin Hadzic. Except as disclosed above, there are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board with respect to their duties to the Issuer on the one hand and their private interests, membership in governing bodies of companies, or other obligations on the other.

Neither the members of the Management Board nor the members of the Supervisory Board have entered into a service agreement with the Issuer that provides for benefits upon termination of employment or office.

There are no family relationships between the members of the Management Board and the Supervisory Board, either amongst themselves or in relation to the members of the other body.

17.5 Shareholders' meeting (*Hauptversammlung*)

17.5.1 Convening of the Issuer's shareholders' meeting

Pursuant to Section 175 para. 1 sent. 2 AktG and Section 17 para. 1 of the Articles of Association, the Issuer's annual shareholders' meeting (*ordentliche Hauptversammlung*) must be held within the first eight months of each financial year. At the option of the body convening the shareholders' meeting, the meeting is held either at the registered seat of the Issuer or in a German city having more than 100,000 inhabitants or at a place in Germany located within a radius of 50 kilometers around the registered seat of the Issuer. The Issuer's shareholders' meeting is generally convened by the Management Board. Notice must be issued in the Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting. The day of the meeting and the day of the publication of the convocation in the Federal Gazette (*Bundesanzeiger*) are not taken into account when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see "*17.5.2 Shareholders' rights to participate in the Issuer's shareholders' meeting*").

A shareholders' meeting may also be convened by the Supervisory Board. In addition, shareholders whose aggregate shareholdings amount to at least 5% of the Issuer's share capital or a pro rata share of EUR 325,000 in the Issuer's share capital may request that a shareholders' meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders' forum of the Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the Issuer Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to at least 5% of the Issuer's share capital or a pro rata share of EUR 325,000 in the Issuer's share capital, a shareholders' meeting of the Issuer is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders' meeting of the Issuer.

17.5.2 Shareholders' rights to participate in the Issuer's shareholders' meeting

Pursuant to the Articles of Association, all shareholders of the Issuer who have duly submitted notification of attendance and evidence of their shareholdings are entitled to attend the shareholders' meeting and to exercise their voting rights. The registration for the shareholders' meeting must be received by the Issuer at the address specified in the convening notice at least six days prior to the day of the shareholders' meeting. The convening notice may provide for a shorter period to be measured in days. When calculating this period, the day of the meeting and the day of the receipt of the notice are not taken into account.

The shareholder's registration must be submitted in the German language or English language in writing (*Textform*), or by way of other electronic means as specified by the Issuer in greater detail. The evidence of the shareholding can be submitted in the form of proof prepared by a depository institution in German or English in text form. Such evidence must refer to the beginning of the 21st day prior to the shareholders' meeting (record date) and must be received by the Issuer at the address specified in the convening notice at least six days prior to the meeting, unless a shorter period of time was set forth in the convening notice. When calculating such period, the day of the meeting and the day of the receipt of the notice are not taken into account.

Voting rights may be exercised by proxy. The granting of the proxy, its revocation and the evidence of authorization to be provided to the Issuer must be submitted in text form (*Textform*), unless the convening notice provides for a less strict form. Details on the granting of proxy, its revocation and the evidence to be provided to the Issuer are provided together with the convening notice for the shareholders' meeting. The Management Board may allow shareholders to cast their votes in writing or by electronic communication without attending the shareholders' meeting (absentee vote) and may determine the scope and the procedure of the exercising of rights in such way. The

Management Board may also provide that shareholders may participate in the shareholders' meeting without being present in person at the place of the shareholders' meeting or being represented, and may exercise all or specific shareholders' rights, in full or in part, by electronic communication (online participation).

17.5.3 Conduct of the Issuer's shareholders' meeting

The Issuer's shareholders' meeting is chaired by the chairman of the Supervisory Board or by another member of the Supervisory Board or any other person appointed by the chairman. In the event that neither the chairman of the Supervisory Board nor any other member of the Supervisory Board or other person appointed by the chairman takes over the position of chairman of the shareholders' meeting, the chairman of the Issuer's shareholders' meeting is elected by the members of the Supervisory Board present at the shareholders' meeting. In the event that the Supervisory Board does not elect the chairman of the Issuer's shareholders' meeting, the chairman of the Issuer's shareholders' meeting is elected by the shareholders' meeting under the chairmanship of the shareholder with the highest shareholding present in the shareholders' meeting.

The chairman of the Issuer's shareholders' meeting chairs the proceedings of the meeting and directs the course of the proceedings. In particular, the chairman may exercise rules of order and make use of assistants. The chairman determines the sequence of speakers and the consideration of the items on the agenda as well as the form, procedure and further details of voting. The chairman may also, to the extent permitted by law, decide on the bundling of factually related items for resolution into a single vote. The chairman is further authorized to impose a reasonable time limit on the right to ask questions and to speak. At the beginning of, or at any time during, the shareholders' meeting, the chairman may set a limit on the time allowed to speak or to ask questions, or on the combined time to speak and ask questions. The chairman may also determine an appropriate time frame for the course of the entire shareholders' meeting, for individual agenda items or individual speakers. If necessary, the chairman may close the list of requests to speak and order the end of the debate in the Issuer's shareholders' meeting.

17.5.4 Resolutions of the Issuer's shareholders' meeting

Pursuant to Section 18 para. 4 of the Articles of Association, resolutions of the Issuer's shareholders' meeting are generally passed with a simple majority of the votes validly cast. If a majority of the share capital is required by law, a simple majority of the registered share capital represented at the vote is sufficient, unless a higher majority is required by mandatory law or the Articles of Association.

Pursuant to the AktG, resolutions of fundamental importance (*grundlegende Bedeutung*) mandatorily require a majority of at least 75% of the share capital represented at the vote. Resolutions of fundamental importance include:

- the approval to conclude, amend or terminate enterprise agreements (*Unternehmensverträge*);
- amendments to the corporate purpose of the Issuer;
- the creation of conditional or authorized capital;
- an exclusion of subscription rights as part of a capital increase by the shareholders' meeting or in the context of an issuance of, or authorization to issue, convertible and profit sharing certificates and other profit sharing rights;
- an authorization on the use of treasury shares;
- capital reductions;
- a liquidation of the Issuer or a subsequent continuation of the liquidated Issuer;
- the approval of contracts within the meaning of Section 179a AktG (transfer of the entire assets of the Issuer) and management actions of special significance that require the approval of the shareholders' meeting of the Issuer in compliance with legal precedents;
- an integration of the Issuer into another corporation; and
- any actions within the meaning of the UmwG.

Neither German law nor the Articles of Association limits the rights of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise voting rights associated therewith.

17.6 Corporate governance

Following the Listing, the Issuer will not become subject to the obligation to declare compliance with the recommendations of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex* – "**Code**") pursuant to Section 161 para. 1 AktG. Such obligation requires a listing in a regulated market in Germany. The Issuer also does not intend to voluntarily issue declarations of compliance (*Entsprechenserklärungen*) with the recommendations of the Code. Whereas the Management Board and the Supervisory Board consider a

good corporate governance as important for the Issuer, they believe that such structures can be established in a more flexible manner rather than voluntarily complying with the recommendations of the Code.

18 CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

Related parties of the Issuer include the members of the Management Board and the Supervisory Board, including their close family members, as well as those companies on which members of the Management Board or the Supervisory Board or their close family members can exercise significant influence or hold a significant share of voting rights. In addition, related parties are also companies with which the Issuer forms a group or in which the Issuer holds an interest that enables the Issuer to exercise significant influence, as well as the principal shareholders of the Issuer, including their affiliated companies.

Set forth below is a detailed description of such transactions with related parties for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 and up to and including the date of the Prospectus.

18.1 Transactions with other related companies

On September 28, 2018, the Issuer's wholly owned subsidiary PP Apontis Pharma GmbH as borrower entered into German-law governed a loan agreement with The Paragon Fund as lender (the "**Shareholder Loan**"). The principal amount of the Shareholder Loan amounts to EUR 12.25 million and matures on December 31, 2027. On February 21, 2019, The Paragon Fund partially assigned the Shareholder Loan claim to Supervisory Board member Dr. Christopher Friedel in the amount of EUR 0.1 million. This assignment agreement is governed by German Law. The Shareholder Loan has an interest rate of 6% p.a. and shall be repaid upon maturity together with any interest accrued thereon. The Shareholder Loan has a so-called payment in kind toggle feature, which allows the borrower PP Apontis Pharma GmbH to elect the capitalization of interest for any interest period (other than the interest period immediately prior to maturity), thereby increasing the outstanding loan amount with the amount of the interest accrued on the Shareholder Loan. It is intended to partially use the proceeds from the sale of the New Shares to repay the Shareholder Loan following the Offering (please refer to "*Reasons for the Offering and use of Proceeds*" for further details.

Other than as in connection with the Shareholder Loan, no material transactions have taken place between the Issuer or any of its consolidated subsidiaries and a related company as of the date of the Prospectus.

18.2 Transactions with members of the Management Board and Supervisory Board

18.2.1 Remuneration of the Members of the Management Board

Given that the Management Board was only established during the financial year ending 2021, the members of the Management Board have not received any annual remuneration.

For a description of the current remuneration of the members of the Management Board, see "*17.2.3 Remuneration of the members of the Management Board*".

For a description of the current indirect shareholding of the members of the Management Board in the Issuer, see "*17.2.4 Shareholdings of the members of the Management Board*".

18.2.2 Remuneration of the Members of the Supervisory Board

Given that the Supervisory Board was only established during the financial year ending 2021, the members of the Supervisory Board have not received any annual remuneration yet.

For a description of the current remuneration and the indirect shareholding of the members of the Supervisory Board, see "*17.3.4 Remuneration of the members of the Supervisory Board*".

19 UNDERWRITING

19.1 General

On April 28, the Issuer, the Selling Shareholder, Hauck & Aufhäuser and M.M.Warburg entered into the Underwriting Agreement relating to the Offering and the Listing.

In the terms of the Underwriting Agreement, Hauck & Aufhäuser agreed to subscribe for and purchase the Offer Shares with a view to offering them to investors in the Offering, acting partly for its own account and acting partly for the account of M.M.Warburg.

The obligations of Hauck & Aufhäuser and M.M.Warburg are subject to various conditions, including (i) the absence of a material event, e.g., a material adverse change in or affecting the business, prospects, management, financial position, shareholders' equity, or results of operations of the Issuer, or a suspension or material limitation in trading in securities generally on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), (ii) receipt of customary certificates and legal opinions, and (iii) the Listing.

Hauck & Aufhäuser and M.M.Warburg have provided and may in the future provide services to the Issuer and the Selling Shareholder in the ordinary course of business and may extend credit to and have regular business dealings with the Issuer and the Selling Shareholder in their capacity as financial institution. For a more detailed description of the interests of the Sole Global Coordinator in the Offering, see "*3.11 Interests of parties participating in the Offering*").

19.2 Commissions

Hauck & Aufhäuser and M.M.Warburg will offer the Offer Shares at the Offer Price. The Issuer will pay Hauck & Aufhäuser and M.M.Warburg a base commission of in total 4.00% of the aggregate gross proceeds of the Offering, each in proportion to the gross proceeds of the Offering they will receive. In addition to this base commission, the Issuer and the Selling Shareholder may pay Hauck & Aufhäuser and M.M.Warburg an additional incentive fee of up to 1.00% of the aggregate gross proceeds of the Offering, each in proportion to the gross proceeds of the Offering they will receive.

The total underwriting commission is expected to amount to approximately EUR 5.69 million (assuming (i) gross proceeds of the Offering of EUR 43,000 thousand to the Issuer, (ii) gross proceeds of the Offering to the Selling Shareholder of EUR 70,735 thousand calculated based on an Offer Price at the mid-point of the Price Range of EUR 18.50 – EUR 24.50, full placement of the Secondary Base Shares and the full exercise of the Upsize Option and Greenshoe Option, and (iii) payment of the discretionary incentive fee in full). The decision to pay any incentive fee and its amount are within the sole discretion of the Issuer and the Selling Shareholder, and such decision must be made and such distribution is to be made 45 calendar days upon completion of the Stabilization Period. The Issuer and the Selling Shareholder also agreed to reimburse Hauck & Aufhäuser and M.M.Warburg for certain expenses incurred by it in connection with the Offering.

19.3 Termination and indemnification

The Underwriting Agreement provides that the Joint Bookrunners may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allotted and listed, up to delivery and settlement. Grounds for termination include in particular:

- a material adverse change in the economic position or the business of the Issuer; and
- an event that has material adverse effects on the financial markets.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations. The Issuer and the Selling Shareholder agreed in the Underwriting Agreement to indemnify Hauck & Aufhäuser and M.M.Warburg against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

19.4 Selling restrictions

The distribution of the Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Issuer, the Selling Shareholder or the Joint Bookrunners to permit a public offering of the Offer Shares anywhere other than in Germany or the transmission or distribution of the Prospectus into any other jurisdiction, where additional actions for that purpose may be required.

Accordingly, neither the Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than in Germany, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In the Private Placement, the Offer Shares will only be offered (i) in the EEA to qualified investors as defined in Article 2 lit. e) of the Prospectus Regulation, (ii) in the United States to QIBs (as defined in Rule 144A under the Securities Act), and (iii) in other countries (except for Canada, Australia and Japan) to institutional investors. Outside the United States, the Shares will be offered only in "off- shore transactions" (in compliance with Regulation S under the Securities Act). In the United States, the Offer Shares will be offered only in private placement transactions to a limited number of QIBs pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

19.4.1 Selling restrictions with respect to the United States

The Issuer does not intend to register either the Offering or any portion of the Offering in the United States, or to conduct a public offering of shares in the United States. The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with securities regulators of individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal requirements. The Offer Shares may only be sold in or into the United States to persons who are reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A, or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other United States legal requirements, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act in relation to the Offer Shares has taken, or may take place. Any offer or sale of Offer Shares in the United States will be made by broker dealers who are registered as such under the United States federal securities laws. Terms used above shall have the meanings ascribed to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act, if such offer or sale does not comply with Rule 144A or another exemption from registration under the Securities Act.

19.4.2 Selling restrictions with respect to the EEA

In the member states of the EEA ("**Relevant States**"), no offer of Offer Shares to the public has been or will be made, except for the offer to the public in Germany (once the Prospectus has been approved by BaFin and published in accordance with the Prospectus Regulation) and any offers of Offer Shares in any Relevant State in accordance with the following exceptions under the Prospectus Regulation:

- to qualified investors as defined in Article 1 para. 4 lit. (a) of the Prospectus Regulation; or
- to fewer than 150 natural or legal persons per Relevant State (other than qualified investors as defined in Article 1 para. 4 lit. (a) of the Prospectus Regulation), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- in any other circumstances falling within Article 1 para. 4 of the Prospectus Regulation.

For the purposes of this Prospectus, the expression "offer to the public" in relation to any Relevant State means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares, including any placing of Offer Shares through financial intermediaries.

19.4.3 Selling restrictions with respect to the UK

In the United Kingdom, this Prospectus is only addressed and directed to:

- investors who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**");
- investors who are high net worth entities falling within Article 49 para. 2 lit. a) through d) of the Order; and
- other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons").

In the United Kingdom, the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire Offer Shares in the United Kingdom will only be engaged in with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

20 TAXATION OF SHAREHOLDERS IN GERMANY

Income received from the shares of the Company is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the investor and the tax laws of the Company's state of incorporation, statutory seat and place of effective management, *i.e.*, Germany, might have an impact on the income received from the shares of the Company.

The following section presents a number of key German taxation principles which generally are or can be relevant to the acquisition, holding, or transfer of shares by a shareholder (an individual, a partnership, or a corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office, or place of management is in Germany) and by a shareholder without a tax domicile in Germany. The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for shareholders. The information is based on the tax laws in force in Germany as of the date of the Prospectus (and their interpretation by administrative directives and courts), as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change – sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative interpretation or application to be correct that differs from the one described in this section.

This section cannot serve as a substitute for tailored tax advice to individual shareholders. Shareholders are therefore advised to consult their tax advisers regarding the tax implications of the acquisition, holding or transfer of shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (*Kapitalertragsteuer*). Only such advisers are in a position to take the specific tax-relevant circumstances of individual shareholders into due account.

20.1 Income Tax Implications of the Holding, Sale, and Transfer of Shares

In terms of the taxation of shareholders of the Company, a distinction must be made between taxation in connection with the holding of shares ("*20.2. Taxation of Dividends*") and taxation in connection with the sale of shares ("*20.3. Taxation of Capital Gains*") and taxation in connection with the gratuitous transfer of shares ("*20.5. Inheritance and Gift Tax*").

20.2 Taxation of Dividends

20.2.1 Withholding Tax

As a general rule, dividends distributed to the shareholder are subject to a withholding tax (*Kapitalertragsteuer*) of 25% and a solidarity surcharge of 5.5% thereon (*i.e.*, 26.375% in total plus church tax, if applicable). This, however, will not apply if and to the extent that dividend payments are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)); in this case no withholding tax will be withheld. However, these payments will reduce the acquisition costs of the shares and may, consequently, result in or increase a taxable gain upon the disposal of the shares (see below "*18.3. Taxation of Capital Gains*"). The assessment basis for the withholding tax is the dividend approved by the shareholders' meeting.

If shares – as it is the case with the shares of the Company – are admitted for collective custody by a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the Act on Securities Accounts (*Depotgesetz*) and are entrusted to such bank for collective custody (*Sammelverwahrung*) in Germany, the withholding tax is withheld and passed on for the account of the shareholders (i) by the domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*), or by the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends to the shareholder or disburses the dividends to a foreign agent, (ii) by the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if the dividends are disbursed to a foreign agent by such central securities depository (*Wertpapiersammelbank*), or (iii) by the Company itself if and to the extent shares held in collective custody (*Sammelverwahrung*) by the central securities depository (*Wertpapiersammelbank*) are treated as so-called "*abgesetzte Bestände*" (stock being held separately) (the "**Dividend Paying Agent**"). Aside from the case of stock being held separately, the Company does not assume any responsibility for the withholding of the withholding tax.

In general, the withholding tax must be withheld without regard as to whether and to what extent the dividend is exempt from (corporate) income tax at the level of the shareholder and whether the shareholder is domiciled in Germany or abroad.

However, withholding tax on dividends distributed to a company domiciled in another Member State within the meaning of Art 2 of the Council Directive 2011/96/EU of November 30, 2011, as amended ("**Parent-Subsidiary Directive**"), may be refunded upon application and subject to further conditions. This also applies to dividends distributed to a permanent establishment of such a parent company in another Member State or to a parent company that is subject to unlimited tax liability in Germany, provided that the participation in the Company is actually part of such permanent establishment's business assets. Further requirements for the refund of withholding tax under the Parent-Subsidiary Directive are that the shareholder has directly held at least 10% of the Company's registered share capital continuously for one year and that a respective application is filed with the German Federal Central Tax Office (*Bundeszentralamt für Steuern, Hauptdienstsitz*

Bonn-Beuel, An der Küppe 1, 53225 Bonn, Germany). If, in the case of a holding of at least 10% of the Company's registered share capital, shares held in collective custody (*Sammelverwahrung*) by the German central securities depository (*Wertpapiersammelbank*) Clearstream are treated as so-called "*abgesetzte Bestände*" (stock being held separately), the German tax authorities will not object when the main paying agent (*Hauptzahlstelle*) of the Company upon presentation of a valid exemption certificate (*Freistellungsbescheinigung*) and of a proof that this stock has been held separately, disburses the dividend without deducting withholding tax. An exemption certificate can be granted upon application (using official application forms) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern)* (at the above address).

With respect to distributions made to shareholders not tax resident in Germany, the withholding tax may be at least partially refunded in accordance with an applicable double taxation treaty Germany has entered into with the respective shareholder's country of residence if the shares neither form part of the assets of a permanent establishment or a fixed place of business in Germany, nor form part of business assets for which a permanent representative in Germany has been appointed. The withholding tax refund is generally granted by the German Federal Central Tax Office (at the above address) upon application in such a manner that the difference between the total amount withheld, including the solidarity surcharge, and the reduced withholding tax actually owed under the relevant double taxation treaty (generally 15.0%) is refunded by the German Federal Central Tax Office. A refund is not required if the Federal Central Tax Office has, upon application on the officially prescribed form, issued an exemption certificate (*Freistellungsbescheinigung*) which documents that the prerequisites for the application of the reduced withholding tax rates have been met. Dividends covered by the exemption certificate of the shareholder are then only subject to the reduced withholding tax rates stipulated in the exemption certificate.

Forms for the reimbursement and the exemption from the withholding at source procedure are available at the German Federal Central Tax Office (at the above address or online at http://www.bzst.bund.de), as well as at German embassies and consulates.

If dividends are distributed to corporations subject to non-resident taxation in Germany, *i.e.*, corporations with no registered office or place of management in Germany and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany nor are part of business assets for which a permanent representative in Germany has been appointed, two-fifths of the tax withheld at the source can generally be refunded even if not all of the prerequisites for a refund under the Parent-Subsidiary Directive or an applicable double taxation treaty are fulfilled. The relevant application forms are available at the German Federal Central Tax Office (at the above address).

The aforementioned possibilities for an exemption from or a refund of withholding tax depend on certain other conditions being met (particularly the fulfillment of specific anti-treaty shopping requirements (Section 50d para. 3 German Income Tax Act)). It should be noted that the German legislator recently announced to modify such requirements and the tax refund procedure in general but is uncertain whether and when such amendments will enacted.

Pursuant to a special rule, the aforementioned withholding tax reliefs, as well as the credit of withholding tax described in the section "*20.2.2. Taxation of Dividends of Shareholders with a Tax Domicile in Germany*" below for shares held as non-business and as business assets will only be granted if the shareholder (i) has been the economic owner of the shares for a continuous period of at least 45 days during the period starting 45 days prior to the date when the dividend becomes due and ending 45 days after such date (the "**Minimum Holding Period**" (*Mindesthaltedauer*)), (ii) has been exposed (if taking into account claims of the shareholder from transactions reducing the risk of changes of the market value of the shares and corresponding claims of related parties of the shareholder) to at least 70.0% of the risk resulting from a decrease-in-value of the shares continuously during the Minimum Holding Period (the minimum change-in-value risk (*Mindestwertänderungsrisiko*)), and (iii) is not obliged to forward (*vergüten*) these dividends, directly or indirectly, in total or to more than 50.0% to another person.

In the event that a shareholder tax resident in Germany does not meet the aforementioned three requirements, three fifths of the withholding tax levied on the dividends (*i.e.,* 15.0% of the dividends) is not creditable, but may, upon application, be deducted when determining the shareholder's taxable income in an assessment procedure. Shareholders who do not meet the requirements but who have, nevertheless, not suffered a withholding tax deduction on the dividends (for example, due to the presentation of a non-assessment certificate) or have already obtained a refund of the taxes withheld, are obliged to notify their competent tax office thereof and to make the payment of an amount corresponding to the amount which would otherwise be withheld; pursuant to the law regarding tax incentives for electric mobility and the amendment of further tax regulations (*Gesetz zur weiteren steuerlichen Förderung der Elektromobilität und zur Änderung weiterer steuerlicher Vorschriften*) that came into force on December 18, 2019, this amount will be equal to 15.0% of the dividends from 2019 onwards. The special rule on the restriction of withholding tax credit does not apply to a shareholder if either (i) his or her amount of dividend income on shares (including shares of the Company) and certain profit participation rights (*Genussrechte*) does not exceed an amount of EUR 20,000 in a given tax assessment period or (ii) he or she has been, upon actual receipt of the dividend, the economic owner of the shares for a continuous period of at least one year, whereby shares of the shareholder acquired first are deemed to be sold first (first in – first out).

In the event that a shareholder not tax resident in Germany does not meet the aforementioned three requirements, a refund of the withholding tax pursuant to a double taxation treaty is not available. This restriction only applies if (i) the applicable double taxation treaty provides for a tax reduction leading to an applicable tax rate of less than 15.0%, (ii) the shareholder is not a corporation that directly holds at

least a participation of 10.0% of the equity capital of the Company and is subject to tax on its income and profits in its state of residence without being exempt, and (iii) the shareholder has not been, upon actual receipt of the dividend, the economic owner of the shares for a continuous period of at least one year, whereby shares of the shareholder acquired first are deemed to be sold first (first in – first out).

20.2.2 Taxation of Dividends of Shareholders with a Tax Domicile in Germany

This section applies to shareholders with a tax domicile in Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

Shares Held as Non-Business Assets

Dividends distributed to shareholders with a tax domicile in Germany whose shares are held as non-business assets form part of their taxable capital investment income, which is subject to a special uniform income tax rate of 25.0% plus solidarity surcharge of 5.5% thereon (*i.e.*, 26.375% in total plus church tax, if applicable). The income tax owed for this dividend income is generally satisfied by the withholding tax withheld by the Dividend Paying Agent (flat-rate withholding tax (*Abgeltungsteuer*)). Income-related expenses cannot be deducted from the shareholder's capital investment income (including dividends), except for an annual lump-sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples and registered partners jointly assessed). However, the shareholder may request that his capital investment income (including dividends) along with his other taxable income be subject to a progressive income tax rate (instead of the uniform tax rate for capital investment income) if this results in a lower tax burden. In this case, income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual lump-sum deduction.

If the withholding tax deduction does not satisfy the tax liability of the shareholder, the withholding tax will generally be credited against the progressive income tax and any excess amount will be refunded if the requirements of the special rule on the restriction of withholding tax credit (see above "*20.2.1. Withholding Tax*") are fulfilled.

Exceptions from the flat-rate withholding tax also apply upon application for shareholders who have a shareholding of at least 25.0% in the Company and for shareholders who have a shareholding of at least 1.0% in the Company and are able to entrepreneurially influence the business activities of the company through professional work for the Company (the latter alternative is applicable for tax assessment periods from 2017 onwards). In this situation, the tax treatment described below at "*20.2.2.2.2. Sole Proprietors*") applies.

For taxpayers subject to church tax, the tax will be withheld by way of an automated procedure and remitted to the religious community levying the tax. Church tax withheld at source may not be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment, but the Dividend Paying Agent may reduce the standard aggregate withholding tax rate of 26.375% (including the solidarity surcharge) by the church tax to be withheld on the dividends. Where shareholders have lodged a timely written objection with the German Federal Central Tax Office (*Bundeszentralamt für Steuern* (at the above address)) (so-called blocking notice (*Sperrvermerk*)) as regards the automated retrieval of data on their religious affiliation, church tax will not be automatically deducted. In this case, a shareholder subject to church tax is obliged to declare the dividends in his income tax return. The church tax on the dividends is then levied by way of a tax assessment.

Shareholders who are subject to German tax residents' taxation and hold their shares as non-business assets may be paid the dividends without deduction of withholding tax if certain prerequisites are met, in particular, if the shareholder has provided a non-assessment certificate (*Nichtveranlagungs-Bescheinigung*) or an exemption instruction (*Freistellungsauftrag*) and the exempt amount indicated therein has not yet been exhausted.

As an exemption, dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)) and are paid to shareholders with a tax domicile in Germany whose shares are held as non-business assets, do – contrary to the above – not form part of the shareholder's taxable income but reduce the acquisition costs for the underlying shares. This results in a higher capital gain in the event of the shares' disposal (see below at "*20.3. Taxation of Capital Gains*"). However, this will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be,) disposal directly or indirectly held at least 1.0% of the share capital of the Company (a "**Qualified Holding**") and (ii) the dividend payment funded from the Company's contribution account for tax purposes exceeds the actual acquisition costs of the shares. In such a case of a Qualified Holding, a dividend payment funded from the Company's contribution account for tax purposes is deemed a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's contribution account for tax purposes exceeds the acquisition costs of the shares. In this case the taxation corresponds with the description in the section "*20.3.1.1. Shares held as Non-Business Assets*" with regard to shareholders maintaining a Qualified Holding.

Shares Held as Business Assets

Dividends from shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the flat-rate withholding tax. However, dividends are generally subject to the withholding tax on capital investment income of 25.0% plus 5.5% solidarity surcharge

thereon, resulting in an aggregate tax rate of 26.375%, plus church tax for individuals, if applicable. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid by the Dividend Paying Agent will generally be credited against the shareholder's income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or refunded in the amount of any excess if the requirements of the special rule on the restriction of withholding tax credit (see above "*20.2.1. Withholding Tax*") are fulfilled. The taxation depends on whether the shareholder is a corporation, a sole proprietor, or a partnership (co-entrepreneurship).

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)) and are paid to shareholders with a tax domicile in Germany whose shares are held as business assets, are generally fully tax-exempt in the hands of such shareholder but reduce the acquisition costs for the underlying shares. To the extent the dividend payments funded from the Company's contribution account for tax purposes exceed the actual acquisition costs of the shares, a taxable capital gain occurs. The taxation of such gain corresponds with the description in the section "*20.3.1.2. Shares held as Business Assets*" made with regard to shareholders whose shares are held as business assets.

20.2.2.1.1 Corporations

If the shareholder is a corporation with a tax domicile in Germany, the dividends are in general effectively 95% exempt from corporate income tax and the solidarity surcharge. 5% of the dividends are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a total tax rate of 15.825%. In other respects, business expenses actually incurred in direct relation to the dividends may be deducted. However, dividends are not exempt from corporate income tax (including solidarity surcharge thereon), if the shareholder only holds a direct participation of less than 10% in the Company's registered share capital at the beginning of the calendar year ("**Portfolio Participation**" – *Streubesitzbeteiligung*). Participations of at least 10.0% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations which a shareholder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the dividends are not subject to trade tax; however, trade tax is levied on the amount considered to be a non-deductible business expense (amounting to 5.0% of the dividend). Trade tax depends on the municipal trade tax multiplier applied by the relevant municipal authority.

Special rules apply to dividends received by companies active in the financial and insurance sectors, as well as pension funds (see "*18.4. Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

20.2.2.1.1.1 Sole Proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60.0% of the dividends are subject to a progressive income tax (plus the solidarity surcharge) at a total tax rate of up to approximately 47.5%, known as the partial income method (*Teileinkünfteverfahren*). The partial income method does not apply with respect to church tax (if applicable). Only 60.0% of the business expenses economically related to the dividends are tax-deductible. If the shares belong to a domestic permanent establishment in Germany of a business operation of the shareholder, the dividend income (after deducting business expenses economically related thereto) is not only subject to income tax but is also fully subject to trade tax, unless the shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In this latter case, the net amount of dividends, *i.e.*, after deducting directly related expenses, is exempt from trade tax. As a rule, trade tax can be credited against the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

20.2.2.1.1.2 Partnerships

If the shareholder is a partnership with a tax domicile in Germany, the income or corporate income tax, as the case may be, and the solidarity surcharge are not levied at the level of the partnership but at the level of the respective partner. The taxation for every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the shareholder will be taxed in accordance with the principles applicable for corporations (see "*20.2.2.2.1. Corporations*"). If the partner is an individual, the taxation is in line with the principles described for sole proprietors (see "*20.2.2.2.2. Sole Proprietors*"). Upon application and subject to further conditions, an individual as a partner can have his personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, the dividends are generally subject to trade tax in the full amount at the level of a commercial or deemed commercial partnership if the shares are attributed to a German permanent establishment of the partnership. If a partner of the partnership is an individual, the portion of the trade tax paid by the partnership pertaining to his profit share will generally be credited, either in full or in part, against his

personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer. Due to a lack of case law and administrative guidance, it is unclear how the rules for the taxation of dividends from Portfolio Participations (see "*20.2.2.2.1. Corporations*") might impact the trade tax treatment at the level of the partnership. Shareholders are strongly recommended to consult their tax advisers.

20.2.3 Taxation of Dividends of Shareholders with a non-German Tax Domicile

Shareholders without a tax domicile in Germany, whose shares are attributable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are liable for tax in Germany on their dividend income. In this respect the provisions outlined above for shareholders with a tax domicile in Germany whose shares are held as business assets apply accordingly (see "*20.2.2.2. Shares Held as Business Assets*"). The withholding tax (including the solidarity surcharge) withheld and passed on will generally be credited against the income or corporate income tax liability or refunded in the amount of any excess if the requirements of the special rule on the restriction of withholding tax credit (see "*20.2.1. Withholding Tax*") are fulfilled.

In all other cases, any tax liability in Germany for dividends received by shareholders resident outside of Germany will be discharged through the withholding of the withholding tax by the Dividend Paying Agent. A refund or exemption is granted only as discussed under "*20.2.1. Withholding Tax*" above.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)) are generally not subject to German taxation.

20.3 Taxation of Capital Gains

20.3.1 Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany

This section applies to shareholders with a tax domicile in Germany (i.e., persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

Shares held as Non-Business Assets

Gains on the disposal of shares acquired by a shareholder with a tax domicile in Germany and held as non-business assets are generally – regardless of the holding period – subject to a uniform tax rate on capital investment income in Germany (25.0% plus the solidarity surcharge of 5.5% thereon, *i.e.*, 26.375% in total plus any church tax, if applicable). The taxable capital gain is equal to the difference between (a) the proceeds of the disposal and (b) the acquisition costs of the shares plus the expenses related directly and materially to the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)) reduce the original acquisition costs; if dividend payments that are funded from the Company's contribution account for tax purposes exceed the acquisition costs, negative acquisition costs – which can increase a capital gain – can arise in case of shareholders, whose shares are held as non-business assets and do not qualify as a Qualified Holding.

Only an annual lump-sum deduction of EUR 801 (EUR 1,602 for married couples and registered partners jointly assessed) may be deducted from the entire capital investments income. It is generally not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains. Losses from the disposal of shares may only be offset against profits from capital investments arising from the disposal of the Company's shares or other shares in stock corporations during the same assessment period or in future assessment periods.

Furthermore, in case of a derecognition or transfer of worthless shares (or other capital assets), the utilization of such loss is further restricted and can only be offset up to the amount of EUR 10,000 per calendar year.

If the shares are held in custody or administered by a domestic credit or financial services institution, domestic securities trading company or a domestic securities trading bank, including domestic branches of foreign credit institutions or financial service institutions, or if such an office executes the disposal of the shares and pays out or credits the capital gains (each a "**Domestic Paying Agent**"), the tax on the capital gains will generally be satisfied by the Domestic Paying Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge) on the capital gain and transferring it to the tax authority for the account of the seller. If the shares were held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire the shares. However, the withholding tax rate of 25% plus the 5.5% solidarity surcharge thereon and any church tax (if applicable), will be applied to 30% of the gross sales proceeds if the shares were not administered by the same custodian bank since acquisition and the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds must, verify the original costs of the shares in his or her annual income tax return.

The church tax deduction for capital gains is performed by way of standardized tax withholding procedure by the Domestic Paying Agent withholding such tax. The principles outlined above for church tax on dividend income (see "*20.2.2.1 Shares Held as Non-Business Assets*") apply accordingly.

The shareholder can apply for his total capital investment income, together with his other taxable income, to be subject to a progressive income tax rate as opposed to the uniform tax rate on investment income, if this results in a lower tax liability. In this case, the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded. Limitations on offsetting losses are applicable. Further, income-related expenses are non-deductible, except for the annual lump-sum deduction.

Shareholders who are subject to German residents' taxation and hold their shares as non-business assets may realize capital gains without deduction of tax on capital investment income and solidarity surcharge if certain prerequisites are met, particularly if the shareholder has provided a non-assessment certificate (*Nichtveranlagungs-Bescheinigung*) or an exemption instruction (*Freistellungsauftrag*) and the exempt amount indicated therein has not yet been exhausted.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Domestic Paying Agent, the shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

In case of a Qualified Holding, the capital gain deriving from the disposal of the shares is not subject to the flat-rate withholding tax, but to the progressive income tax regime. In this case, the partial income method applies to gains on the disposal of shares, which means that only 60.0% of the capital gains are subject to tax and only 60.0% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax is withheld by a Domestic Paying Agent in the case of a Qualified Holding, this does not satisfy the tax liability of the shareholder. Consequently, a shareholder must declare his capital gains in his income tax returns. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the shareholder's income tax liability on his tax assessment (including the solidarity surcharge and any church tax if applicable) or refunded in the amount of any excess.

Shares held as Business Assets

Gains on the sale of shares held as business assets of a shareholder with a tax domicile in Germany are not subject to a uniform withholding tax. Withholding tax may only be withheld if the shares are kept with a Domestic Paying Agent. Subject to certain prerequisites, the tax on capital investment income withheld and remitted to the tax authorities will be imputed towards the shareholder's income tax liability and any excess amount paid will be refunded. Subject to certain requirements, however, the Domestic Paying Agent may refrain from deducting tax on capital investment income if (i) the shareholder is a corporation subject to German residents taxation, an association of individuals or an estate or (ii) the shares form part of the business assets of a business operation in Germany and the shareholders declare such to the Domestic Paying Agent in the officially prescribed form. Should the Domestic Paying Agent nonetheless have withheld tax on capital investment income, the tax withheld and remitted to the tax authorities (including solidarity surcharge and church tax, if applicable) will be credited against the shareholder's personal income tax or corporate income tax liability and any excess amount paid will be refunded.

The taxation of the capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)) reduce the original acquisition costs. In the event of disposal, a higher taxable capital gain can arise therefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise.

20.3.1.1.1 Corporations

If the shareholder is a corporation with a tax domicile in Germany, the gains on the disposal of shares are, in general, effectively 95.0% exempt from corporate income tax (including the solidarity surcharge) and trade tax, regardless of the size of the participation and the holding period. 5.0% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a tax rate amounting to 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the respective municipal authority). As a rule, losses on disposals and other profit reductions in connection with shares (for example, from a write down) cannot be deducted as business expenses.

Special rules apply to capital gains realized by companies active in the financial and insurance sectors, as well as pension funds (see "*20.4. Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

20.3.1.1.2 Sole Proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60.0% of the gains on the disposal of the shares are subject to a progressive income tax (plus the solidarity surcharge) at a total tax rate of up to approximately 47.5% (partial-income

method). Only 60.0% of the losses on the disposal and expenses economically related thereto are tax deductible. The partial income method does not apply with respect to church tax (if applicable). If the shares belong to a German permanent establishment of a business operation of the sole proprietor, 60.0% of the gains of the disposal of the shares are, in addition, subject to trade tax.

Trade tax can be credited towards the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

20.3.1.1.3 Partnerships

If the shareholder is a partnership with a tax domicile in Germany, the income or corporate income tax is not levied at the level of the partnership but at the level of the respective partners. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the gains on the disposal of the shares as contained in the profit share of the partner will be taxed in accordance with the principles applicable for corporations (see "*20.3.1.2.1. Corporations*"). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (partial-income method, see "*20.3.1.2.2. Sole Proprietors*"). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his personal income tax rate for earnings not withdrawn from the partnership.

In addition, gains on the disposal of shares are subject to trade tax at the level of a commercial or deemed commercial partnership, if the shares are attributed to a domestic permanent establishment of a business operation of the partnership: Generally, at 60.0% as far as they are attributable to the profit share of an individual as the partner of the partnership, and, currently, at 5.0% as far as they are attributable to the profit share of a corporation as the partner of the partnership. Losses on disposals and other profit reductions in connection with the shares are currently not considered for the purposes of trade tax if they are attributable to the profit share of a corporation, and are taken into account at 60.0% in the context of general limitations if they are attributable to the profit share of an individual.

If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

20.3.2 Taxation of Capital Gains of Shareholders with a non-German Tax Domicile

Capital gains derived from the disposal of shares by shareholders with no tax domicile in Germany are only subject to German tax if the selling shareholder has a Qualified Holding in the Company or the shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed.

Pursuant to a decision of the German Federal Fiscal Court (*Bundesfinanzhof*) dated May 31, 2017 (Federal Tax Gazette (*Bundessteuerblatt*), part II of 2018, p. 144), in case of a Qualified Holding, the capital gain on the disposal of shares is not subject to German taxation if the shareholder is a corporation which is not tax resident in Germany and neither maintains a permanent establishment nor has appointed a permanent representative in Germany.

If the shareholder is an individual, only 60.0% of the gains on the disposal of the shares are subject to progressive income tax plus the solidarity surcharge thereon and church tax, if applicable. However, most double taxation treaties provide for a partial or full relief from German taxation and assign the right of taxation to the shareholder's country of residence. Where a Domestic Paying Agent is involved, withholding tax on capital gains is generally levied at a rate of 25.0% (plus 5.5% solidarity surcharge thereon, resulting in an aggregate withholding tax rate of 26.375%). However, if (i) the shares are not held through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany and (ii) a Domestic Paying Agent is involved, then, pursuant to a tax decree issued by the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) on January 18, 2016, the Domestic Paying Agent will in general not be required to withhold the tax on capital investment income (plus solidarity surcharge thereon). In the case of a Qualified Holding, the capital gains must be declared in a tax return and will be taxed via an assessment procedure if no exemption under a double taxation treaty or under domestic law applies.

With regard to gains or losses on the disposal of shares belonging to a domestic permanent establishment or fixed place of business, or which are part of business assets for which a permanent representative in Germany has been appointed, the abovementioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply accordingly (see "*20.3.1.2. Shares held as Business Assets*"). The Domestic Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the Domestic Paying Agent on the officially prescribed form that the shares form part of domestic business assets and certain other requirements are met.

20.4 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

If credit institutions (*Kreditinstitute*) or financial services institutions (*Finanzdienstleistungsinstitute*) hold or sell shares that are allocable to their trading portfolio (*Handelsbestand*) pursuant to Section 340e(3) of the German Commercial Code (*Handelsgesetzbuch*), they will neither

be able to benefit from the partial income method nor be entitled to the effective 95.0% exemption from corporate income tax plus the solidarity surcharge and any applicable trade tax. Thus, dividend income and capital gains are fully taxable. The same applies to shares acquired by financial institutions in the meaning of the German Banking Act (*Gesetz über das Kreditwesen*) held in the majority by credit institutions or financial services institutions and where the shares are to be allocated to the current assets (*Umlaufvermögen*) as of the date of acquisition. The preceding sentence applies accordingly for shares held in a permanent establishment in Germany by financial institutions, financial service institutions and financial institutions tax resident in another Member State or in other signatory states of the Treaty on the EEA.

Likewise, the tax exemption described in Section "*20.3.1.2.1. Corporations*" afforded to corporations for dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds.

However, an exemption to the foregoing, and thus a 95.0% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies. In addition, applicable double taxation treaties might provide further relief from German tax, subject to certain prerequisites, *e.g.*, substance requirements and holding periods, being met.

20.5 Inheritance and Gift Tax

The transfer of shares to another person by way of inheritance or gift is generally subject to German inheritance or gift tax if:

(i) the place of residence, habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has, prior to the transfer, not spent more than generally five consecutive years outside of Germany without maintaining a place of residence in Germany;

(ii) the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed; or

(iii) the decedent or the donor, at the time of the succession or gift, held a direct or indirect interest of at least 10.0% of the Company's share capital either alone or jointly with other related parties.

The small number of double taxation treaties in respect of inheritance and gift tax which Germany has concluded to date usually provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, in the cases under (ii). Special provisions apply to certain German nationals living outside of Germany and to former German nationals.

20.6 Abolishment of Solidarity Surcharge

On December 13, 2019, the law regarding a significant reduction of the solidarity surcharge (*Gesetz zur Rückführung des Solidaritätszuschlags 1995*) came into force. Even though, this new law has no impact on the solidarity surcharge levied in addition to the withholding tax, it can affect the solidarity surcharge levied on the income tax liability which the withholding tax is credited against, as the case may be. According to this new law the threshold as of which solidarity surcharge is levied will be significantly increased, so that the solidarity surcharge shall be abolished in full for approximately 90% of the German taxpayers and partly for a further 6.5% of German taxpayers. The new rules apply as of 2021. Shareholders are advised to monitor further future developments.

20.7 Other Taxes

No German capital transfer taxes, value-added-tax, stamp duties, or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares. However, an entrepreneur may opt to subject disposals of shares, which are in principle exempt from value-added-tax, to value-added-tax if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax is currently not levied in Germany.

On February 14, 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax ("**FTT**") to be implemented in Austria, Belgium, France, Germany, Greece, Italy, Portugal, Spain, Slovakia, Slovenia (the "**Participating Member States**") and Estonia, that has stated in 2015 that it will not participate in implementing the proposed FTT.

The Draft Directive has a very broad scope and could, if introduced, apply to certain dealings in the shares (including secondary market transactions) in certain circumstances. The Draft Directive focused on levying a FTT on financial transactions (as defined in the Draft Directive), including the purchase, sale and exchange of financial instruments. Under the Draft Directive, the rate of the FTT would not be lower than 0.1% (0.01% for derivatives), generally based on the amount of the paid or owed consideration or in case of derivatives, the notional amount referred to in the derivatives contract at the time of the financial transaction. The issuance should, however, be exempt.

Since the date of the publication of the Draft Directive, discussions have taken place between the Participating Member States. In its statement dated May 25, 2020, the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) announced that the legal framework for the FTT was well advanced and that it expected the legal framework to be finalized in the second half of 2020. The FTT is furthermore expected to be modelled on the existing French FTT legislation. Consequently, the FTT is expected to apply to the acquisition of shares in domestic companies with a market capitalization of more than EUR 1 billion and at a rate of 0.2%.

Nevertheless, the FTT remains subject to negotiation between the Participating Member States and was (and most probably will be) the subject of legal challenge. It may still be adopted and altered prior to its adoption. Moreover, once any directive has been adopted, it will need to be implemented into the respective domestic laws of the Participating Member States, and the domestic provisions implementing the directive might deviate from the directive itself. Finally, additional Member States may decide to participate in or to dismiss the implementation.

Prospective holders of the shares should consult their own tax advisers in relation to the consequences of the FTT.

21 FINANCIAL INFORMATION

The following English-language annual financial statements are translations of the respective German-language audited annual financial statements of PP Pharma HoldCo GmbH and APONTIS PHARMA GmbH & Co. KG (since April 8, 2021: APONTIS PHARMA Deutschland GmbH & Co. KG).

Audited Statement of Cash Flows and audited Statement of Changes in Equity of APONTIS PHARMA GmbH & Co. KG prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) for the Fiscal Year Ended December 31, 2019 (with comparative financial information for the Fiscal Year Ended December 31, 2018)

Audited Consolidated Financial Statements

of PP Pharma HoldCo GmbH (since April 14, 2021 APONTIS PHARMA AG)

prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*)

as of and for the Fiscal Year Ended December 31, 2020

Consolidated Balance Sheet of PP Pharma HoldCo GmbH, Monheim am Rhein (formerly: Munich),

as of 31 December 2020

A s s e t s

		Balance on 31/12/2020 EUR	Balance on 31/12/2019 EUR
A.	**Fixed assets**		
I.	Intangible assets		
1.	Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	5,413,842.00	6,915,869.00
2.	Down-payments made and intangible assets in development	9,341,640.84	8,738,014.84
		14,755,482.84	15,653,883.84
II.	Property, plant and equipment		
	Other plants, operating and business equipment	41,124.00	67,501.00
III.	Financial assets		
1.	Loan to a shareholder	22,228.02	20,966.58
2.	Securities held as fixed assets	638,660.43	590,657.04
		660,888.45	611,623.62
		15,457,495.29	16,333,008.46
B.	**Current assets**		
I.	Inventories		
	Goods	2,922,510.81	4,184,578.35
II.	Accounts receivable and other assets		
1.	Trade accounts receivable	1,228,422.54	1,095,991.03
2.	Other assets	668,303.44	781,574.11
		1,896,725.98	1,877,565.14
III.	Cash on hand, cash at banks	8,058,801.14	7,386,598.95
		12,878,037.93	13,448,742.44
C.	**Accrued income**	608,065.32	407,835.46
D.	**Deferred tax assets**	747,000.00	396,000.00
		29,690,598.54	30,585,586.36

L i a b i l i t i e s

		Balance on 31/12/2020 EUR	Balance on 31/12/2019 EUR
A.	**Equity**		
I.	Subscribed capital	25,000.00	25,000.00
II.	Capital reserve	6,753,000.00	6,753,000.00
III.	Consolidated balance sheet loss		
1.	Consolidated loss carry-forward (prev. y. – profit carry-forward)	-2,136,843.71	256,546.40
2.	Consolidated loss for the year	-1,182,915.45	-2,393,390.11
		-3,319,759.16	-2,136,843.71
		3,458,240.84	4,641,156.29
B.	**Difference from capital consolidation**	766,689.00	833,045.00
C.	**Provisions**		
1.	Provisions for pensions and similar obligations	2,264,679.00	2,126,323.00
2.	Tax provisions	0.00	51,485.00
3.	Other provisions	4,839,656.81	5,972,719.07
		7,104,335.81	8,150,527.07
D.	**Liabilities**		
1.	Trade accounts payable	3,259,295.67	3,131,901.94
2.	Accounts payable to shareholders	14,010,723.57	13,205,206.00
3.	Other liabilities - of which from taxes: EUR 1,050,200.46 (prev. y. EUR 496,519.08) - of which from social security: EUR 1,133.88 (prev. y. EUR 71.97)	1,091,313.65	623,750.06
		18,361,332.89	16,960,858.00
		29,690,598.54	30,585,586.36

Consolidated Income Statement

of PP Pharma HoldCo GmbH, Monheim am Rhein (formerly: Munich),

for the financial year from 1 January to 31 December 2020

	2020 EUR	2019 EUR
1. Sales revenue	39,240,398.07	40,035,307.01
2. Other operating income	2,638,762.24	1,303,978.06
3. Cost of materials		
Expenses for purchased goods	14,215,287.57	11,063,747.29
4. Personnel expenses		
a) Wages and salaries	13,685,475.28	15,902,594.48
b) Social security expenses and expenses for old-age provision and assistance	2,826,691.75	2,698,531.01
	16,512,167.03	18,601,125.49
5. Amortisation of intangible fixed assets and depreciation of property, plant and equipment	1,654,342.90	569,658.31
6. Other operating expenses	10,111,802.26	13,347,914.27
7. Income from the loan to a shareholder	1,261.44	966.58
8. Other interest and similar income	4,713.42	1,262.67
9. Interest and similar expenses	869,184.43	830,460.74
10. Income tax		
a) Income tax	14,605.40	-118,306.27
b) Deferred taxes	-351,000.00	-602,000.00
	-336,394.60	-720,306.27
11. Earnings after taxes	-1,141,254.42	-2,351,085.51
12. Other taxes	41,661.03	42,304.60
13. Consolidated loss for the year	-1,182,915.45	-2,393,390.11
14. Consolidated loss carry-forward (prev. year profit carry-forward)	-2,136,843.71	256,546.40
15. Consolidated balance sheet loss	-3,319,759.16	-2,136,843.71

Consolidated Cash Flow Statement

of PP Pharma HoldCo GmbH, Monheim am Rhein (formerly: Munich),

for the Financial Year from 1 January to 31 December 2020

			2020 EUR	2019 EUR
1.		Result of the period	-1,182,915.45	-2,393,390.11
2.	+/-	Amortisation / appreciation of fixed assets	1,654,342.90	569,658.31
3.	+/-	Increase / decrease in provisions	-1,057,244.26	384,000.96
4.	+/-	Other non-cash expenses / income	-417,356.00	-611,948.32
5.	-/+	Increase / decrease in inventories, trade accounts receivable and other assets not allocable to investment and financing activities	1,161,119.05	3,579,586.57
6.	+/-	Increase / decrease in trade accounts payable and other liabilities not allocable to investment and financing activities	594,957.32	-2,475,903.18
7.	+/-	Interest expenses / interest income	863,209.57	828,231.49
8.	+/-	Income tax expense / income	14,605.40	-118,306.27
9.	-	Income tax payments	-179,706.61	0.00
10.		**Cash flow from operating activities**	**1,451,011.92**	**-238,070.55**
11.	-	Payments made for investments in intangible fixed assets	-728,626.00	-1,042,256.00
12.	-	Payments made for investments in prop., plant and equipment	-938.90	-8,167.06
13.	-	Payments made for investments in financial assets	-48,003.39	-69,109.56
14.	-	Payments made for additions to consolidated companies	0.00	-269,684.51
15.	+	Interest received	400.42	1,262.67
16.		**Cash flow from investment activities**	**-777,167.87**	**-1,387,954.46**
17.	-	Interest paid	-1,641.86	-2,079.74
18.		**Cash flow from financing activities**	**-1,641.86**	**-2,079.74**
19.		**Cash-effective changes in cash and cash equivalents**	**672,202.19**	**-1,628,104.75**
20.	+	Cash and cash equivalents at the beginning of the period	7,386,598.95	9,014,703.70
21.		**Cash and cash equivalents at the end of the period**	**8,058,801.14**	**7,386,598.95**
		Composition of cash and cash equivalents		
		Liquid funds	8,058,801.14	7,386,598.95

Consolidated Statement of Changes in Equity

of PP Pharma HoldCo GmbH, Monheim am Rhein (formerly: Munich),

for the Financial Year from 1 January to 31 December 2020

	Equity of the parent company												Group equity
	Subscribed capital			Reserves									
	Share capital	Uncalled outstanding contributions	Total	Capital reserve	Retained earnings			Total	Consolidated profit / loss carry-forward	Group profit / loss for the year allocable to the parent company	Total	Total	
				pursuant to Sec. 272 (2) no. 4 of the HGB	Reserves pursuant to the Articles of Association	Other retained earnings	Total						
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
Balance on 31 December 2018	25.000,00	0,00	25.000,00	6.753.000,00	0,00	0,00	0,00	6.753.000,00	0,00	256.546,40	256.546,40	7.034.546,40	
Acc. transf. profit carry-forward	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	256.546,40	-256.546,40	0,00	0,00	
Consolidated loss for the year	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-2.393.390,11	-2.393.390,11	-2.393.390,11	
Balance on 31 December 2019	25.000,00	0,00	25.000,00	6.753.000,00	0,00	0,00	0,00	6.753.000,00	256.546,40	-2.393.390,11	-2.136.843,71	4.641.156,29	
Acc. transfer loss carry-forward	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-2.393.390,11	2.393.390,11	0,00	0,00	
Consolidated loss for the year	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-1.182.915,45	-1.182.915,45	-1.182.915,45	
Balance on 31 December 2020	25.000,00	0,00	25.000,00	6.753.000,00	0,00	0,00	0,00	6.753.000,00	-2.136.843,71	-1.182.915,45	-3.319.759,16	3.458.240,84	

Group Notes

of PP Pharma HoldCo GmbH, Monheim am Rhein (formerly: Munich),

for the Financial Year from 1 January to 31 December 2020

The company PP Pharma HoldCo GmbH (*Amtsgericht* [Local Court of] Düsseldorf, HRB 92340) prepares Consolidated Financial Statements on a voluntary basis. The Consolidated Financial Statements for the financial year from 1 January to 31 December 2020 were prepared according to the provisions of the *Handelsgesetzbuch* [German Commercial Code] (HGB) and the applicable provisions of the *Gesetz betreffend die Gesellschaften mit beschränkter Haftung* [German Limited Liability Companies Act] (GmbHG).

The *Gesamtkostenverfahren* [nature of expense method] was used for preparing the Consolidated Income Statement.

We included in these Group Notes any statements regarding the individual items of the Consolidated Balance Sheet and the Consolidated Income Statement to be made pursuant to the legal provisions, as well as any statements which can either be set out in the Consolidated Balance Sheet or in the Consolidated Income Statement and the Group Notes, to improve the clarity of the presentation. Any information on a co-classification to other items of the Consolidated Balance Sheet is also given herein, for the same reason.

All figures included in these Group Notes are quoted in thousand euros.

Insofar as the disclosures in the break-downs of individual items were changes in the reporting year, the previous year's disclosure was adapted as well, to improve the comparability.

I. Consolidated Companies

3 affiliated companies were included in the Consolidated Financial Statements as fully consolidated companies in addition to PP Pharma HoldCo GmbH.

Consolidated companies as of 31 December 2020 were:

1. PP Pharma HoldCo GmbH, Monheim am Rhein (formerly: Munich), HRB 92340 at the Local Court of Düsseldorf;
2. PP Apontis Pharma GmbH, Monheim am Rhein, registered under HRB 85556 at the Local Court of Düsseldorf;
3. PP Primary Care GmbH, Monheim am Rhein, registered under HRB 73436 at the Local Court of Düsseldorf;
4. APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein, registered under HRA 23282 at the Local Court of Düsseldorf.

100,00 % of the shares in the affiliated company set out under 2. are held by the parent company under 1.; 100.00% of the shares in the affiliated company under 3. are held by the affiliated company under 2.; and 99.01 % of the shares in the affiliated company under 4. are held by the affiliated company under 2. and 0.99 % of which are held by the affiliated company under 3.

II. Reporting Date of the Consolidated Financial Statements

The reporting date of the Consolidated Financial Statements is 31 December 2020 pursuant to Sec. 299 (1) of the HGB.

III. Consolidation Principles

The Consolidated Financial Statements are based on the financial statements of the included companies.

Otherwise, the Group observed the principle of continuity of the consolidation methods in the preparation hereof.

1. Capital Consolidation

Capital consolidation for acquisition transactions is made according to the revaluation method pursuant to Sec. 301 (1) sentence 2 of the HGB. For acquisition transactions, the value recognised for shares owned by the parent company is set off with the amount of the subsidiaries' equity allocated to these shares. Under the revaluation method, the equity shall be recognised at the amount corresponding to the fair value of the assets, debts, accruals and special items to be included in the Consolidated Financial Statements on the date of their initial consolidation. Provisions shall be measured according to the provisions of Sec. 253 (1) sentences 2 and 3, (2) of the HGB and deferred taxes pursuant to Sec. 274 (2) of the HGB. The set-off will be made pursuant to Sec. 301 (2) of the HGB at the time when the company became a subsidiary.

Profits / losses for the year of the included companies will be combined with the effects of consolidation measures affecting net income – unless such are set off in the context of capital consolidation – and disclosed in the "Consolidated profit / loss for the year" item.

The negative difference arising from the first-time capital consolidation as of 28 September 2018 of EUR 843 thousand will be collected in a scheduled manner over the weighted average residual useful life of the acquired assets that are subject to wear. In the 2020 financial year, this results in an income of EUR 66 thousand (prev. y. EUR 10 k), which was disclosed in the 2020 Consolidated Income Statement under the "Other operating income" item. The negative difference thus amounts to EUR 767 thousand on 31 December 2020 (prev. year EUR 833 k).

The subsequent consolidation – and thus the consolidation as of 31 December 2020 – recognises the group share of the earnings generated by the Group companies after the date of their initial consolidation under Consolidated earnings.

2. Debt Consolidation

Mutual accounts receivable and payable between the group companies were set off in the context of debt consolidation. No accounts receivable and payable liable for elimination existed between the group companies on the balance sheet date of 31 December 2020.

3. Elimination of Interim Results

The Group eliminates interim results arising from service relationships within the Group. No interim results liable for elimination arose in the period under review from 1 January to 31 December 2020.

4. Expense and Income Consolidation

In the Consolidated Income Statements, internal revenue is set off with the expenses of the receiving companies relating to them. The Group sets off intra-group expenses with intra-group income. Any intra-group income from investments was eliminated through profit and loss. No income or expenses or income from investments arose in the financial year from 1 January to 31 December 2020 between the group companies which would have needed to be eliminated.

5. Deferred Taxes from Consolidation Measures

The Group accrued deferred taxes from consolidation measures pursuant to Sec. 306 of the HGB insofar as the deviating tax expense will be equalised in subsequent financial years. Deferred taxes were determined on the basis of future tax burdens or reliefs of the affected companies. Deferred tax assets and deferred tax liabilities were disclosed netted. An excess of deferred assets occurred in the 2020 financial year, like in the year before.

IV. Accounting and Valuation Methods

The Group discloses the items pursuant to Sec. 266 (2) of the HGB, Sec. 264c of the HGB or Sec. 275 (2) of the HGB (nature of expenses format).

The financial statements of the companies included in the Consolidated Financial Statements were prepared according to uniform accounting and valuation methods.

The Group measures assets and liabilities of fully consolidated companies pursuant to the valuation provisions set forth in the German Commercial Code by observing the principles of proper bookkeeping and accounting.

Intangible assets acquired against consideration are disclosed at cost of acquisition and are subject to scheduled amortisation (based on the straight-line method) according to their useful life as customary in the operation, if they are subject to wear. Both ancillary costs of acquisition and reductions of the cost of acquisition are taken into account in determining the cost of acquisition. In addition, unscheduled amortisation is made to their lower fair value – if such is necessary.

Down-payments made are recognised at their nominal value and intangible assets in development are recognised at cost of acquisition.

Property, plant and equipment is disclosed at cost of acquisition and is subject to scheduled depreciation over its useful life as customary in the operation. In addition, unscheduled depreciation is made to the lower fair value – insofar as that is necessary.

Assets held under movable fixed assets are subject to straight-line amortisation / depreciation.

Low-value fixed assets up to an individual net value of EUR 250.00 were recorded as an expense in the year of acquisition; it was assumed that they will be disposed of immediately. For any fixed assets with an individual net value of more than EUR 250.00 and less than EUR 1,000.00, the Group decided to take over the compound item to be created annually for tax reasons to the commercial balance sheet to simplify the presentation. 20 % p.a. of the annual compound items whose amounts are insignificant as a whole, are subject to a flat-rate depreciation pursuant to the tax provisions in the year of their creation and the four subsequent years. Depreciation of additions to property, plant and equipment is otherwise made on a pro-rata basis.

The loan to the shareholder is recognised at its nominal value.

Securities held as fixed assets are recognised at cost of acquisition. In the past financial year, the asset values were netted with pension obligations pursuant to Sec. 246 (2) sentence 2 of the HGB. That applies to the exclusion of the insurance contract since it does not meet the requirements of Sec. 246 (2) sentence 2 of the HGB since it is not pledged to the beneficiaries or their potential survivors and is not unavailable to the access of all other creditors.

Inventories are recognised at cost of acquisition or the lower fair value.

Accounts receivable and other assets are accounted for at the nominal value. All items fraught with risk are taken into account by flat-rate deductions.

Cash and cash equivalents are valued at their nominal value.

Payments made prior to the balance sheet date are recognised under accrued income, insofar as such constitute expenses for a certain period after that time.

The subscribed capital of the parent company, PP Pharma HoldCo GmbH, is fully paid in and accounted for at the nominal value.

Provisions for pensions are recognised according to the actuarial methods and based on an interest rate of 2.31 % p. a. (prev. year 2.72 %) where the financing starts at the age of 25 years and the projected unit credit (PUC) method is applied. The interest rate corresponds to the average market interest rate of the past ten years as announced by *Deutsche Bundesbank* [German Federal Bank] with a residual term of the pension obligations of 15 years. The Group used expected salary and pension trends of 3.00 % and 1.75 % as basis for calculation. The corresponding assets were set off with the obligations, insofar as allowed in the HGB. Insofar as expenses and income arise in this connection, such are netted. Pension provisions were valued according to the *Heubeck-Richttafeln 2018 G* [German Mortality Tables] as of 31 December 2020.

The following table contains the probability of fluctuation for active employees, it applies to pensions and similar obligations.

Probability of fluctuation	**Men**	**Women**
Age 20-25 years	6.00%	8.00%
Age 26-30 years	5.00%	7.00%
Age 31-35 years	4.00%	5.00%
Age 36-45 years	2.50%	2.50%
Age 46-50 years	1.00%	1.00%
More than 50 years	0.00%	0.00%

The pension plans set out below were taken over from UCB Pharma GmbH in the course of the acquisition of the business operation of the affiliated company APONTIS PHARMA GmbH & Co. KG on 28 September 2018, including all contractually specified assets and liabilities.

Germany introduced a new pension plan on 1 July 2000 in which all employees are entitled to participate, insofar as they have an unlimited and unterminated employment relationship and completed a service period of six months. The new plan grants benefits of corporate old-age provisions through a *Gruppenunterstützungskasse* [group provident fund] which is an independent company. This fund is obliged to conclude individual reinsurance policies for each entitled employee to ensure the future pension payments.

That means that an indirect obligation for pensions and awards applies since 1 July 2000. Claims under the previous provisions were fixed on a pro-rata basis as of 30 June 2000.

On 1 January 2002, Germany introduced the "Deferred Compensation" corporate old-age provision programme. All employees in an unlimited and unterminated employment relationship whose remuneration is, after performance of the deferred compensation, above the income threshold for the statutory pension insurance in one calendar year, are entitled to participate. One part of the fixed gross remuneration or the variable remuneration of the employees taking part in this programme is not paid out directly, but invested as corporate old-age provision. The capital contributions paid by the employees are currently paid into one stock fund and one pension fund. The pension commitment of the company guarantees that employees will receive the nominal pension contribution which they paid in.

The fund assets serving the funding of the pension commitments under the deferred compensation programme which come essentially from the capital contributions paid by the employees were contributed to a so-called Contractual Trust Arrangement (CTA) in the 2004 financial year. In the course of this transaction, the assets were transferred to Mercer Treuhand GmbH which acts as trustee for APONTIS PHARMA GmbH & Co. KG. The assets were transferred under the condition that such must be used only for the purpose of financing the direct pension obligations of the included supporting companies resulting from the deferred compensation programme. Beneficiaries will keep their direct claim towards APONTIS PHARMA GmbH & Co. KG in case their pension falls due, even after the implementation of the CTA model.

The obligations arising from the old-age provision programme were taken account of on the balance sheet date by an allocation to the relevant pension provisions.

The obligations from pensions and other commitments are set off with the assets which serve exclusively the fulfilment of old-age pension obligations and similar commitments and which are out of reach of all other creditors (so-called cover assets). Insofar as expenses and income arise in this connection, such are netted. Cover assets are valued at their fair value.

Provisions for anniversary expenses are determined according to actuarial principles by using an actuarial interest rate of 1.60 % (prev. year 1.97 %) and by taking into account the *Richttafeln* [Mortality Tables] 2018 G of Prof. Dr. Klaus Heubeck.

Other provisions are disclosed at their settlement amount which is to be recognised by observing the principle of prudence taking into account a prudent commercial assessment. They take account of all recognisable risks and contingent liabilities. Other provisions are exclusively current provisions, apart from provisions for anniversary expenses.

Liabilities are measured at their settlement amounts.

V. Explanations on the Consolidated Balance Sheet

1. Fixed Assets

The changes occurring in the individual items under consolidated fixed assets are disclosed in the Consolidated Statement of Changes in Fixed Assets (Annex 4) attached hereto, including information on amortisation / depreciation made in the 2020 financial year.

2. Securities held as Fixed Assets

PP Pharma HoldCo GmbH accounts for the assets transferred to the company Mercer Treuhand GmbH as trustor pursuant to Sec. 246 (1) of the HGB in the Consolidated Financial Statements as of 31 December 2020. These are the cover assets of the reinsurance policies for one part of the pension obligations of the subsidiary APONTIS PHARMA GmbH & Co. KG included in the Consolidated Financial Statements.

3. Inventories

Inventories comprise merchandise at a value of EUR 2,923 thousand (prev. year EUR 4,185 k).

4. Accounts Receivable and Other Assets

Any and all trade accounts receivable have a residual term of less than one year.

Other assets are recognised at their nominal amount and comprise essentially prepayments to suppliers of EUR 428 thousand (prev. year EUR 577 k), accounts receivable from the *Bundesagentur für Arbeit* [German Federal Labour Office] for short-time work money of EUR 86 thousand (prev. year EUR 63 k) and creditors with a debit balance of EUR 26 thousand (prev. year EUR 129 k).

Other asses of EUR 253 thousand have a term of more than one year.

5. Accrued income

The accrued income item stands at EUR 608 thousand on the reporting date (prev. year EUR 408 k) and includes payments made for expenses relating to the subsequent period. They contain no amounts for discounts.

6. Deferred taxes

The Group determined deferred taxes from valuation differences between the commercial and tax balance sheet pursuant to Sec. 274 HGB which resulted in a tax relief which was set off in the Consolidated Balance Sheet with deferred tax liabilities arising from consolidation measures. No other deferred tax assets arise on tax losses carried forward which will lead to a tax relief in upcoming periods. They were also set off with other deferred taxes. The Group has deferred tax assets of EUR 747 thousand (prev. year EUR 396 k).

7. Equity

The parent company's share capital amounts to EUR 25 thousand according to the Articles of Association.

8. Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations are generally valued pursuant to Sec. 253 of the HGB. For more information, please refer to the explanations on the valuation of pension obligations.

The difference between the recognition of pension provisions pursuant to the applicable average market interest rate from the past ten financial years and the recognition of pension provisions pursuant to the relevant average market interest rate from the past seven financial years pursuant to Sec. 253 (6) of the HGB amounts to EUR 293 thousand (prev. year EUR 291 k).

Assets were set off with pension obligations, insofar as possible. The set off values of securities held as fixed assets pursuant to Sec. 246 (2) sentence 2 of the HGB are as follows:

	31/12/2020 EUR'000	31/12/2019 EUR'000
Pensions and similar obligations	3,367	3,160
Assets set off (cost of acquisition = fair value)	-1,102	-1,034
Balance sheet value on 31 December	2,265	2,126

9. Other Provisions

	31/12/2020 EUR'000	31/12/2019 EUR'000
Personnel provisions	2,605	2,369
Provisions for granted discounts	1,275	1,896
Outstanding invoices	805	1,227
Others	155	481
	4,840	5,973

10. Liabilities

		of which with a residual term of			
	Total	less than	more than	more than	Total
	31/12/2020 EUR'000	1 year EUR'000	1 year EUR'000	5 years EUR'000	31/12/2019 EUR'000
Trade accounts payable	3,259	3,259	0	0	3,132
Accounts payable to shareholders	14,011	0	0	14,011	13,205
Other liabilities	1,091	1,091	0	0	624
- of which from taxes	*1,050*	*1,050*	*0*	*0*	*497*
- of which from social security	*1*	*1*	*0*	*0*	*0*
	18,361	4,350	0	14,011	16,961

Any and all liabilities disclosed in the Balance Sheet are unsecured in rem.

Liabilities to shareholders in the amount of EUR 14,011 thousand (prev. year EUR 13,205 k) constitute other liabilities.

VI. Explanations on the Consolidated Income Statement

1. Sales Revenue

Revenue broken down according to fields of activity and application:

	2020 EUR'000	%	2019 EUR'000	%
Hypertension =				
Single pills	**19,046**	**48.5**	**11,499**	**28.7**
Vascular	31	0.1	61	0.2
Gynaecology	730	1.9	890	2.2
Arthritis	0	0.0	387	1.0
Others	2,723	6.9	3,494	8.7
Corporate brands				
(without Single pills)	**3,484**	**8.9**	**4,832**	**12.1**
COPD (respiratory				
diseases)	9,572	24.4	10,169	25.4
Diabetes	7,013	17.9	3,186	8.0
Co-Marketing	**16,585**	**42.3**	**13,355**	**33.4**
Dafiro	**125**	**0.3**	**10,349**	**25.8**
	39,240	**100.0**	**40,035**	**100.0**

The Group generated this revenue, in full, in Germany, like in the year before.

2. Other Operating Income

Other operating income amounts to EUR 2,639 thousand in the financial year (prev. year EUR 1,304 k) and comprises mainly income from remunerations in kind for the provision of company cars of EUR 640 thousand (prev. year EUR 638 k) and income from the reversal of provisions not related to the current period of EUR 1,558 thousand (prev. year EUR 308 k).

3. Personnel Expenses

	2020 EUR'000	2019 EUR'000
Wages and salaries	13,685	15,903
Social security expenses and expenses for old-age provisions and assistance	2,827	2,698
- of which expenses for old-age provision	(219)	(210)
	16,512	18,601

4. Amortisation of Intangible Fixed Assets and Depreciation of Property, Plant and Equipment

	2020 EUR'000	2019 EUR'000
Intangible assets	1,627	541
- of which unscheduled	*125*	*0*
Property, plant and equipment	11	11
Low-value assets	16	18
	27	29
	1,654	570

5. Other Operating Expenses

In the past 2020 financial year, other operating expenses amounted to EUR 10,112 thousand (prev. year EUR 13,348 k) and consisted mainly of expenses for distribution costs of EUR 1,981 thousand (prev. year EUR 2,823 k), expenses for temporary workers of EUR 1,071 thousand (prev. year EUR 2,087 k), car costs of EUR 2,091 thousand (prev. year EUR 2,014 k), expenses for marketing of EUR 1,559 thousand (prev. year EUR 1,824 k) and IT costs of EUR 607 thousand (prev. year EUR 1,196 k).

6. Financial Result

	2020 EUR'000	2019 EUR'000
Income from the loan to a shareholder	1	1
	1	1

Interest and similar income

	2020 EUR'000	2019 EUR'000
Others	5	1
	5	1

Interest and similar expenses

	2020 EUR'000	2019 EUR'000
Interest from shareholder loans	805	759
Compounding of provisions (pensions / anniversary bonuses)	63	69
Others	1	2
	869	830

7. Income Tax

Income tax of the past financial year comprises EUR 0 (prev. year EUR -118 k) of corporation and solidarity surcharge and EUR 15 thousand (prev. year EUR 0) of trade tax. Income tax in the 2020 financial year relates, in full, to other accounting periods. Deferred taxes amount to EUR -351 thousand in the past financial year (prev. year EUR -602 k).

VII. Other Disclosures

1. Other Financial Obligations

Other financial obligations are disclosed at their nominal values and can be analysed as follows as of 31 December 2020:

	EUR'000
Payment obligations under rental and leasing contracts	
in 2021	1,457
from 2022 to 2025	3,505
	4,962

The advantages of these contracts are the lower capital commitment when compared to an acquisition and the elimination of the recycling risk. Risks might arise from the contractual term, insofar as the assets can no longer be used in full, but no indications exist in this respect at the present time.

In addition to the amounts specified above, PP Pharma HoldCo GmbH has other financial obligations from concluded contracts as of 31 December 2020 which relate to the voluntary audit of the financial statements as of 31 December 2020 and the voluntary audit of the Consolidated Financial Statements for the years ended on 31 December 2018, 31 December 2019 and 31 December 2020 of the parent company of EUR 49 thousand.

No other financial obligations exist to other affiliated companies as of the reporting date.

One of the companies included in the Consolidated Financial Statements is party to various development cooperation contracts. Depending on the progress of such development, certain "milestone" payments are to be made. The contracts contain exit clauses in case projects do not go as planned. The contracts existing on 31 December 2020 contain contractual objectives to be fulfilled beyond the year 2025 which include outstanding financial obligations of approx. EUR 3,739 thousand. Insofar as the development progress is sufficiently concrete until the balance sheet, the obligations arising from such under the contract were recognised as liabilities in the Consolidated Balance Sheet.

2. Average Number of Staff During the Year

The average number of staff employed by the Group during the financial year was

	2020	2019
Executive personnel	7	8
Employees	188	192
	195	200

3. Management

The management and representation is the responsibility of the company PP Pharma HoldCo GmbH, Monheim am Rhein (formerly: Munich), represented by the following managing directors who are authorised to represent the company alone and are exempted from the restrictions of Sec. 181 of the *BGB* [German Civil Code]:

Dr. Edin Hadzic, Investor, Munich
Christian Bettinger, Investor, Munich

No information is provided herein on the total remunerations of the managing directors and reference is made to Sec. 286 (4) of the HGB.

4. Fee for Services Rendered by the Auditor of the Consolidated Financial Statements

The fee charged for services rendered by the auditor of the Consolidated Financial Statements relates to auditing services in the amount of EUR 58 thousand and to tax consultancy of EUR 12 thousand.

5. Events of Special Importance after the Balance Sheet Date

More mutations of the Corona virus were found at the end of 2020 and the beginning of 2021. Furthermore, the second wave of Corona virus infections resulted in new lockdowns. The consequences of the mutation and the second wave of infections will result in effects on the 2021 financial year which cannot be quantified yet. No other events of special importance occurred after the end of the financial year which would need to be taken into account herein.

Monheim am Rhein, 26 February 2021

PP Pharma HoldCo GmbH
Management

Dr. Edin Hadzic Christian Bettinger

Statement of Changes in Consolidated Fixed Assets of PP Pharma HoldCo GmbH, Monheim am Rhein (formerly: Munich),

for the Financial Year from 1 January to 31 December 2020

	Cost of acquisition or production				Accumulated amortisation / depreciation				Carrying amounts	
	Balance on 1/1/2020 EUR	Additions EUR	Disposals EUR	Balance on 31/12/2020 EUR	Balance on 1/1/2020 EUR	Additions EUR	Disposals EUR	Balance on 31/12/2020 EUR	Balance on 31/12/2020 EUR	Balance on 31/12/2019 EUR
I. Intangible assets										
1. Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	22,806,177.95	0.00	0.00	22,806,177.95	15,890,308.95	1,502,027.00	0.00	17,392,335.95	5,413,842.00	6,915,869.00
2. Down-payments made and intangible assets in development	8,738,014.84	728,626.00	0.00	9,466,640.84	0.00	125,000.00	0.00	125,000.00	9,341,640.84	8,738,014.84
	31,544,192.79	728,626.00	0.00	32,272,818.79	15,890,308.95	1,627,027.00	0.00	17,517,335.95	14,755,482.84	15,653,883.84
II. Property, plant and equipment										
Other plants, operating and business equipment	593,509.75	938.90	0.00	594,448.65	526,008.75	27,315.90	0.00	553,324.65	41,124.00	67,501.00
	593,509.75	938.90	0.00	594,448.65	526,008.75	27,315.90	0.00	553,324.65	41,124.00	67,501.00
III. Financial assets										
1. Loan to a shareholder	20,966.58	1,261.44	0.00	22,228.02	0.00	0.00	0.00	0.00	22,228.02	20,966.58
2. Securities held as fixed assets	590,657.04	48,003.39	0.00	638,660.43	0.00	0.00	0.00	0.00	638,660.43	590,657.04
	611,623.62	49,264.83	0.00	660,888.45	0.00	0.00	0.00	0.00	660,888.45	611,623.62
	32,749,326.16	778,829.73	0.00	33,528,155.89	16,416,317.70	1,654,342.90	0.00	18,070,660.60	15,457,495.29	16,333,008.46

Certificate of the Independent Auditor

To PP Pharma HoldCo GmbH, Monheim am Rhein (formerly: Munich)

Audit Opinions

We audited the Consolidated Financial Statements of **PP Pharma HoldCo GmbH**,, **Monheim am Rhein (formerly: Munich)**, and its subsidiaries (the Group) – consisting of Consolidated Balance Sheet as of 31 December 2020, Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the financial year from 1 January to 31 December 2020 and the Group Notes, including the presentation of the accounting and valuation methods. Furthermore, we audited the Group Management Report of PP Pharma HoldCo GmbH, Monheim am Rhein (formerly: Munich), for the financial year from 1 January to 31 December 2020.

In our opinion and based on the knowledge gained during the audit

- the accompanying Consolidated Financial Statements are, in all essential aspects, in compliance with the provisions under the German commercial law and provide, in consideration of the German generally accepted accounting principles, a true and fair view of the Group's asset and financial situation as of 31 December 2020 as well as of its result of operations for the financial year from 1 January to 31 December 2020; and
- the Group Management Report attached hereto conveys, as a whole, a true and fair view of the Group's situation. This Group Management Report is, in all essential aspects, in line with the Consolidated Financial Statements, is in compliance with the German statutory provisions and correctly reflects the risks and opportunities of its future development.

In accordance with Sec. 322 (3) sentence 1 of the HGB, we declare that our audit did not give rise to any objections against the compliance of these Consolidated Financial Statements and the Management Report.

Bases for the audit opinions

We conducted our audit of the Consolidated Financial Statements in accordance with Sec. 317 of the HGB and the German generally accepted standards for auditing as promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (IDW). Our responsibility arising from these provisions and standards is described in more detail in the section "Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Group Management Report" of our Auditor's Certificate. We are independent of the Group companies as defined in the provisions of the German Commercial Code and the laws applicable to our profession and have met our other German professional obligations in line with these requirements. We are of the opinion that the evidence we obtained during the audit is sufficient and suitable to serve as basis for our audit opinion on the Consolidated Financial Statements and the Group Management Report.

Responsibility of the Legal Representatives for the Consolidated Financial Statements and the Management Report

The legal representatives are responsible for the preparation of Consolidated Financial Statements which are in compliance with the provisions of the German Commercial Code in all essential respects and that the Consolidated Financial Statements, by observing the German generally accepted accounting principles, convey a true and fair view of the asset, financial situation and the result of operations of the Group. Furthermore, the legal representatives are responsible for the internal controls which they determined to be necessary in accordance with the German generally accepted accounting principles to enable the preparation of Consolidated Financial Statements which are free of essential misrepresentations — caused due to fraud or error.

In the preparation of the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue its business activity as a going concern. Furthermore, they are responsible for stating matters associated with the going concern assumption, insofar as that is necessary. Moreover, they are responsible for accounting on the basis of the going concern accounting principle, unless that is opposed by actual or legal matters.

In addition, the legal representatives are responsible for preparing the Group Management Report which, as a whole, conveys a true and fair view of the Group and is, in all essential aspects, in line with the Consolidated Financial Statements, in compliance with the German statutory provisions and correctly presents the risks and opportunities of the Group's future development. Furthermore, the legal representatives are responsible for taking the precautions and measures (systems) they consider necessary to allow for the preparation of a Group Management Report that is in line with the applicable German legal provisions and to provide a sufficient number of suitable evidences underlying the statements in the Group Management Report.

Responsibility of the Auditor for the Audit of the Consolidated Financial Statements

Our objective is to obtain reasonable assurances as to whether the Consolidated Financial Statements are, as a whole, free of essential misrepresentations – due to error or fraud –, whether the Group Management Report conveys, as a whole, a true and fair image of the Group's situation and is, in all essential aspects, in line with the Consolidated Financial Statements and the knowledge gained during the audit, complies with the statutory German provisions and correctly presents the opportunities and risks of the Group's future development, as well as to provide an Auditor's Certificate containing our audit opinions on the Consolidated Financial Statements and the Group Management Report.

Reasonable assurance is a high degree of assurance but no guarantee that an audit performed in line with Sec. 317 of the HGB, by observing the German generally accepted auditing standards as promulgated by the Institut der Wirtschaftsprüfer (IDW), always detects any essential misrepresentation. Misrepresentations might arise from violations or inaccuracies and are considered essential if it can reasonably be expected that they, individually or combined, might affect the economic decisions that users of these documents make on the basis of these Consolidated Financial Statements and the Group Management Report.

We apply professional judgement during the conduct of the audit and maintain a critical attitude. In addition,

- we identify and assess the risks of essential misrepresentations — due to error or fraud — in the Consolidated Financial Statements and the Group Management Report, plan and conduct audit activities in response to these risks and obtain audit evidence which is sufficient and suitable to serve as basis for our audit opinions. The risk that essential misrepresentations are not discovered is higher for violations than for inaccuracies since violations might involve fraudulent conduct, forgery, intended incompleteness, misleading representations and/or the overriding of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the Consolidated Financial Statements and the precautions and measures relevant for the audit of the Group Management Report, in order to plan audit activities which are adequate under the prevailing circumstances, but not in order to provide the Group with an audit opinion on the effectiveness of these systems.
- we assess the adequacy of the accounting methods applied by the legal representatives and the reasonableness of the values estimated by the legal representatives and the information and statements associated therewith.
- we draw conclusions on the adequacy of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether an essential uncertainty exists in connection with events or situations which might raise serious doubts about the Group's ability to continue to exist as a going concern. If we come to the conclusion that an essential uncertainty exists, we are obliged to provide information in the Auditor's Certificate regarding the associated information disclosed in the Consolidated Financial Statements or the Group Management Report or to modify our audit opinion if the information is inadequate. We draw our conclusions on the basis of the audit evidence obtained until the date of our Auditor's Certificate. Future events or situations might, however, result in the fact that the Group is unable to continue its business activities.
- we assess the overall presentation, the structure and contents of the Consolidated Financial Statements, including the information as to whether the Consolidated Financial Statements present the underlying transactions and events in a manner that the Consolidated Financial Statements, in consideration of the German generally accepted accounting principles, convey a true and fair view of the asset and financial situation and the result of operations of the Group.
- we obtain sufficient audit evidence for the accounting information of the companies or business activities within the Group to provide an audit opinion on the Consolidated Financial Statements. We are responsible for the instructions, supervision and performance of the audit of the Consolidated Financial Statements. We bear the sole responsibility for our audit opinion.
- we assess whether the Group Management Report is in line with the Consolidated Financial Statements, complies with the legal provisions and the image it conveys of the Group's situation.

- we perform audit activities on the future-related information provided by the legal representatives in the Group Management Report. Based on sufficiently suited audit evidence, we review the important assumptions made by the legal representatives which form the basis of such future-related information and assess whether the future-oriented information was correctly derived from such assumptions. We do not provide an independent audit opinion on the future-related information and the underlying assumptions. There is a significant unavoidable risk that future events might essentially deviate from the future-oriented information.

We discuss with the persons responsible for the supervision, inter alia, the planned scope and schedule of the audit as well as important audit findings, including any deficiencies in the internal control system which we detect during our audit.

Bonn, 26 February 2021

Ebner Stolz GmbH & Co. KG
Auditing Company Tax Consultancy

signed Torsten Janßen
Auditor

signed Barbara Tiefenbach-Yasar
Auditor

Audited Consolidated Financial Statements

of PP Pharma HoldCo GmbH (since April 14, 2021 APONTIS PHARMA AG)

prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*)

as of and for the Fiscal Year Ended December 31, 2019

Consolidated Balance Sheet of PP Pharma HoldCo GmbH, Munich

as of 31 December 2019

A s s e t s

		Balance on 31/12/2019 EUR	Balance on 31/12/2018 EUR
A.	**Fixed assets**		
I.	Intangible assets		
1.	Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	6,915,869.00	817,210.00
2.	Down-payments made and intangible assets in development	8,738,014.84	14,335,001.09
		15,653,883.84	15,152,211.09
II.	Property, plant and equipment		
	Other plants, operating and business equipment	67,501.00	88,409.00
III.	Financial assets		
1.	Loan to a shareholder	20,966.58	0.00
2.	Securities held as fixed assets	590,657.04	541,547.48
		611,623.62	541,547.48
		16,333,008.46	15,782,167.57
B.	**Current assets**		
I.	Inventories		
	Goods	4,184,578.35	2,799,501.17
II.	Accounts receivable and other assets		
1.	Trade accounts receivable	1,095,991.03	6,286,075.39
2.	Other assets	781,574.11	484,956.95
		1,877,565.14	6,771,032.34
III.	Cash on hand, cash at banks	7,386,598.95	9,014,703.70
		13,448,742.44	18,585,237.21
C.	**Accrued income**	407,835.46	474,163.35
D.	**Deferred tax assets**	396,000.00	0.00
		30,585,586.36	34,841,568.13

L i a b i l i t i e s

		Balance on 31/12/2019 EUR	Balance on 31/12/2018 EUR
A.	**Equity**		
I.	Subscribed capital	25,000.00	25,000.00
II.	Capital reserve	6,753,000.00	6,753,000.00
III.	Consolidated balance sheet loss (prev. year profit)		
1.	Consolidated profit carry-forward	256,546.40	0.00
2.	Consolidated loss for the year (prev. year profit)	-2,393,390.11	256,546.40
		-2,136,843.71	256,546.40
		4,641,156.29	7,034,546.40
B.	**Difference from capital consolidation**	833,045.00	842,993.32
C.	**Provisions**		
1.	Provisions for pensions and similar obligations	2,126,323.00	1,981,839.00
2.	Tax provisions	51,485.00	164,922.61
3.	Other provisions	5,972,719.07	5,664,027.11
		8,150,527.07	7,810,788.72
D.	**Liabilities**		
1.	Trade accounts payable	3,131,901.94	5,236,219.61
2.	Accounts payable to shareholders	13,205,206.00	12,446,000.00
3.	Other liabilities	623,750.06	1,265,020.08
	- of which from taxes: EUR 496,519.08 (pre. year EUR 292,499.96)		
	- of which from social security: EUR 71.97 (prev. y. EUR 284.11)		
		16,960,858.00	18,947,239.69
E.	**Deferred tax liabilities**	0.00	206,000.00
		30,585,586.36	34,841,568.13

Consolidated Income Statement

of PP Pharma HoldCo GmbH, Munich,

for the Financial Year from 1 January to 31 December 2019

	2019 EUR	24/5/2018- 31/12/2018 EUR
1. Sales revenue	40,035,307.01	11,731,259.27
2. Other operating income	1,303,978.06	790,100.29
3. Cost of materials		
Expenses for purchased goods	11,063,747.29	3,685,150.44
4. Personnel expenses		
a) Wages and salaries	15,902,594.48	3,767,282.22
b) Social security expenses and expenses for old-age provision and assistance	2,698,531.01	618,238.67
	18,601,125.49	4,385,520.89
5. Amortisation of intangible fixed assets and depreciation of property, plant and equipment	569,658.31	65,003.50
6. Other operating expenses	13,347,914.27	3,745,277.99
7. Income from the loan to a shareholder	966.58	0.00
8. Other interest and similar income	1,262.67	22.22
9. Interest and similar expenses	830,460.74	218,662.73
10. Income tax		
a) Income tax	-118,306.27	164,922.61
b) Deferred taxes	-602,000.00	-1,000.00
	-720,306.27	163,922.61
11. Earnings after taxes	-2,351,085.51	257,843.62
12. Other taxes	42,304.60	1,297.22
13. Consolidated loss for the year (prev. year profit)	-2,393,390.11	256,546.40
14. Consolidated profit carried forward	256,546.40	0.00
15. Consolidated balance sheet loss (prev. year profit)	-2,136,843.71	256,546.40

Consolidated Cash Flow Statement

of PP Pharma HoldCo GmbH, Munich

for the Financial Year from 1 January to 31 December 2019

			2019 EUR	24/5/2018 -31/12/2018 EUR
1.		Result of the period	-2,393,390.11	256,546.40
2.	+/-	Amortisation / appreciation of fixed assets	569,658.31	65,003.50
3.	+/-	Increase / decrease in provisions	384,000.96	-1,645,720.86
4.	+/-	Other non-cash expenses / income	-611,948.32	-1,000.00
5.	-/+	Increase / decrease in inventories, trade accounts receivable and other assets not allocable to investment and financing activities	3,579,586.57	-569,922.40
6.	+/-	Increase / decrease in trade accounts payable and other liabilities not allocable to investment and financing activities	-2,475,903.18	2,293,728.68
7.	+/-	Interest expenses / interest income	828,231.49	218,640.51
8.	+/-	Income tax expense / income	-118,306.27	164,922.61
9.		**Cash flow from operating activities**	**-238,070.55**	**782,198.44**
10.	-	Payments made for investments in intangible fixed assets	-1,042,256.00	-836,870.00
11.	-	Payments made for investments in prop., plant and equipment	-8,167.06	-5,354.50
12.	-	Payments made for investments in financial assets	-69,109.56	-11,564.35
13.	-	Payments made for additions to consolidated companies	-269,684.51	-9,937,581.38
14.	+	Interest received	1,262.67	22.22
15.		**Cash flow from investment activities**	**-1,387,954.46**	**-10,791,348.01**
16.	+	Payments received from equity allocations from shareholders of the parent company	0.00	6,765,500.00
17.	+	Payments received from the issue of bonds and the raising of (financial) credits	0.00	12,250,000.00
18.	-	Interest paid	-2,079.74	-4,146.73
19.		**Cash flow from financing activities**	**-2,079.74**	**19,011,353.27**
20.		**Cash-effective changes in cash and cash equivalents**	**-1,628,104.75**	**9,002,203.70**
21.	+	Cash and cash equivalents at the beginning of the period	9,014,703.70	12,500.00
22.		**Cash and cash equivalents at the end of the period**	**7,386,598.95**	**9,014,703.70**
		Composition of cash and cash equivalents		
		Liquid funds	7,386,598.95	9,014,703.70

Consolidated Statement of Changes in Equity

of PP Pharma HoldCo GmbH, Munich,

for the Financial Year from 1 January to 31 December 2019

	Equity of the parent company											Group equity
	Subscribed capital			Reserves								
	Share capital	Uncalled outstanding contributions	Total	Capital reserve	Retained earnings			Total	Consolidated profit / loss carry-forward	Group profit / loss for the year allocable to the parent company	Total	Total
				pursuant to Sec. 272 (2) no. 4 of the HGB	Reserves pursuant to the Articles of Association	Other retained earnings	Total					
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance on 24 May 2018	25,000.00	-12,500.00	12,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,500.00
Capital increase												
Issue of shares	0.00	12,500.00	12,500.00	6,753,000.00	0.00	0.00	0.00	6,753,000.00	0.00	0.00	0.00	6,765,500.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	256,546.40	256,546.40	256,546.40
Balance on 31 December 2018	25,000.00	0.00	25,000.00	6,753,000.00	0.00	0.00	0.00	6,753,000.00	0.00	256,546.40	256,546.40	7,034,546.40
Account transfer profit carry-forward	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	256,546.40	-256,546.40	0.00	0.00
Consolidated loss for the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,393,390.11	-2,393,390.11	-2,393,390.11
Balance on 31 December 2019	25,000.00	0.00	25,000.00	6,753,000.00	0.00	0.00	0.00	6,753,000.00	256,546.40	-2,393,390.11	-2,136,843.71	4,641,156.29

Group Notes

of PP Pharma HoldCo GmbH, Munich,

for the Financial Year from 1 January to 31 December 2019

The company PP Pharma HoldCo GmbH (*Amtsgericht* [Local Court of] Munich, HRB 241126) prepares Consolidated Financial Statements on a voluntary basis. The Consolidated Financial Statements for the financial year from 1 January to 31 December 2019 were prepared according to the provisions of the *Handelsgesetzbuch* [German Commercial Code] (HGB) and the applicable provisions of the *Gesetz betreffend die Gesellschaften mit beschränkter Haftung* [German Limited Liability Companies Act] (GmbHG).

The *Gesamtkostenverfahren* [nature of expense method] was used for preparing the Consolidated Income Statement.

We included in these Group Notes any statements regarding the individual items of the Consolidated Balance Sheet and the Consolidated Income Statement to be made pursuant to the legal provisions, as well as any statements which can either be set out in the Consolidated Balance Sheet or in the Consolidated Income Statement and the Group Notes, to improve the clarity of the presentation. Any information on a co-classification to other items of the Consolidated Balance Sheet is also given herein, for the same reason.

All figures included in these Group Notes are quoted in thousand Euros.

The values disclosed in the Consolidated Income Statement for the previous year are only comparable to the values of the financial year from 1 January to 31 December 2019, since the previous year only comprises the abbreviated financial year from 24 May to 31 December 2018 and since the essential operating company included herein, APONTIS PHARMA GmbH & Co. KG, was only initially consolidated on 28 September 2018.

I. Consolidated Companies

3 affiliated companies were included in the Consolidated Financial Statements as fully consolidated companies in addition to PP Pharma HoldCo GmbH.

Consolidated companies as of 31 December 2019 were:

1. PP Pharma HoldCo GmbH, Munich, registered under HRB 241126 at the Local Court of Munich;
2. PP Apontis Pharma GmbH, Monheim am Rhein, registered under HRB 85556 at the Local Court of Düsseldorf;
3. PP Primary Care GmbH, Monheim am Rhein, registered under HRB 73436 at the Local Court of Düsseldorf;
4. APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein, registered under HRA 23282 at the Local Court of Düsseldorf.

100,00 % of the shares in the affiliated company set out under 2. are held by the parent company under 1.; 100.00% of the shares in the affiliated company under 3. are held by the affiliated company under 2.; and 99.01 % of the shares in the affiliated company under 4. are held by the affiliated company under 2. and 0.99 % of which are held by the affiliated company under 3.

The affiliated company under 2. was initially consolidated on 24 May 2018 and the affiliated companies set out under 3. and 4. were initially consolidated on 28 September 2018 by the parent company under 1.

Reporting Date of the Consolidated Financial Statements

The reporting date of the Consolidated Financial Statements is 31 December 2019 pursuant to Sec. 299 (1) of the HGB.

III. Consolidation Principles

The Consolidated Financial Statements are based on the financial statements of the included companies.

Otherwise, the Group observed the principle of continuity of the consolidation methods in the preparation hereof.

1. Capital Consolidation

Capital consolidation for acquisition transactions is made according to the revaluation method pursuant to Sec. 301 (1) sentence 2 of the HGB. For acquisition transactions, the value recognised for shares owned by the parent company is set off with the amount of the subsidiaries' equity allocated to these shares. Under the revaluation method, the equity shall be recognised at the amount corresponding to the fair value of the assets, debts, accruals and special items to be included in the Consolidated Financial Statements on the date of their initial consolidation. Provisions shall be measured according to the provisions of Sec. 253 (1) sentences 2 and 3, (2) of the HGB and deferred taxes pursuant to Sec. 274 (2) of the HGB. The set-off will be made pursuant to Sec. 301 (2) of the HGB at the time when the company became a subsidiary.

Profits / losses for the year of the included companies will be combined with the effects of consolidation measures affecting net income – unless such are set off in the context of capital consolidation – and disclosed in the "Consolidated profit / loss for the year" item.

The negative difference arising from the first-time capital consolidation as of 28 September 2018 of EUR 843 thousand will be collected in a scheduled manner over the weighted average residual useful life of the acquired assets that are subject to wear. In the 2019 financial year, this results in an income of EUR 10 thousand which was disclosed in the 2019 Consolidated Income Statement under the "Other operating income" item. The negative difference thus amounts to EUR 833 thousand on 31 December 2019.

The subsequent consolidation – and thus the consolidation as of 31 December 2019 – recognises the group share of the earnings generated by the Group companies after the date of their initial consolidation under Consolidated earnings.

2. Debt Consolidation

Mutual accounts receivable and payable between the group companies were set off in the context of debt consolidation. No accounts receivable and payable liable for elimination existed between the group companies on the balance sheet date of 31 December 2019.

3. Elimination of Interim Results

The Group eliminates interim results arising from service relationships within the Group. No interim results liable for elimination arose in the period under review from 1 January 2019 to 31 December 2019.

4. Expense and Income Consolidation

In the Consolidated Income Statements, internal revenue is set off with the expenses of the receiving companies relating to them. The Group sets off intra-group expenses with intra-group income. Any intra-group income from investments was eliminated through profit and loss. No income or expenses or income from investments arose in the financial year from 1 January to 31 December 2019 between the group companies which would have needed to be eliminated.

5. Deferred Taxes from Consolidation Measures

The Group accrued deferred taxes from consolidation measures pursuant to Sec. 306 of the HGB insofar as the deviating tax expense will be equalised in subsequent financial years. Deferred taxes were determined on the basis of future tax burdens or reliefs of the affected companies. Deferred tax assets and deferred tax liabilities were disclosed netted. An excess of deferred assets (prev. year excess of deferred tax liabilities) occurred in the 2019 financial year.

IV. Accounting and Valuation Methods

The Group discloses the items pursuant to Sec. 266 (2) of the HGB, Sec. 264c of the HGB or Sec. 275 (2) of the HGB (nature of expenses format).

The financial statements of the companies included in the Consolidated Financial Statements were prepared according to uniform accounting and valuation methods.

The Group measures assets and liabilities of fully consolidated companies pursuant to the valuation provisions set forth in the German Commercial Code by observing the principles of proper bookkeeping and accounting.

Intangible assets acquired against consideration are disclosed at cost of acquisition and are subject to scheduled amortisation (based on the straight-line method) according to their useful life as customary in the operation, if they are subject to wear. Both ancillary costs of acquisition and reductions of the cost of acquisition are taken into account in determining the cost of acquisition. In addition, unscheduled amortisation is made to their lower fair value – if such is necessary.

Down-payments made are recognised at their nominal value and intangible assets in development are recognised at cost of acquisition.

Property, plant and equipment is disclosed at cost of acquisition and is subject to scheduled depreciation over its useful life as customary in the operation. In addition, unscheduled depreciation is made to the lower fair value – insofar as that is necessary.

Assets held under movable fixed assets are subject to straight-line amortisation / depreciation.

Low-value fixed assets up to an individual net value of EUR 250.00 were recorded as an expense in the year of acquisition; it was assumed that they will be disposed of immediately. For any fixed assets with an individual net value of more than EUR 250.00 and less than EUR 1,000.00, the Group decided to take over the compound item to be created annually for tax reasons to the commercial balance sheet to simplify the presentation. 20 % p.a. of the annual compound items whose amounts are insignificant as a whole, are subject to a flat-rate depreciation pursuant to the tax provisions in the year of their creation and the four subsequent years. Depreciation of additions to property, plant and equipment is otherwise made on a pro-rata basis.

The loan to the shareholder is recognised at its nominal value.

Securities held as fixed assets are recognised at cost of acquisition. In the past financial year, the asset values were netted with pension obligations pursuant to Sec. 246 (2) sentence 2 of the HGB. That applies to the exclusion of the insurance contract since it does not meet the requirements of Sec. 246 (2) sentence 2 of the HGB since it is not pledged to the beneficiaries or their potential survivors and is not unavailable to the access of all other creditors.

Inventories are recognised at cost of acquisition or the lower fair value.

Accounts receivable and other assets are accounted for at the nominal value. All items fraught with risk are taken into account by flat-rate deductions.

Cash and cash equivalents are valued at their nominal value.

Payments made prior to the balance sheet date are recognised under accrued income, insofar as such constitute expenses for a certain period after that time.

The subscribed capital of the parent company, PP Pharma HoldCo GmbH, is fully paid in and accounted for at the nominal value.

Provisions for pensions are recognised according to the actuarial methods and based on an interest rate of 2.72 % p. a. (prev. year 3.21 %) where the financing starts at the age of 25 years and the projected unit credit (PUC) method is applied. The interest rate corresponds to the average market interest rate of the past ten years as announced by *Deutsche Bundesbank* [German Federal Bank] with a residual term of the pension obligations of 15 years. The Group used expected salary and pension trends of 3.00 % and 1.75 % as basis for calculation. The corresponding assets were set off with the obligations, insofar as allowed in the HGB. Insofar as expenses and income arise in this connection, such are netted. Pension provisions were valued according to the *Heubeck-Richttafeln 2018 G* [German Mortality Tables] as of 31 December 2019.

The following table contains the probability of fluctuation for active employees, it applies to pensions and similar obligations.

Probability of fluctuation	**Men**	**Women**
Age 20-25 years	6.00%	8.00%
Age 26-30 years	5.00%	7.00%
Age 31-35 years	4.00%	5.00%
Age 36-45 years	2.50%	2.50%
Age 46-50 years	1.00%	1.00%
More than 50 years	0.00%	0.00%

The pension plans set out below were taken over from UCB Pharma GmbH in the course of the acquisition of the business operation of the affiliated company APONTIS PHARMA GmbH & Co. KG on 28 September 2018, including all contractually specified assets and liabilities.

Germany introduced a new pension plan on 1 July 2000 in which all employees are entitled to participate, insofar as they have an unlimited and unterminated employment relationship and completed a service period of six months. The new plan grants benefits of corporate old-age provisions through a *Gruppenunterstützungskasse* [group provident fund] which is an independent company. This fund is obliged to conclude individual reinsurance policies for each entitled employee to ensure the future pension payments.

That means that an indirect obligation for pensions and awards applies since 1 July 2000. Claims under the previous provisions were fixed on a pro-rata basis as of 30 June 2000.

On 1 January 2002, Germany introduced the "Deferred Compensation" corporate old-age provision programme. All employees in an unlimited and unterminated employment relationship whose remuneration is, after performance of the deferred compensation, above the income threshold for the statutory pension insurance in one calendar year, are entitled to participate. One part of the fixed gross remuneration or the variable remuneration of the employees taking part in this programme is not paid out directly, but invested as corporate old-age provision. The capital contributions paid by the employees are currently paid into one stock fund and one pension fund. The pension commitment of the company guarantees that employees will receive the nominal pension contribution which they paid in.

The fund assets serving the funding of the pension commitments under the deferred compensation programme which come essentially from the capital contributions paid by the employees were contributed to a so-called Contractual Trust Arrangement (CTA) in the 2004 financial year. In the course of this transaction, the assets were transferred to Mercer Treuhand GmbH which acts as trustee for APONTIS PHARMA GmbH & Co. KG. The assets were transferred under the condition that such must be used only for the purpose of financing the direct pension obligations of the included supporting companies resulting from the deferred compensation programme. Beneficiaries will keep their direct claim towards APONTIS PHARMA GmbH & Co. KG in case their pension falls due, even after the implementation of the CTA model.

The obligations arising from the old-age provision programme were taken account of on the balance sheet date by an allocation to the relevant pension provisions.

The obligations from pensions and other commitments are set off with the assets which serve exclusively the fulfilment of old-age pension obligations and similar commitments and which are out of reach of all other creditors (so-called cover assets). Insofar as expenses and income arise in this connection, such are netted. Cover assets are valued at their fair value.

Provisions for anniversary expenses are determined according to actuarial principles by using an actuarial interest rate of 1.97 % (prev. year 2.32 %) and by taking into account the *Richttafeln* [Mortality Tables] 2018 G of Dr. Klaus Heubeck.

Other provisions are disclosed at their settlement amount which is to be recognised by observing the principle of prudence taking into account a prudent commercial assessment. They take account of all recognisable risks and contingent liabilities. Other provisions are exclusively current provisions, apart from provisions for anniversary expenses.

Liabilities are measured at their settlement amounts.

The Group translates accounts receivable and payable in foreign currency with a residual term of less than one year by using the mean spot exchange rate prevailing on the reporting date. If they have a residual term of more than one year, they are translated using the exchange rate prevailing at the time they arise; if the exchange rates are subject to changes until the reporting date, the Group measures them in such cases generally at the mean spot exchange rate prevailing on the reporting date, by observing the lower of cost or market principle on the assets side and the higher of cost or market principle on the liabilities side.

V. Explanations on the Consolidated Balance Sheet

1. Fixed Assets

The changes occurring in the individual items under consolidated fixed assets are disclosed in the Consolidated Statement of Changes in Fixed Assets attached hereto, including information on amortisation / depreciation made in the 2019 financial year.

2. Securities Held as Fixed Assets

PP Pharma HoldCo GmbH accounts for the assets transferred to the company Mercer Treuhand GmbH as trustor pursuant to Sec. 246 (1) of the HGB in the Consolidated Financial Statements as of 31 December 2019. These are the cover assets of the reinsurance policies for one part of the pension obligations of the subsidiary APONTIS PHARMA GmbH & Co. KG included in the Consolidated Financial Statements.

3. Inventories

Inventories comprise merchandise at a value of EUR 4,185 thousand (prev. year EUR 2,800 thousand).

4. Accounts Receivable and Other Assets

Any and all trade accounts receivable have a residual term of less than one year.

Other assets are recognised at their nominal amount and comprise essentially deposits of EUR 577 thousand (prev. year EUR 370 thousand). All other assets have a residual term of less than one year.

5. Accrued Income

Accrued income amounts to EUR 408 thousand on the balance sheet date (prev. year EUR 474 thousand) and contains payments made for expenses that relate to subsequent periods. They contain no amounts for discounts.

6. Deferred Taxes

The Group determined deferred taxes from valuation differences between the commercial and tax balance sheet pursuant to Sec. 274 HGB which resulted in a tax relief which was set off in the Consolidated Balance Sheet with deferred tax liabilities arising from consolidation measures. No other deferred tax assets arise on tax losses carried forward which will lead to a tax relief in upcoming periods. They were also set off with other deferred taxes. The Group has deferred tax assets of EUR 396 thousand on the balance sheet date (prev. year deferred tax liabilities of EUR 206 thousand).

7. Equity

The parent company's share capital amounts to EUR 25 thousand according to the Articles of Association.

8. Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations are generally valued pursuant to Sec. 253 of the HGB. For more information, please refer to the explanations on the valuation of pension obligations.

The difference between the recognition of pension provisions pursuant to the applicable average market interest rate from the past ten financial years and the recognition of pension provisions pursuant to the relevant average market interest rate from the past seven financial years pursuant to Sec. 253 (6) of the HGB amounts to EUR 291 thousand (prev. year EUR 323 thousand).

Assets were set off with pension obligations, insofar as possible. The set off values of securities held as fixed assets pursuant to Sec. 246 (2) sentence 2 of the HGB are as follows:

	31/12/2019 EUR'000	31/12/2018 EUR'000
Pensions and similar obligations	3,160	2,840
Assets set off (cost of acquisition = fair value)	-1,034	-858
Balance sheet value on 31 December	2,126	1,982

9. Other Provisions

	31/12/2019 EUR'000	31/12/2018 EUR'000
Personnel provisions	2,369	2,324
Provisions for granted discounts	1,896	1,857
Outstanding invoices	1,227	1,272
Others	481	211
	5,973	5,664

10. Liabilities

		of which with a residual term of			
	Total	less than	more than	more than	Total
	31/12/2019	1 year	1 year	5 years	31/12/2018
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Trade accounts payable	3,132	3,132	0	0	5,236
Accounts payable to shareholders	13,205	0	0	13,205	12,446
Other liabilities	624	624	0	0	1,265
- of which from taxes	*497*	*497*	*0*	*0*	*292*
- of which from social security	*0*	*0*	*0*	*0*	*0*
	16,961	3,756	0	13,205	18,947

Any and all liabilities disclosed in the Balance Sheet are unsecured in rem.

Liabilities to shareholders in the amount of EUR 13,205 thousand (prev. year EUR 12,466 thousand) constitute other liabilities.

VI. Explanations on the Consolidated Income Statement

1. Sales Revenue

Revenue broken down according to fields of activity

	2019		24/5/2018-31/12/2018	
	EUR'000	%	EUR'000	%
Hypertension	21,848	54.6	6,762	57.7
COPD (respiratory diseases)	10,169	25.4	3,143	26.8
Others	3,494	8.7	1,091	9.3
Diabetes	3,186	8.0	117	1.0
Gynaecology	890	2.2	260	2.2
Arthritis	387	0.9	330	2.8
Vascular	61	0.2	28	0.2
	40,035	100.0	11,731	100.0

The Group generated this revenue, in full, in Germany.

2. Other Operating Income

Other operating income amounts to EUR 1.304 thousand in the financial year and comprises mainly income from remunerations in kind for the provision of company cars of EUR 638 thousand (prev. year EUR 155 thousand) and income from the reversal of provisions of EUR 308 thousand (prev. year. EUR 14 thousand). Income from the charging on of stock awards amounted to EUR 0 (prev. year EUR 604 thousand).

3. Personnel Expenses

	2019 EUR'000	24/5/2018-31/12/2018 EUR'000
Wages and salaries	15,903	3,767
Social security expenses and expenses for old-age provisions and assistance	2,698	618
- of which expenses for old-age provision	(210)	(23)
	18,601	4,385

4. Amortisation of Intangible Fixed Assets and Depreciation of Property, Plant and Equipment

	2019 EUR'000	24/5/2018- 31/12/2018 EUR'000
Intangible assets	541	58
Property, plant and equipment	11	3
Low-value assets	18	4
	29	7
	570	65

5. Other Operating Expenses

In the past 2019 financial year, other operating expenses amounted to EUR 13,348 thousand (prev. year EUR 3,745 thousand) and consisted mainly of expenses for distribution costs of EUR 2,823 thousand (prev. year EUR 896 thousand), expenses for temporary workers of EUR 2,087 thousand (prev. year EUR 705 thousand), car costs of EUR 2,014 thousand (prev. year EUR 503 thousand), expenses for marketing of EUR 1,824 thousand (prev. year EUR 502 thousand) and IT costs of EUR 1,196 thousand (prev. year EUR 156 thousand).

6. Financial Result

	2019 EUR'000	24/5/2018- 31/12/2018 EUR'000
Income from the loan to a shareholder	1	0
	1	0

Interest and similar income

	2019 EUR'000	24/5/2018- 31/12/2018 EUR'000
Others	1	0
	1	0

Interest and similar expenses

	2019 EUR'000	24/5/2018- 31/12/2018 EUR'000
Interest from shareholder loans	759	196
Compounding of provisions (pensions / anniversary bonuses)	69	19
Others	2	4
	830	219

7. Income Tax

Income tax of the past financial year comprises EUR -118 thousand (prev. year EUR 113 thousand) of corporation tax and solidarity surcharge and EUR 0 (prev. year EUR 51 thousand) of trade tax. Income tax in the 2019 financial year relates, in full, to other accounting periods. Deferred taxes amount to EUR -602 thousand in the past financial year (prev. year EUR -1 thousand).

VII. Other Disclosures

Other Disclosures

1. Other Financial Obligations

Other financial obligations are disclosed at their nominal values and can be analysed as follows as of 31 December 2019:

	EUR'000
Payment obligations under rental and leasing contracts	
in 2020	510
from 2021 to 2023	917
	1,427

The advantages of these contracts are the lower capital commitment when compared to an acquisition and the elimination of the recycling risk. Risks might arise from the contractual term, insofar as the assets can no longer be used in full, but no indications exist in this respect at the present time.

The Group has no other financial obligations to affiliated companies on the balance sheet date.

One of the companies included in the Consolidated Financial Statements is party to various development cooperation contracts. Depending on the progress of such development, certain "milestone" payments are to be made. The contracts contain exit clauses in case projects do not go as planned. The contracts existing on 31 December 2019 contain contractual objectives to be fulfilled beyond the year 2025 which include outstanding financial obligations of approx. EUR 6,120 thousand. Insofar as the development progress is sufficiently concrete until the balance sheet, the obligations arising from such under the contract were recognised as liabilities in the Balance Sheet.

2. Average Number of Staff During the Year

The average number of staff employed by the Group during the financial year was:

	2019	24/5/2018-31/12/2018
Executive personnel	8	6
Employees	192	192
	200	198

3. Management

The management and representation is the responsibility of the company PP Pharma HoldCo GmbH, Munich, represented by the following managing directors who are authorised to represent the company alone and are exempted from the restrictions of Sec. 181 of the *BGB* [German Civil Code]:

Dr. Edin Hadzic, Investor, Munich
Christian Bettinger, Investor, Munich

No information is provided herein on the total remunerations of the managing directors and reference is made to Sec. 286 (4) of the HGB.

4. Fee for Services Rendered by the Auditor of the Consolidated Financial Statements

The fee charged for services rendered by the auditor of the Consolidated Financial Statements relates to auditing services in the amount of EUR 34 thousand and to tax consultancy of EUR 21 thousand.

5. Events of Special Importance after the Balance Sheet Date

More mutations of the Corona virus were found at the end of 2020 and the beginning of 2021. Furthermore, the second wave of Corona virus infections resulted in another lockdown. The consequences of the mutation and the second wave of infections will result in effects on the 2021 financial year which cannot be quantified yet. No other events of special importance occurred after the end of the financial year which would need to be taken into account herein.

Munich, 31 January 2021

PP Pharma HoldCo GmbH
Management

Dr. Edin Hadzic Christian Bettinger

Statement of Changes in Group Fixed Assets of PP Pharma HoldCo GmbH, Munich,

for the Financial Year from 1 January to 31 December 2019

	Cost of acquisition / production					Accumulated amortisation / depreciation				Carrying amounts	
	Balance on 1/1/2019 EUR	Additions EUR	Disposals EUR	Account transfers EUR	Balance on 31/12/2019 EUR	Balance on 1/1/2019 EUR	Additions EUR	Disposals EUR	Balance on 31/12/2019 EUR	Balance on 31/12/2019 EUR	Balance on 31/12/2018 EUR
I. Intangible assets											
1. Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	16,166,935.70	557,256.00	0.00	6,081,986.25	22,806,177.95	15,349,725.70	540,583.25	0.00	15,890,308.95	6,915,869.00	817,210.00
2. Down-payments made and intangible assets in development	14,335,001.09	485,000.00	0.00	-6,081,986.25	8,738,014.84	0.00	0.00	0.00	0.00	8,738,014.84	14,335,001.09
	30,501,936.79	1,042,256.00	0.00	0.00	31,544,192.79	15,349,725.70	540,583.25	0.00	15,890,308.95	15,653,883.84	15,152,211.09
II. Property, plant and equipment											
Other plants, operating and business equipment	585,342.69	8,167.06	0.00	0.00	593,509.75	496,933.69	29,075.06	0.00	526,008.75	67,501.00	88,409.00
	585,342.69	8,167.06	0.00	0.00	593,509.75	496,933.69	29,075.06	0.00	526,008.75	67,501.00	88,409.00
III. Financial assets											
1. Loan to a shareholder	0.00	20,966.58	0.00	0.00	20,966.58	0,00	0,00	0.00	0.00	20,966.58	0.00
2. Securities held as fixed assets	541,547.48	49,109.56	0.00	0.00	590,657.04	0,00	0,00	0.00	0.00	590,657.04	541,547.48
	541,547.48	70,076.14	0.00	0.00	611,623.62	0,00	0,00	0.00	0.00	611,623.62	541,547.48
	31,628,826.96	1,120,499.20	0.00	0.00	32,749,326.16	15,846,659.39	569,658.31	0.00	16,416,317.70	16,333,008.46	15,782,167.57

Certificate of the Independent Auditor

To PP Pharma HoldCo GmbH, Munich

Audit Opinion

We audited the Consolidated Financial Statements of **PP Pharma HoldCo GmbH**, **Munich**, and its subsidiaries (the Group) – consisting of Consolidated Balance Sheet as of 31 December 2019, Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the financial year from 1 January to 31 December 2019 and the Group Notes, including the presentation of the accounting and valuation methods. We did not audit the Group Management Report of PP Pharma HoldCo GmbH, Munich, for the financial year from 1 January to 31 December 2019 which it prepared on a voluntary basis and which is not part of the Consolidated Financial Statements.

In our opinion and based on the knowledge gained during the audit, the accompanying Consolidated Financial Statements are, in all essential aspects, in compliance with the provisions under the German commercial law and provide, in consideration of the German generally accepted accounting principles, a true and fair view of the Group's asset and financial situation as of 31 December 2019 as well as of its result of operations for the financial year from 1 January to 31 December 2019. We do not provide any audit opinion on the above-mentioned Group Management Report which was prepared on a voluntary basis.

In accordance with Sec. 322 (3) sentence 1 of the HGB, we declare that our audit did not give rise to any objections against the compliance of these Consolidated Financial Statements.

Bases for the audit opinion

We conducted our audit of the Consolidated Financial Statements in accordance with Sec. 317 of the HGB and the German generally accepted standards for auditing as promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (IDW). Our responsibility arising from these provisions and standards is described in more detail in the section "Responsibility of the Auditor for the Audit of the Consolidated Financial Statements" of our Auditor's Certificate. We are independent of the Group companies as defined in the provisions of the German Commercial Code and the laws applicable to our profession and have met our other German professional obligations in line with these requirements. We are of the opinion that the evidence we obtained during the audit is sufficient and suitable to serve as basis for our audit opinion on the Consolidated Financial Statements.

Responsibility of the Legal Representatives for the Consolidated Financial Statements

The legal representatives are responsible for the preparation of Consolidated Financial Statements which are in compliance with the provisions of the German Commercial Code in all essential respects and that the Consolidated Financial Statements, by observing the German generally accepted accounting principles, convey a true and fair view of the asset, financial situation and the result of operations of the Group. Furthermore, the legal representatives are responsible for the internal controls which they determined to be necessary in accordance with the German generally accepted accounting principles to enable the preparation of Consolidated Financial Statements which are free of essential misrepresentations — caused due to fraud or error.

In the preparation of the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue its business activity as a going concern. Furthermore, they are responsible for stating matters associated with the going concern assumption, insofar as that is necessary. Moreover, they are responsible for accounting on the basis of the going concern accounting principle, unless that is opposed by actual or legal matters.

Responsibility of the Auditor for the Audit of the Consolidated Financial Statements

Our objective is to obtain reasonable assurances as to whether the Consolidated Financial Statements are, as a whole, free of essential misrepresentations – due to error or fraud – and to provide an Auditor's Certificate containing our audit opinions on the Consolidated Financial Statements.

Reasonable assurance is a high degree of assurance but no guarantee that an audit performed in line with Sec. 317 of the HGB, by observing the German generally accepted auditing standards as promulgated by the Institut der Wirtschaftsprüfer (IDW), always detects any essential misrepresentation. Misrepresentations might arise from violations or inaccuracies and are considered essential if it can reasonably be expected that they, individually or combined, might affect the economic decisions that users of these documents make on the basis of these Consolidated Financial Statements.

We apply professional judgement during the conduct of the audit and maintain a critical attitude. In addition,

- we identify and assess the risks of essential misrepresentations — due to error or fraud — in the Consolidated Financial Statements, plan and conduct audit activities in response to these risks and obtain audit evidence which is sufficient and suitable to serve as basis for our audit opinions. The risk that essential misrepresentations are not discovered is higher for violations than for inaccuracies since violations might involve fraudulent conduct, forgery, intended incompleteness, misleading representations and/or the overriding of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the Consolidated Financial Statements, in order to plan audit activities which are adequate under the prevailing circumstances, but not in order to provide the Group with an audit opinion on the effectiveness of this system.
- we assess the adequacy of the accounting methods applied by the legal representatives and the reasonableness of the values estimated by the legal representatives and the information and statements associated therewith.
- we draw conclusions on the adequacy of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether an essential uncertainty exists in connection with events or situations which might raise serious doubts about the company's ability to continue to exist as a going concern. If we come to the conclusion that an essential uncertainty exists, we are obliged to provide information in the Auditor's Certificate regarding the associated information disclosed in the Consolidated Financial Statements or to modify our audit opinion if the information is inadequate. We draw our conclusions on the basis of the audit evidence obtained until the date of our Auditor's Certificate. Future events or situations might, however, result in the fact that the Group is unable to continue its business activities.
- we assess the overall presentation, the structure and contents of the Consolidated Financial Statements, including the information as to whether the Consolidated Financial Statements present the underlying transactions and events in a manner that the Consolidated Financial Statements, in consideration of the German generally accepted accounting principles, convey a true and fair view of the asset and financial situation and the result of operations of the Group.
- we obtain sufficient audit evidence for the accounting information of the companies or business activities within the Group to provide an audit opinion on the Consolidated Financial Statements. We are responsible for the instructions, supervision and performance of the audit of the Consolidated Financial Statements. We bear the sole responsibility for our audit opinion.

We discuss with the persons responsible for the supervision, inter alia, the planned scope and schedule of the audit as well as important audit findings, including any deficiencies in the internal control system which we detect during our audit.

Bonn, 31 January 2021

Ebner Stolz GmbH & Co. KG
Auditing Company Tax Consultancy

signed Torsten Janßen
Auditor

signed Barbara Tiefenbach-Yasar
Auditor

Audited Consolidated Financial Statements

of PP Pharma HoldCo GmbH (since April 14, 2021 APONTIS PHARMA AG)

prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*)

as of and for the Short Fiscal Year from May 24, 2018 to December 31, 2018

Consolidated Balance Sheet of PP Pharma HoldCo GmbH, Munich,

as of 31 December 2018

A s s e t s

		Balance on 31/12/2018 EUR	Balance on 24/5/2018 EUR
A.	**Fixed assets**		
I.	Intangible assets		
1.	Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	817,210.00	0.00
2.	Down-payments made and intangible assets in development	14,335,001.09	0.00
		15,152,211.09	0.00
II.	Property, plant and equipment		
	Other plants, operating and business equipment	88,409.00	0.00
III.	Financial assets		
	Securities held as fixed assets	541,547.48	0.00
		15,782,167.57	0.00
B.	**Current assets**		
I.	Inventories		
	Goods	2,799,501.17	0.00
II.	Accounts receivable and other assets		
1.	Trade accounts receivable	6,286,075.39	0.00
2.	Other assets	484,956.95	0.00
		6,771,032.34	0.00
III.	Cash on hand, cash at banks	9,014,703.70	12,500.00
		18,585,237.21	12,500.00
C.	**Accrued income**	474,163.35	0.00
		34,841,568.13	12,500.00

L i a b i l i t i e s

		Balance on 31/12/2018 EUR	Balance on 24/5/2018 EUR
A.	**Equity**		
I.	Subscribed capital		
1.	Nominal amount	25,000.00	25,000.00
2.	Uncalled outstanding contributions	0.00	-12,500.00
		25,000.00	12,500.00
II.	Capital reserve	6,753,000.00	0.00
III.	Consolidated profit for the year	256,546.40	0.00
		7,034,546.40	12,500.00
B.	**Difference from capital consolidation**	842,993.32	0.00
C.	**Provisions**		
1.	Provisions for pensions and similar obligations	1,981,839.00	0.00
2.	Tax provisions	164,922.61	0.00
3.	Other provisions	5,664,027.11	0.00
		7,810,788.72	0.00
D.	**Liabilities**		
1.	Trade accounts payable	5,236,219.61	0.00
2.	Accounts payable to shareholders	12,446,000.00	0.00
3.	Other liabilities	1,265,020.08	0.00
	- of which from taxes: EUR 292,499.96 (prev. year EUR 0.00)		
	- of which from social security: EUR 284.11 (prev. year EUR 0.00)		
		18,947,239.69	0.00
E.	**Deferred income**	206,000.00	0.00
		34,841,568.13	12,500.00

Consolidated Income Statement

of PP Pharma HoldCo GmbH, Munich,

for the Abbreviated Financial Year from 24 May to 31 December 2018

	24/5/2018 -31/12/2018 EUR
1. Sales revenue	11,731,259.27
2. Other operating income	790,100.29
3. Cost of materials	
Expenses for purchased goods	3,685,150.44
4. Personnel expenses	
a) Wages and salaries	3,767,282.22
b) Social security expenses and expenses for old-age provision and assistance	618,238.67
	4,385,520.89
5. Amortisation of intangible fixed assets and depreciation of property, plant and equipment	65,003.50
6. Other operating expenses	3,745,277.99
7. Other interest and similar income	22.22
8. Interest and similar expenses	218,662.73
9. Income tax	
a) Income tax	164,922.61
b) Deferred taxes	-1,000.00
	163,922.61
10. Earnings after taxes	257,843.62
11. Other taxes	1,297.22
12. Consolidated profit for the year	256,546.40

Consolidated Cash Flow Statement

of PP Pharma HoldCo GmbH, Munich

for the Abbreviated Financial Year from 24 May to 31 December 2018

		24/5/2018 -31/12/2018 EUR	24/5/2018 EUR
1.	Result of the period	256.546,40	0,00
2.	+/- Amortisation / appreciation of fixed assets	65.003,50	0,00
3.	+/- Increase / decrease in provisions	-1.645.720,86	0,00
4.	+/- Other non-cash expenses / income	-1.000,00	0,00
5.	-/+ Increase / decrease in inventories, trade accounts receivable and other assets not allocable to investment and financing activities	-569.922,40	0,00
6.	+/- Increase / decrease in trade accounts payable and other liabilities not allocable to investment and financing activities	2.293.728,68	0,00
7.	+/- Interest expenses / interest income	218.640,51	0,00
8.	+/- Income tax expense / income	164.922,61	0,00
9.	**Cash flow from operating activities**	**782.198,44**	**0,00**
10.	- Payments made for investments in intangible fixed assets	-836.870,00	0,00
11.	- Payments made for investments in prop., plant and equipment	-5.354,50	0,00
12.	- Payments made for investments in financial assets	-11.564,35	0,00
13.	- Payments made for additions to consolidated companies	-9.937.581,38	0,00
14.	+ Interest received	22,22	0,00
15.	**Cash flow from investment activities**	**-10.791.348,01**	**0,00**
16.	+ Payments received from equity allocations from shareholders of the parent company	6.765.500,00	12.500,00
17.	+ Payments received from the issue of bonds and the raising of (financial) credits	12.250.000,00	0,00
18.	- Interest paid	-4.146,73	0,00
19.	**Cash flow from financing activities**	**19.011.353,27**	**12.500,00**
20.	**Cash-effective changes in cash and cash equivalents**	**9.002.203,70**	**12.500,00**
21.	+ Cash and cash equivalents at the beginning of the period	12.500,00	0,00
22.	**Cash and cash equivalents at the end of the period**	**9.014.703,70**	**12.500,00**
	Composition of cash and cash equivalents		
	Liquid funds	9.014.703,70	12.500,00

Consolidated Statement of Changes in Equity

of PP Pharma HoldCo GmbH, Munich,

for the Abbreviated Financial Year from 24 May 2018 to 31 December 2018

	Equity of the parent company												Group equity
	Subscribed capital			Reserves									
	Share capital	Uncalled outstanding contributions	Total	Capital reserve	Retained earnings			Total	Group Profit / - loss carried forward	Group profit / - loss for the year allocable to the parent company	Total	Total	
				pursuant to Sec. 272 (2) no. 4 of the HGB	Reserves pursuant to the Articles of Association	Other retained earnings	Total						
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance on 24 May 2018	25.000,00	-12.500,00	12.500,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	12.500,00
Capital increase													
Issue of shares	0,00	12.500,00	12.500,00	6.753.000,00	0,00	0,00	0,00	6.753.000,00	0,00	0,00	0,00	0,00	6.765.500,00
Group profit for the year	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	256.546,40	256.546,40	256.546,40	256.546,40
Balance on 31 December 2018	25.000,00	0,00	25.000,00	6.753.000,00	0,00	0,00	0,00	6.753.000,00	0,00	256.546,40	256.546,40	256.546,40	7.034.546,40

Group Notes

of PP Pharma HoldCo GmbH, Munich,

for the Abbreviated Financial Year from 24 May to 31 December 2018

The company PP Pharma HoldCo GmbH (*Amtsgericht* [Local Court of] Munich, HRB 241126) prepares Consolidated Financial Statements on a voluntary basis. The Consolidated Financial Statements for the abbreviated financial year from 24 May 2018 to 31 December 2018 were prepared according to the provisions of the *Handelsgesetzbuch* [German Commercial Code] (HGB) and the applicable provisions of the *Gesetz betreffend die Gesellschaften mit beschränkter Haftung* [German Limited Liability Companies Act] (GmbHG).

The *Gesamtkostenverfahren* [nature of expense method] was used for preparing the Consolidated Income Statement.

We included in these Group Notes any statements regarding the individual items of the Consolidated Balance Sheet and the Consolidated Income Statement to be made pursuant to the legal provisions, as well as any statements which can either be set out in the Consolidated Balance Sheet or in the Consolidated Income Statement and the Group Notes, to improve the clarity of the presentation. Any information on a co-classification to other items of the Consolidated Balance Sheet is also given herein, for the same reason.

All figures included in these Group Notes are quoted in thousand Euros. The abbreviation "prev. year" relates to the balance sheet values as of 24 May 2018.

I. Consolidated Companies

3 affiliated companies were included in the Consolidated Financial Statements as fully consolidated companies in addition to PP Pharma HoldCo GmbH.

Consolidated companies as of 31 December 2018 are:

1. PP Pharma HoldCo GmbH, Munich, registered under HRB 241126 at the *Amtsgericht* Munich;
2. PP Apontis Pharma GmbH, Monheim am Rhein, registered under HRB 85556 at the *Amtsgericht* Düsseldorf;
3. PP Primary Care GmbH, Monheim am Rhein, registered under HRB 73436 at the *Amtsgericht* Düsseldorf;
4. APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein, registered under HRA 23282 at the *Amtsgericht* Düsseldorf.

100,00 % of the shares in the affiliated company under 2. are held by the parent company under 1.; 100.00 % of the shares in the affiliated company under 3. are held by the affiliated company under 2. and 99.01 % of the shares in the affiliated company under 4. are held by the affiliated company under 2. and 0.99 % of which are held by the affiliated company under 3.

The affiliated company under 2. was initially consolidated on 24 May 2018 and the affiliated companies under 3. and 4. were initially consolidated on 28 September 2018 by the parent company.

II. Reporting Date of the Consolidated Financial Statements

The reporting date of the Consolidated Financial Statements is 31 December 2018 pursuant to Sec. 299 (1) of the HGB.

III. Consolidation Principles

The Consolidated Financial Statements are based on the financial statements of the included companies.

Otherwise, the Group observed the principle of continuity of the consolidation methods in the preparation hereof.

1. Capital Consolidation

Capital consolidation for acquisition transactions is made according to the revaluation method pursuant to Sec. 301 (1) sentence 2 of the HGB. For acquisition transactions, the value recognised for shares owned by the parent company is set off with the amount of the subsidiaries' equity allocated to these shares. Under the revaluation method, the equity shall be recognised at the amount corresponding to the fair value of the assets, debts, accruals and special items to be included in the Consolidated Financial Statements on the date of their initial consolidation. Provisions shall be measured according to the provisions of Sec. 253 (1) sentences 2 and 3, (2) of the HGB and deferred taxes pursuant to Sec. 274 (2) of the HGB. The set-off will be made pursuant to Sec. 301 (2) of the HGB at the time when the company became a subsidiary.

Profits / losses for the year of the included companies will be combined with the effects of consolidation measures affecting net income – unless such are added in the context of capital consolidation – and disclosed in the "Consolidated profit for the year" item.

The negative difference arising from the first-time capital consolidation of EUR 842 thousand will be collected in a scheduled manner over the weighted average residual useful life of the acquired assets that are subject to wear.

The subsequent consolidation – and thus the consolidation as of 31 December 2018 – recognises the group share of the earnings generated by the Group companies after the date of their initial consolidation under Consolidated earnings.

2. Debt Consolidation

Mutual accounts receivable and payable between the Group companies were set off in the context of debt consolidation.

3. Elimination of Interim Results

The Group eliminates any interim results arising from service and supply relationships within the Group. No interim results liable for elimination arose in the period under review from 24 May 2018 to 31 December 2018.

4. Expense and Income Consolidation

The Consolidated Income Statement sets off internal revenue with the expenses of the receiving companies relating to them. The Group sets off intra-group expenses and income. Any intra-group income from investments was eliminated through profit and loss.

5. Deferred Taxes from Consolidation Measures

The Group accrued deferred taxes from consolidation measures pursuant to Sec. 306 of the HGB insofar as the deviating tax expense will be equalised in subsequent financial years. Deferred taxes were determined on the basis of future tax burdens of the affected companies. The Group discloses deferred tax assets and deferred tax liabilities netted.

IV. Accounting and Valuation Methods

The Group discloses the items pursuant to Sec. 266 (2) of the HGB, Sec. 264c of the HGB or Sec. 275 (2) of the HGB (*Gesamtkostenverfahren*).

The financial statements of the companies included in the Consolidated Financial Statements were prepared according to uniform accounting and valuation methods.

The Group measures assets and liabilities of fully consolidated companies pursuant to the valuation provisions set forth in the German Commercial Code by observing the principles of proper bookkeeping and accounting.

Intangible assets acquired against consideration are disclosed at cost of acquisition and are subject to scheduled amortisation (based on the straight-line method) according to their useful life as customary in the operation. Both ancillary costs of acquisition and reductions of the cost of acquisition are taken into account in determining the cost of acquisition. In addition, unscheduled amortisation is made to their lower fair value – if such is necessary.

Down-payments made are recognised at their nominal value and intangible assets in development are recognised at cost of acquisition.

Property, plant and equipment is disclosed at cost of acquisition and is subject to scheduled depreciation over its useful life as customary in the operation. In addition, unscheduled depreciation is made to the lower fair value – insofar as that is necessary.

Assets held under movable fixed assets are subject to straight-line amortisation / depreciation.

Low-value fixed assets up to an individual net value of EUR 250.00 were recorded as an expense in the year of acquisition; it was assumed that they will be disposed of immediately. For any fixed assets with an individual net value of more than EUR 250.00 and less than EUR 1,000.00, the Group decided to take over the compound item to be created annually for tax reasons to the commercial balance sheet to simplify the presentation. 20 % of the annual compound items whose amounts are insignificant as a whole, are subject to a flat-rate depreciation pursuant to the tax provisions in the year of their creation and the four subsequent years. Depreciation of additions to property, plant and equipment is otherwise made on a pro-rata basis.

Securities held as fixed assets are recognised at cost of acquisition. In the past financial year, the asset values were netted with pension obligations pursuant to Sec. 246 (2) sentence 2 of the HGB. That applies to the exclusion of the insurance contract since it does not meet the requirements of Sec. 246 (2) sentence 2 of the HGB since it is not pledged to the beneficiaries or their potential survivors and is not unavailable to the access of all other creditors.

Inventories are recognised at cost of acquisition or the lower fair value.

Accounts receivable and other assets are accounted for at the nominal value. All items fraught with risk are taken into account by flat-rate deductions.

Cash and cash equivalents are valued at their nominal value.

Payments made prior to the balance sheet date are recognised under accrued income, insofar as such constitute expenses for a certain period after that time.

The subscribed capital of the parent company, PP Pharma HoldCo GmbH, is fully paid in and accounted for at the nominal value.

Provisions for pensions are recognised according to the actuarial methods and based on an interest rate of 3.21 % p. a. where the financing starts at the age of 25 years and the projected unit credit (PUC) method is applied. The interest rate corresponds to the average market interest rate of the past ten years as announced by *Deutsche Bundesbank* [German Federal Bank] with a residual term of the pension obligations of 15 years. The Group used expected salary and pension trends of 3.00 % and 1.75 % as basis for calculation. The corresponding assets were set off with the obligations, insofar as allowed in the HGB. Insofar as expenses and income arise in this connection, such are netted. Pension provisions were valued according to the *Heubeck-Richttafeln 2018 G* [German Mortality Tables] as of 31 December 2018.

The following table contains the probability of fluctuation for active employees, it applies to pensions and similar obligations.

Probability of fluctuation	**Men**	**Women**
Age 20-25 years	6.00 %	8.00 %
Age 26-30 years	5.00 %	7.00 %
Age 31-35 years	4.00 %	5.00 %
Age 36-45 years	2.50 %	2.50 %
Age 46-50 years	1.00 %	1.00 %
More than 50 years	0.00 %	0.00 %

The pension plans set out below were taken over from UCB Pharma GmbH in the course of the acquisition of the business operation of the affiliated company APONTIS PHARMA GmbH & Co. KG on 28 September 2018, including all contractually specified assets and liabilities.

Germany introduced a new pension plan on 1 July 2000 in which all employees are entitled to participate, insofar as they have an unlimited and unterminated employment relationship and completed a service period of six months. The new plan grants benefits of corporate old-age provisions through a *Gruppenunterstützungskasse* [group provident fund] which is an independent company. This fund is obliged to conclude individual reinsurance policies for each entitled employee to ensure the future pension payments.

That means that an indirect obligation for pensions and awards applies since 1 July 2000. Claims under the previous provisions were fixed on a pro-rata basis as of 30 June 2000.

On 1 January 2002, Germany introduced the "Deferred Compensation" corporate old-age provision programme. All employees in an unlimited and unterminated employment relationship whose remuneration is, after performance of the deferred compensation, above the income threshold for the statutory pension insurance in one calendar year, are entitled to participate. One part of the fixed gross remuneration or the variable remuneration of the employees taking part in this programme is not paid out directly, but invested as corporate old-age provision. The capital contributions paid by the employees are currently paid into one stock fund and one pension fund. The pension commitment of the company guarantees that employees will receive the nominal pension contribution which they paid in.

The fund assets serving the funding of the pension commitments under the deferred compensation programme which come essentially from the capital contributions paid by the employees were contributed to a so-called Contractual Trust Arrangement (CTA) in the 2004 financial year. In the course of this transaction, the assets were transferred to Mercer Treuhand GmbH which acts as trustee for APONTIS PHARMA GmbH & Co. KG. The assets were transferred under the condition that such must be used only for the purpose of financing the direct pension obligations of the included supporting companies resulting from the deferred compensation programme. Beneficiaries will keep their direct claim towards APONTIS PHARMA GmbH & Co. KG in case their pension falls due, even after the implementation of the CTA model.

The obligations arising from the old-age provision programme were taken account of on the balance sheet date by an allocation to the relevant pension provisions.

The obligations from pensions and other commitments are set off with the assets which serve exclusively the fulfilment of old-age pension obligations and similar commitments and which are out of reach of all other creditors (so-called cover assets). Insofar as expenses and income arise in this connection, such are netted. Cover assets are valued at their fair value.

Provisions for anniversary expenses are determined according to actuarial principles by using an actuarial interest rate of 2.32 % and by taking into account the *Richttafeln* [Mortality Tables] 2018 G of Dr. Klaus Heubeck.

Other provisions are disclosed at their settlement amount which is to be recognised by observing the principle of prudence taking into account a prudent commercial assessment. They take account of all recognisable risks and contingent liabilities. Other provisions are exclusively current provisions, apart from provisions for anniversary expenses.

Liabilities are measured at their settlement amounts.

The Group translates accounts receivable and payable in foreign currency with a residual term of less than one year by using the mean spot exchange rate prevailing on the reporting date. If they have a residual term of more than one year, they are translated using the exchange rate prevailing at the time they arise; if the exchange rates are subject to changes until the reporting date, the Group measures them in such cases generally at the mean spot exchange rate prevailing on the reporting date, by observing the lower of cost or market principle on the assets side and the higher of cost or market principle on the liabilities side.

V. Explanations on the Consolidated Balance Sheet

1. Fixed Assets

The changes occurring in the individual items under consolidated fixed assets are disclosed in the Consolidated Statement of Changes in Fixed Assets attached hereto, including information on amortisation / depreciation of the abbreviated financial year.

2. Securities Held as Fixed Assets

PP Pharma HoldCo GmbH accounts for the assets transferred to the company Mercer Treuhand GmbH as trustor pursuant to Sec. 246 (1) of the HGB in the Consolidated Financial Statements as of 31 December 2018. These are the cover assets of the reinsurance policies for one part of the pension obligations of the subsidiary APONTIS PHARMA GmbH & Co. KG included in the Consolidated Financial Statements.

3. Inventories

Inventories comprise merchandise at a value of EUR 2,800 thousand (prev. year EUR 0).

4. Accounts Receivable and Other Assets

Any and all trade accounts receivable have a residual term of less than one year.

Other assets are recognised at their nominal amount and comprise essentially rent deposits of EUR 370 thousand (prev. year EUR 0). All other assets have a residual term of less than one year.

5. Accrued Income

Accrued income amounts to EUR 474 thousand on the balance sheet date (prev. year EUR 0). They contain no amounts for discounts.

6. Deferred Taxes

The Group determined deferred taxes from valuation differences between the commercial and tax balance sheet pursuant to Sec. 274 of the HGB which resulted in a tax relief which was set off in the Consolidated Balance Sheet with deferred tax liabilities arising from consolidation measures.

7. Equity

The **parent company's share capital** amounts to EUR 25 thousand according to the Articles of Association.

8. Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations are generally valued pursuant to Sec. 253 of the HGB. For more information, please refer to the explanations on the valuation of pension obligations.

The difference between the recognition of pension provisions pursuant to the applicable average market interest rate from the past ten financial years and the recognition of pension provisions pursuant to the relevant average market interest rate from the past seven financial years pursuant to Sec. 253 (6) of the HGB amounts to EUR 323 thousand (prev. year EUR 0).

Assets were set off with pension obligations, insofar as possible. The set off values of securities held as fixed assets pursuant to Sec. 246 (2) sentence 2 of the HGB are as follows:

	31/12/2018 EUR'000	24/5/2018 EUR'000
Pensions and similar obligations	2,840	0
Assets set off (cost of acquisition = fair value)	-858	0
Balance sheet value on 31 December 2018	1,982	0

9. Other Provisions

	31/12/2018 EUR'000	24/5/2018 EUR'000
Personnel provisions	2,324	0
Provisions for granted discounts	1,857	0
Outstanding invoices	1,272	0
Others	211	0
	5,664	0

10. Liabilities

		of which with a residual term of			
	Total	less than	more than	more than	Total
	31/12/2018 EUR'000	1 year EUR'000	1 year EUR'000	5 years EUR'000	24/5/2018 EUR'000
Trade accounts payable	5,236	5,236	0	0	0
Accounts payable to shareholders	12,446	0	0	12,446	0
Other liabilities	1,265	1,265	0	0	0
- of which from taxes	*292*	*292*	*0*	*0*	*0*
- of which from social security	*0*	*0*	*0*	*0*	*0*
	18,947	6,501	0	12,446	0

Any and all liabilities disclosed in the Balance Sheet are unsecured in rem.

Accounts payable to shareholders represent other liabilities in the amount of EUR 12,466 thousand (prev. year EUR 0).

VI. Explanations on the Consolidated Income Statement

1. Sales Revenue

Revenue broken down according to fields of activity

	24/5/2018-31/12/2018	
	EUR'000	%
Hypertension	6,762	57.7
COPD (respiratory diseases)	3,143	26.8
Others	1,091	9.3
Arthritis	330	2.8
Gynaecology	260	2.2
Diabetes	117	1.0
Vascular	28	0.2
Heart failure	0	0.0
	11,731	100.0

The Group generated this revenue, in full, in Germany.

2. Other Operating Income

Other operating income amounts to EUR 790 thousand in the abbreviated financial year and comprises mainly income from the charging on of stock awards of EUR 604 thousand, income from remunerations in kind for the provision of company cars of EUR 155 thousand and income from the reversal of provisions of EUR 14 thousand.

3. Personnel Expenses

	24/5/2018-31/12/2018 EUR'000
Wages and salaries	3,767
Social security expenses and expenses for old-age provisions and assistance	618
- of which expenses for old-age provision	(23)
	4,385

4. Amortisation of Intangible Fixed Assets and Depreciation of Property, Plant and Equipment

	24/5/2018-31/12/2018 EUR'000
Intangible assets	58
Property, plant and equipment	3
Low-value assets	4
	7
	65

5. Other operating expenses

Other operating expenses amount to EUR 3,745 thousand in the abbreviated financial year and comprises mainly income from sales expenses of EUR 896 thousand, expenses for temporary workers of EUR 705 thousand, car expenses of EUR 503 thousand, marketing expenses of EUR 502 thousand and IT-costs of EUR 156 thousand.

6. Financial Result

Other interest and similar income

	24/5/2018-31/12/2018 EUR'000
Others	0
	0

Interest and similar expenses

	24/5/2018-31/12/2018 EUR'000
Interest from shareholder loans	196
Compounding of provisions (pensions / anniversary bonuses)	19
Others	4
	219

7. Income Tax

Income tax of the past abbreviated financial year comprises EUR 113 thousand of corporation tax and solidarity surcharge and EUR 51 thousand of trade tax.

VII. Other Disclosures

1. Other Financial Obligations

Other financial obligations are disclosed at their nominal values and are analysed as follows as of 31 December 2018:

	EUR'000
Payment obligations under rental and leasing contracts	
in 2019	631
from 2020 to 2022	497
	1,128

The advantages of these contracts are the lower capital commitment when compared to an acquisition and the elimination of the utilisation risk. Risks might arise from the contractual relationship, insofar as the assets can no longer be used in full, but no indications exist in this respect at the present time.

The Group has no other financial obligations to affiliated companies on the balance sheet date.

One consolidated company is party to various development cooperation contracts. Depending on the progress of such development, certain "milestone" payments are to be made. The contracts contain exit clauses in case that projects do not go as planned. The contracts existing on 31 December 2018 contain contractual objectives to be fulfilled beyond the year 2025 which include outstanding financial obligations of approx. EUR 7.575 thousand. Insofar as the development progress is sufficiently concrete until the balance sheet, the obligations arising from such under the contract were recognised as liabilities in the Consolidated Balance Sheet.

2. Average Number of Staff During the Year

The average number of staff employed by the Group during the financial year was:

	24/5/2018-31/12/2018
Executive personnel	6
Employees	192
	198

3. Management

The management and representation is the responsibility of the company PP Pharma HoldCo GmbH, Munich, represented by the following managing directors who are authorised to represent the company alone and are exempted from the restrictions of Sec. 181 of the *BGB* [German Civil Code]:

Randi Mette Selnes, Managing Director, Munich (until 2 August 2018);
Dr. Edin Hadzic, Investor, Munich (from 2 August 2018);
Christian Bettinger, Investor, Munich (from 2 August 2018).

No information is provided herein on the total remunerations of the managing directors and reference is made to Sec. 286 (4) of the HGB.

4. Fee for Services Rendered by the Auditor of the Consolidated Financial Statements

The fee charged for services rendered by the auditor of the Consolidated Financial Statements relates to auditing services in the amount of EUR 35 thousand, to tax consultancy of EUR 36 thousand and other services of EUR 35 thousand.

5. Events of Special Importance after the Balance Sheet Date

No events of special importance exist which occurred after the close of the financial year and are neither disclosed in the Income Statement nor in the Balance Sheet.

Munich, 27 January 2021

PP Pharma Holdco GmbH
Management

Dr. Edin Hadzic Christian Bettinger

Statement of Changes in Consolidated Fixed Assets of PP Pharma HoldCo GmbH, Munich

for the Abbreviated Financial Year from 24 May to 31 December 2018

	Cost of acquisition / production					Accumulated amortisation / depreciation					Carrying amounts	
	Balance on 24/5/2018 EUR	Changes in consolidated companies EUR	Additions EUR	Disposals EUR	Balance on 31/12/2018 EUR	Balance on 24/5/2018 EUR	Changes in consolidated companies EUR	Additions EUR	Disposals EUR	Balance on 31/12/2018 EUR	Balance on 31/12/2018 EUR	Balance on 24/5/2018 EUR
I. Intangible assets												
1. Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	0.00	16,166,935.70	0.00	0.00	16,166,935.70	0.00	15,292,211.70	57,514.00	0.00	15,349,725.70	817,210.00	0.00
2. Down-payments made and intangible assets in development	0.00	13,498,131.09	836,870.00	0.00	14,335,001.09	0.00	0.00	0.00	0.00	0.00	14,335,001.09	0.00
	0.00	29,665,066.79	836,870.00	0.00	30,501,936.79	0.00	15,292,211.70	57,514.00	0.00	15,349,725.70	15,152,211.09	0.00
II. Property, plant and equipment												
Other plants, operating and business equipment	0.00	579,988.19	5,354.50	0.00	585,342.69	0.00	489,444.19	7,489.50	0.00	496,933.69	88,409.00	0.00
III. Financial assets												
Securities held as fixed assets	0.00	529,983.13	11,564.35	0.00	541,547.48	0.00	0.00	0.00	0.00	0.00	541,547.48	0.00
	0.00	30,775,038.11	853,788.85	0.00	31,628,826.96	0.00	15,781,655.89	65,003.50	0.00	15,846,659.39	15,782,167.57	0.00

Certificate of the Independent Auditor

To PP Pharma HoldCo GmbH, Munich

Audit Opinion

We audited the Consolidated Financial Statements of **PP Pharma HoldCo GmbH**, **Munich**, and its subsidiaries (the Group) – consisting of Consolidated Balance Sheet as of 31 December 2018, Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the Abbreviated Financial Year from 24 May to 31 December 2018 and the Group Notes, including the presentation of the accounting and valuation methods.

In our opinion and based on the knowledge gained during the audit, the accompanying Consolidated Financial Statements are, in all essential aspects, in compliance with the provisions under the German commercial law and provide, in consideration of the German generally accepted principles of proper accounting, a true and fair view of the Group's asset and financial situation as of 31 December 2018 as well as of its result of operations for the abbreviated financial year from 24 May to 31 December 2018.

In accordance with Sec. 322 (3) sentence 1 of the HGB, we declare that our audit did not give rise to any objections against the compliance of these Consolidated Financial Statements.

Bases for the audit opinion

We conducted our audit of the Consolidated Financial Statements in accordance with Sec. 317 of the HGB and the German generally accepted principles for the conduct of proper audits of financial statements as promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (IDW). Our responsibility arising from these provisions and standards is described in more detail in the section "Responsibility of the Auditor for the Audit of the Consolidated Financial Statements" of our Auditor's Certificate. We are independent of the Group company as defined in the provisions of the German Commercial Code and the laws applicable to our profession and have met our other German professional obligations in line with these requirements. We are of the opinion that the evidence we obtained during the audit is sufficient and suitable to serve as basis for our audit opinions on the Consolidated Financial Statements.

Responsibility of the Legal Representatives for the Consolidated Financial Statements

The legal representatives are responsible for the preparation of Consolidated Financial Statements which are in compliance with the provisions of the German Commercial Code in all essential respects and that the Consolidated Financial Statements, by observing the German generally accepted principles of proper accounting, covey a true and fair view of the asset, financial situation and the result of operations of the Group. Furthermore, the legal representatives are responsible for the internal controls which they determined to be necessary in accordance with the German generally accepted principles of proper accounting to enable the preparation of Consolidated Financial Statements which are free of essential misrepresentations – caused due to fraud or error.

In the preparation of the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue its business activity as a going concern. Furthermore, they are responsible for stating matters associated with the going concern assumption, insofar as that is necessary. Moreover, they are responsible for accounting on the basis of the going concern accounting principle, unless that is opposed by actual or legal matters.

Responsibility of the Auditor for the Audit of the Consolidated Financial Statements

Our objective is to obtain reasonable assurances as to whether the Consolidated Financial Statements are, as a whole, free of essential misrepresentations – due to error or fraud – and to provide an Auditor's Certificate containing our audit opinions on the Consolidated Financial Statements.

Reasonable assurance is a high degree of assurance but no guarantee that an audit performed in line with Sec. 317 of the HGB, by observing the German generally accepted principles for the conduct of proper audits of financial statements as promulgated by the Institut der Wirtschaftsprüfer (IDW), always detects any essential misrepresentation. Misrepresentations might arise from violations or inaccuracies and are considered essential if it can reasonably be expected that they, individually or combined, might affect the economic decisions that users of these documents make on the basis of these Consolidated Financial Statements.

We apply professional judgement during the conduct of the audit and maintain a critical attitude. In addition,

- we identify and assess the risks of essential misrepresentations – due to error or fraud – in the Consolidated Financial Statements, plan and conduct audit activities in response to these risks and obtain audit evidence which is sufficient and suitable to serve as basis for our audit opinions. The risk that essential misrepresentations are not discovered is higher for violations than for inaccuracies since violations might involve fraudulent conduct, forgery, intended incompleteness, misleading representations and/or the overriding of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the Consolidated Financial Statements, in order to plan audit activities which are adequate under the prevailing circumstances, but not in order to provide the Group with an audit opinion on the effectiveness of this system.
- we assess the adequacy of the accounting methods applied by the legal representatives and the reasonableness of the values estimated by the legal representatives and the information and statements associated therewith.
- we draw conclusions on the adequacy of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether an essential uncertainty exists in connection with events or situations which might raise serious doubts about the Group's ability to continue to exist as a going concern. If we come to the conclusion that an essential uncertainty exists, we are obliged to provide information in the Auditor's Certificate regarding the associated information disclosed in the Consolidated Financial Statements or to modify our audit opinion if the information is inadequate. We draw our conclusions on the basis of the audit evidence obtained until the date of our Auditor's Certificate. Future events or situations might, however, result in the fact that the Group is unable to continue its business activities.
- we assess the overall presentation, the structure and contents of the Consolidated Financial Statements, including the information as to whether the Consolidated Financial Statements present the underlying transactions and events in a manner that the Consolidated Financial Statements, in consideration of the German generally accepted principles of proper accounting, covey a true and fair view of the asset and financial situation and the result of operations of the Group.
- we obtain sufficient audit evidence for the accounting information of the companies or business activities within the Group to provide an audit opinion on the Consolidated Financial Statements. We are responsible for the instructions, supervision and performance of the audit of the Consolidated Financial Statements. We bear the sole responsibility for our audit opinions.

We discuss with the persons responsible for the supervision, inter alia, the planned scope and schedule of the audit as well as important audit findings, including any deficiencies in the internal control system which we detect during our audit.

Bonn, 27 January 2021

Ebner Stolz GmbH & Co. KG
Auditing Company Tax Consultancy

signed Torsten Janßen
Auditor

signed Barbara Tiefenbach-Yasar
Auditor

Audited Financial Statements

of APONTIS PHARMA GmbH & Co. KG

prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*)

as of and for the Fiscal Year Ended December 31, 2019

Balance Sheet of APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein,

as of 31 December 2019

A s s e t s

	Balance on 31 Dec. 2019 EUR	Balance on 31 Dec. 2018 EUR
A. Fixed assets		
I. Intangible assets		
1. Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	2,948,504.00	817,210.00
2. Down-payments made	2,436,014.84	3,943,001.09
	5,384,518.84	4,760,211.09
II. Property, plant and equipment		
Other plants, operating and business equipment	67,501.00	88,409.00
III. Financial assets		
Securities held as fixed assets	590,657.04	541,547.48
	6,042,676.88	5,390,167.57
B. Current assets		
I. Inventories		
Goods	4,184,578.35	2,799,501.17
II. Accounts receivable and other assets		
1. Trade accounts receivable	1,095,991.03	6,286,075.39
2. Other assets	776,705.45	484,956.95
	1,872,696.48	6,771,032.34
III. Cash on hand, cash at banks	5,189,596.28	6,611,854.32
	11,246,871.11	16,182,387.83
C. Accrued income	407,835.46	474,163,35
	17,697,383.45	22,046,718.75

Equity and Liabilities

	Balance on 31 Dec. 2019 EUR	Balance on 31 Dec. 2018 EUR
A. Equity		
I. Capital contributions		
1. General partner	100,000.00	100,000.00
2. Limited partner	1,000.00	1,000.00
	101,000.00	101,000.00
II. Reserves	5,717,972.38	7,900,508.08
	5,818,972.38	8,001,508.08
B. Provisions		
1. Provisions for pensions and similar obligations	2,126,323.00	1,981,839.00
2. Tax provisions	29,225.00	29,225.00
3. Other provisions	5,967,339.07	5,659,843.06
	8,122,887.07	7,670,907.06
C. Liabilities		
1. Trade accounts payable	3,131,773.94	5,118,968.04
2. Accounts payable to shareholders	0.00	260,000.00
3. Other liabilities	623,750.06	995,335.57
- of which from taxes: EUR 496,518.08 (prev. year EUR 292,499.96)		
- of which from social security: EUR 71.97 (prev. year 284.11)		
	3,755,524.00	6,374,303.61
	17,697,383.45	22,046,718.75

Income Statement

of APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein,

for the period from 1 January to 31 December 2019

	2019 EUR	2018 EUR
1. Sales revenue	40,035,307.01	44,402,789.52
2. Other operating income	1,291,625.94	2,037,486.91
3. Cost of materials		
Expenses for purchased goods	11,063,747.29	11,344,081.53
	11,063,747.29	11,344,081.53
4. Personnel expenses		
a) Wages and salaries	15,902,594.48	16,323,762.12
b) Social security expenses and expenses for old-age provision and assistance	2,698,531.01	2,599,731.20
- of which for old-age provision: EUR 210,217.77 (prev. year EUR 227,963.38)		
	18,601,125.49	18,923,493.32
5. Amortisation of intangible fixed assets and depreciation of property plant and equipment	447,023.31	306,400.62
6. Other operating expenses	13,285,275.89	13,322,974.45
7. Other interest and similar income	55,688.67	22.22
8. Interest and similar expenses	125,680.74	100,111.83
9. Income tax	0.00	29,225.00
10. Earnings after taxes	-2,140,231.10	2,414,011.90
11. Other taxes	42,304.60	39,623.50
12. Loss for the year (prev. year profit for the year)	-2,182,535.70	2,374,388.40
13. Allocation to reserves	2,182,535.70	-2,114,388.40
14. Credit to liability accounts	0.00	-260,000.00
15. Balance sheet profit / loss	0.00	0.00

Notes of APONTIS PHARMA GmbH & Co. KG,
Monheim am Rhein,

for the 2019 financial year

A. General information

APONTIS PHARMA GmbH & Co. KG with its registered office in Monheim am Rhein is registered in the Commercial Register of the *Amtsgericht* [Local Court of] Düsseldorf under HRB no. 23282.

These Financial Statements have been prepared according to the financial reporting provisions applicable to corporations as defined in Sections 242 et seq. and 264a et seq. of the HGB and according to the applicable provisions of the *Gesetz betreffend die Gesellschaften mit beschränkter Haftung* [German Limited Liability Companies Act] (GmbHG).

The structure of the Income Statement is in line with the nature of expense format.

We included in these Notes any statements regarding the individual items of the Balance Sheet and the Income Statement to be made pursuant to the legal provisions, as well as any statements which can either be set out in the Balance Sheet or in the Income Statement and the Notes, to improve the clarity of the presentation. Any information on a co-classification to other items of the Balance Sheet is also given herein, for the same reason.

Personally liable shareholder is the company PP Apontis Pharma GmbH, Monheim am Rhein, which is registered in the Commercial Register of the Local Court of Düsseldorf under number HRB 85556. The subscribed capital of such company is EUR 25 thousand.

All figures included in these Notes are quoted in thousand Euros.

B. Accounting and Valuation Methods

The accounting and valuation methods set forth in the Commercial Code were decisive for the preparation of these Financial Statements.

Intangible assets acquired against consideration are disclosed at cost of acquisition and are subject to scheduled amortisation (according to the straight-line method) according to their useful life based on the *AfA-Tabellen* [Tables on Amortisation / Depreciation for Wear and Tear], insofar as they are subject to wear. In addition, unscheduled amortisation is made at their lower fair value – if such is necessary.

Down-payments made are recognised at their nominal value.

Property, plant and equipment is disclosed at cost of acquisition and is subject to scheduled depreciation over their useful life as customary in the company pursuant to the applicable tables on depreciation for wear and tear, if such are subject to wear and tear. In addition, unscheduled depreciation is made to the lower fair value – insofar as that is necessary.

Assets held under movable fixed assets are subject to straight-line amortisation / depreciation.

Low-value fixed assets up to an individual net value of EUR 250.00 were recorded as an expense in the year of acquisition; it was assumed that they will be disposed of immediately. The Company decided to recognise as low-value assets and to immediately write down any fixed assets with an individual net value of more than EUR 250.00 and less than EUR 800.00 in 2019. For any fixed assets with an individual net value of more than EUR 250.00 and less than EUR 1,000.00 which already existed prior to 2019, it created the compound item to be created annually for tax reasons and took it over to the commercial balance sheet for simplification reasons. 20 % of the annual compound items whose amounts are insignificant as a whole, are subject to a flat-rate depreciation pursuant to the tax provisions in the year of their creation and the four subsequent years. Depreciation of additions to property, plant and equipment is otherwise made on a pro-rata basis.

Shares held under financial assets are recognised at cost of acquisition or their lower fair values. The option right to subject them to amortisation if such are subject to only temporary devaluation is not used by the Company.

Securities held as fixed assets are recognised at cost of acquisition. In the past financial year, the assets were netted with pension obligations pursuant to Sec. 246 (2) sentence 2 of the HGB. That applies to the exclusion of the insurance of Swiss Life AG since it does not meet the requirements of Sec. 246 (2) sentence 2 of the HGB and is not unavailable to the access of all other creditors since it is not pledged to the beneficiaries or their potential survivors.

Inventories are recognised at cost of acquisition or the lower fair value.

Accounts receivable and other assets are accounted for at the nominal value. All items fraught with risk are taken into account by flat-rate deductions.

Cash and cash equivalents are valued at their nominal value.

Payments made prior to the balance sheet date are recognised under accrued income, insofar as such constitute expenses for a certain period after that time.

All capital contributions made by the shareholders are fully paid up and accounted for at their nominal amount.

Provisions for pensions are recognised according to the actuarial methods and based on an interest rate of 2.72 % p.a. (prev. year 3.21 %), where the financing starts at the age of 25 years and the PUC method is applied. The interest rate corresponds to the average market interest rate of the past ten years as announced by *Deutsche Bundesbank* [German Federal Bank] with a residual term of the pension obligations of 15 years. The Company used expected salary and pension trends of 3.00 % and 1.75 % as basis for calculation – no changes occurred here compared to the year before. The corresponding assets were set off with the obligations, insofar as allowed in the HGB. Insofar as expenses and income arise in this connection, such are netted. Pension provisions were valued according to the *Heubeck-Richttafeln 2018 G* [German Mortality Tables] as of 31 December 2019.

The following table contains the probability of fluctuation for active employees, it applies to pensions and similar obligations.

Probability of fluctuation	Men	Women
Age 20-25 years	6.00%	8.00%
Age 26-30 years	5.00%	7.00%
Age 31-35 years	4.00%	5.00%
Age 36-45 years	2.50%	2.50%
Age 46-50 years	1.00%	1.00%
More than 50 years	0.00%	0.00%

The pension plans set out below were taken over from UCB Pharma GmbH in the course of the acquisition of the business operation, including all contractually specified assets and liabilities.

Germany introduced a new pension plan on 1 July 2000 in which all employees are entitled to participate, insofar as they have an unlimited and unterminated employment relationship and completed a service period of six months. The new plan grants benefits of corporate old-age provisions through a *Gruppenunterstützungskasse* [group provident fund] which is an independent company. This fund is obliged to conclude individual reinsurance policies for each entitled employee to ensure the future pension payments.

That means that an indirect obligation for pensions and awards applies since 1 July 2000. Claims under the previous provisions were fixed on a pro-rata basis as of 30 June 2000.

On 1 January 2002, Germany introduced the “Deferred Compensation” corporate old-age provision programme. All employees in an unlimited and unterminated employment relationship whose remuneration is, after performance of the deferred compensation, above the income threshold for the statutory pension insurance in one calendar year, are entitled to participate. One part of the fixed gross remuneration or the variable remuneration of the employees taking part in this programme is not paid out directly, but invested as corporate old-age provision. The capital contributions paid by the employees are currently paid into one stock fund and one pension fund. The pension commitment of the Company guarantees that employees will receive the nominal pension contribution which they paid in.

The fund assets serving the funding of the pension commitments under the deferred compensation programme which come essentially from the capital contributions paid by the employees was contributed to a so-called Contractual Trust Arrangement (CTA) in the 2004 financial year. In the course of this transaction, the assets were transferred to Mercer Treuhand GmbH which acts as trustee for APONTIS PHARMA GmbH & Co. KG. The assets were transferred under the condition that such must be used only for the purpose of financing the direct pension obligations of the included supporting companies resulting from the deferred compensation programme. Beneficiaries will keep their direct claim towards APONTIS PHARMA GmbH & Co. KG in case their pension falls due, even after the implementation of the CTA model.

The obligations arising from the old-age provision programme were taken account of on the balance sheet date by an allocation to the relevant pension provisions.

The obligations from pensions and other commitments are set off with the assets which serve exclusively the fulfilment of old-age pension obligations and similar commitments and which are out of reach of all other creditors (so-called cover assets). Insofar as expenses and income arise in this connection, such are netted. Cover assets are valued at their fair value.

Provisions for anniversary expenses are determined according to actuarial principles by using an actuarial interest rate of 1.97 % and by taking into account the *Richttafeln* [Mortality Tables] 2018 G of Dr. Klaus Heubeck.

Other provisions are disclosed at their settlement amount which is to be recognised by observing the principle of prudence taking into account a prudent commercial assessment. They take account of all recognisable risks and contingent liabilities. Other provisions are exclusively current provisions, apart from provisions for anniversary expenses.

Liabilities are measured at their settlement amounts.

I. Explanations on the Balance Sheet

1. Fixed Assets

The changes occurring in the individual items under fixed assets are disclosed in the Statement of Changes in Fixed Assets attached hereto, including information on amortisation / depreciation of the financial year.

2. Securities Held as Fixed Assets

APONTIS PHARMA GmbH & Co. KG accounts for the assets transferred to Mercer Treuhand GmbH as trustor pursuant to Sec. 246 (1) of the HGB.

These are the cover assets of the reinsurance policies for one part of the pension obligations.

3. Inventories

Inventories comprise merchandise at a value of EUR 4,185 thousand (prev. year EUR 2,800 thousand).

4. Accounts receivable and other assets

Any and all trade accounts receivable have a residual term of less than one year.

Other assets are recognised at their nominal amount and comprise essentially deposits of EUR 577 thousand (prev. year EUR 370 thousand) as well as creditors with debit balances of EUR 103 thousand (prev. year EUR 1 thousand). All other assets have a residual term of less than one year.

5. Accrued income

Accrued income amounts to EUR 408 thousand on the balance sheet date (previous year EUR 474 thousand) and contains payments for expenses relating to the subsequent period.

6. Equity

The Company's equity amounts to EUR 5,819 thousand as of 31 December 2019 (prev. year EUR 8,002 thousand).

7. Profit for the year

The result of 2019 is a loss of EUR 2,182,535.70 (prev. year profit for the year of EUR 2,374,388.40). The loss for the year was allocated to reserves.

8. Provisions for pensions and similar obligations

Provisions for pensions and similar obligations are generally valued pursuant to Sec. 253 of the HGB. For more information, please refer to the explanations on the valuation of pension obligations.

The difference between the recognition of pension provisions pursuant to the applicable average market interest rate from the past ten financial years and the recognition of pension provisions pursuant to the relevant average market interest rate from the past seven financial years pursuant to Sec. 253 (6) of the HGB amounts to EUR 291 thousand (prev. year EUR 323 thousand).

Assets were set off with pension obligations, insofar as possible. The set off values of securities held as fixed assets pursuant to Sec. 246 (2) sentence 2 of the HGB are as follows:

	EUR'000
Pensions and similar obligations	3,160
Assets set off (cost of acquisition = fair value)	-1,034
Balance sheet value as of 31 December 2019	2,126

9. Other Provisions

	31/12/2019 EUR'000	31/12/2018 EUR'000
Personnel provisions	2,369	2,324
Provisions for granted discounts	1,896	1,857
Outstanding invoices	1,227	1,272
Others	475	207
	5,967	5,660

10. Liabilities

	Total	of which with a residual term of less than 1 year	more than 1 year	of which more than 5 years	Less than 1 year
	31/12/2019 EUR'000	1 year EUR'000	1 year EUR'000	5 years EUR'000	31/12/2018 EUR'000
Trade accounts payable	3,132	3,132	0	0	5,119
Accounts payable to shareholders	0	0	0	0	260
Other liabilities	624	624	0	0	995
- of which from taxes	497	497	0	0	292
	3,756	3,756	0	0	6,374

Any and all liabilities disclosed in the Balance Sheet are unsecured in rem. Trade accounts payable are subject to retentions of title customary in the industry. No other securities apply.

II. Explanations on the Income Statement

1. Sales Revenue

Revenue broken down according to fields of activity

	2019 EUR'000	%	2018 EUR'000	%
Hypertension	21,848	54.6	28,101	63.3
COPD (respiratory diseases)	10,169	25.4	10,525	23.7
Vascular	61	0.2	148	0.3
Gynaecology	890	2.2	948	2.1
Diabetes	3,186	8.0	117	0.3
Arthritis	387	0.9	381	0.9
Others	3,494	8.7	4,183	9.4
	40,035	100.0	44,403	100.0

The Company generated its revenue fully in Germany, as in the year before.

2. Other operating income

Other operating income amounts to EUR 1,292 thousand (prev. year EUR 2,037 thousand) and comprise, in the 2019 financial year, essentially income from remunerations in kind for the provision of company cars of EUR 638 thousand (prev. year EUR 634 thousand), income from the reversal of provisions of EUR 308 thousand (prev. year EUR 447 thousand). Income from the charging on of stock awards amounted to EUR 0 (prev. year EUR 604 thousand).

3. Personnel Expenses

	2019 EUR'000	2018 EUR'000
Wages and salaries	15,903	16,324
Social security expenses and expenses for old-age provision and assistance	2,698	2,600
- of which expenses for old-age provision	(210)	(228)
	18,601	18,924

4. Amortisation of Intangible Fixed Assets and Depreciation of Property, Plant and Equipment

	2019 EUR'000	2018 EUR'000
Intangible assets	418	277
Property, plant and equipment	11	13
Low-value assets	18	16
	29	29
	447	306

5. Financial Result

Other interest and similar income

	2019 EUR'000	2018 EUR'000
Third parties	56	0
	56	0

EUR 54 thousand (prev. year EUR 0) of interest income relate to interest from the cover assets of pension provisions.

Interest and similar expenses

	2019 EUR'000	2018 EUR'000
Third parties	126	100
	126	100

Interest expense comprises the interest share of deferred pensions and anniversary payments of EUR 118 thousand (prev. year EUR 74 thousand).

6. Income Tax

Income tax comprised trade tax of EUR 0 in the past financial year (prev. year EUR 30 thousand).

C. Other Disclosures

Other financial obligations

Other financial obligations are disclosed at their nominal values and are analysed as follows:

	EUR'000
Payment obligations under rental and leasing contracts	
in 2020	510
From 2021 to 2023	917
	1,427

The advantages of these contracts are the lower capital commitment when compared to an acquisition and the elimination of the utilisation risk. Risks might arise from the contractual relationship, insofar as the assets can no longer be used in full, but no indications exist in this respect at the present time.

The Company is party to various development cooperation contracts. Depending on the progress of such development, certain "milestone" payments are to be made. The contracts contain exit clauses in case that projects do not go as planned. The contracts existing on 31 December 2019 contain contract targets to be fulfilled beyond the year 2025 which include outstanding financial obligations of approx. EUR 6,120 thousand. Insofar as the development progress is sufficiently concrete until the balance sheet date, the obligations arising from such under the contract were recognised as liabilities in the Balance Sheet.

Average number of staff during the year

The average number of staff employed by the Company during the financial year:

	2019 EUR'000	2018 EUR'000
Executive personnel	8	8
Employees	192	192
	200	200

Management

The management and representation is the responsibility of the company PP Apontis Pharma GmbH, Monheim am Rhein, represented by the managing director:

Karlheinz Gast, Dörentrup	Managing director of PP Apontis Pharma GmbH, Monheim am Rhein

We provide no information on the total remunerations of the managing director and refer to Sec. 286 (4) of the HGB.

Events of special importance after the closure of the financial year

The World Health Organisation (WHO) declared the international health emergency at the end of January 2020. Since 11 March 2020, the WHO has been classifying the spread of the Corona virus (COVID-19) as a pandemic. The consequences of the Corona crisis will have significant financial impacts on the 2020 financial year. We refer to the relevant explanations in the Management Report set out in section VI. “Essentials Risks and Opportunities of the Future Development” and in section VII. “Outlook for the 2020 Financial Year”. No other events of special importance occurred after the closure of the financial year which should have been disclosed herein.

Auditor’s Fee

The total fee charged by the auditor for the financial year is EUR 59 thousand, EUR 34 thousand of which relate to services rendered by the auditor for the audit of the financial statements and EUR 25 thousand relate to tax consulting services.

Profit appropriation

APONTIS PHARMA GmbH & Co. KG set off the loss of the 2019 financial year of EUR 2,183 thousand (prev. year profit of EUR 2,374 thousand) with the reserves item in the Balance Sheet based on the provisions of the articles of association.

Monheim am Rhein, 30 April 2020

APONTIS PHARMA GmbH & Co. KG
represented by PP Apontis Pharma GmbH
the latter represented by its
managing director

signed Karlheinz Gast

Statement of Changes in Fixed Assets of APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein,

for the 2019 Financial Year

Cost of Acquisition / production

	Balance on 1/1/2019 EUR	Additions EUR	Disposals EUR	Account transfers EUR	Balance on 31/12/2019 EUR
I. Intangible assets					
1. Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	16,166,935.70	557,256.00	0.00	1,991,986.25	18,716,177.95
2. Down-payments made	3,943,001.09	485,000.00	0.00	-1,991,986.25	2,436,014.84
	20,109,936.79	1,042,256.00	0.00	0.00	21,152,192.79
II. Property, plant and equipment					
Other plants, operating and business equipment	585,342.69	8,167.06	0.00	0.00	593,509.75
III. Financial assets					
Securities held as fixed assets	541,547.48	49,109.56	0.00	0.00	590,657.04
	21,236,826.96	1,099,532.62	0.00	0.00	22,336,359.58

Accumulated amortisation / depreciation				Carrying amounts	
Balance on 1/1/2019 EUR	Additions EUR	Disposals EUR	Balance on 31/12/2019 EUR	Balance on 1/1/2019 EUR	Balance on 31/12/2018 EUR
15,349,725.70	417,948.25	0.00	15,767,673.95	2,948,504.00	817,210.00
0.00	0.00	0.00	0.00	2,436,014.84	3,943,001.09
15,349,725.70	417,948.25	0.00	15,757,673.95	5,384,518.84	4,760,211.09
496,933.69	29,075.06	0.00	526,008.75	67,501.00	88,409.00
0.00	0.00	0.00	0.00	590,657.04	541,547.48
15,846,659.39	447,023.31	0.00	16,293,682.70	6,042,676.88	5,390,167.57

Auditor's Certificate of the Independent Auditor

To APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein

Audit Opinions

We audited the Financial Statements of APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein – consisting of the Balance Sheet as of 31 December 2019 and the Income Statement for the financial year from 1 January to 31 December 2019 as well as the Notes, including the presentation of the accounting and valuation methods. In addition, we audited the Management Report of APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein, for the financial year from 1 January to 31 December 2019.

In our opinion and based on the knowledge gained during the audit,

- the accompanying Financial Statements are, in all essential aspects, in compliance with the provisions under the German commercial law applicable to commercial partnerships in terms of Sec. 264a of the HGB and provides, in consideration of the German generally accepted accounting principles, a true and fair view of the Company's asset and financial situation as of 31 December 2019 as well as of its result of operations for the financial year from 1 January to 31 December 2019, and
- the accompanying Management Report conveys an overall accurate view of the Company's situation. This Management Report is, in all essential matters, in line with the Financial Statements, complies with the German legal provisions and correctly presents the risks and opportunities relating to the Company's future development.

In accordance with Sec. 322 (3) sentence 1 of the HGB, we declare that our audit did not give rise to any objections against the compliance of these Financial Statements and the Management Report.

Bases for the audit opinions

We conducted our audit of the Financial Statements and of the Management Report in accordance with Sec. 317 of the HGB and the German generally accepted standards for auditing as promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (IDW). Our responsibility arising from these provisions and standards is described in more detail in the section "Responsibility of the Auditor for the Audit of the Financial Statements and the Management Report" of our Audit Certificate. We are independent of the Company as defined in the provisions of the German Commercial Code and the laws applicable to our profession and have met our other German professional obligations in line with these requirements. We are of the opinion that the evidence we obtained during the audit is sufficient and suitable to serve as basis for our audit opinions on the Financial Statements and the Management Report.

Responsibility of the Legal Representative for the Financial Statements and the Management Report

The legal representative is responsible for the preparation of Financial Statements which are in compliance with the provisions of the German Commercial Code applicable to commercial partnerships in terms of Sec. 264a of the HGB and that the Financial Statements, by observing the German generally accepted accounting principles, convey a true and fair view of the asset, financial situation and the result of operations of the Company. Furthermore, the legal representative is responsible for the internal controls which they determined to be necessary in accordance with the German generally accepted accounting principles to enable the preparation of Financial Statements which are free of essential misrepresentations — caused due to fraud or error.

In the preparation of the Financial Statements, the legal representative is responsible for assessing the Company's ability to continue its business activity as a going concern. Furthermore, they are responsible for stating matters associated with the going concern assumption, insofar as that is necessary. Moreover, they are responsible for accounting on the basis of the going concern accounting principle, unless that is opposed by actual or legal matters.

In addition, the legal representative is responsible for preparing the Management Report which conveys, as a whole, a true and fair view of the Company's situation, is, as a whole, in line with the Financial Statements and in compliance with the German legal provisions and adequately presents the risks and opportunities relating to the Company's future development. The legal representative is also responsible for making the precautions and taking the measures (systems) that they considered necessary to enable the preparation of a Management Report in line with the German legal provisions to be applied and to be able to provide sufficiently suitable evidence for the statements in the Management Report.

Responsibility of the Auditor for the Audit of the Financial Statements and the Management Report

Our objective is to obtain reasonable assurances as to whether the Financial Statements are, as a whole, free of essential misrepresentations – due to error or fraud – and whether the Management Report conveys, as a whole, a true and fair view of the Company's situation and whether it is, in all essential matters, in line with the Financial Statements and the knowledge gained during the audit, that it complies with the German legal provisions and adequately presents the risks and opportunities relating to the Company's future development; and to provide an auditor's certificate containing our audit opinions on the Financial Statements and the Management Report.

Sufficient assurance is a high degree of assurance but no guarantee that an audit performed in line with Sec. 317 of the HGB, by observing the German generally accepted accounting standards as promulgated by the Institut der Wirtschaftsprüfer (IDW), always detects any essential misrepresentation. Misrepresentations might arise from violations or inaccuracies and are considered essential if it can reasonably be expected that they, individually or combined, might affect the economic decisions that users of these documents make on the basis of these Financial Statements and the Management Report.

We apply professional judgement during the conduct of the audit and maintain a critical attitude. In addition,

- we identify and assess the risks of essential misrepresentations — due to error or fraud — in the Financial Statements and the Management Report, plan and conduct audit activities in response to these risks and obtain audit evidence which is sufficient and suitable to serve as basis for our audit opinions. The risk that essential misrepresentations are not discovered is higher for violations than for inaccuracies since violations might involve fraudulent conduct, forgery, intended incompleteness, misleading representations and/or the overriding of internal controls.

- we gain an understanding of the internal control system relevant for the audit of the Financial Statements and the precautions and measures relevant for the audit of the Management Report in order to plan audit activities which are adequate under the prevailing circumstances, but not in order to provide the Company with an audit opinion on the effectiveness of these systems.
- we assess the adequacy of the accounting methods applied by the legal representatives and the reasonableness of the values estimated by the legal representatives and the information and statements associated therewith.
- we draw conclusions on the adequacy of the going concern accounting principle applied by the legal representative and, on the basis of the audit evidence obtained, whether an essential uncertainty exists in connection with events or situations which might raise serious doubts about the Company's ability to continue to exist as a going concern. If we come to the conclusion that an essential uncertainty exists, we are obliged to provide information in the Auditor's Certificate regarding the associated information disclosed in the Financial Statements and the Management Report, or to modify our audit opinion if the information is inadequate. We draw our conclusions on the basis of the audit evidence obtained until the date of our auditor's certificate. Future events or situations might, however, result in the fact that the Company is unable to continue its business activities.
- we assess the overall presentation, the structure and contents of the Financial Statements, including the information as to whether the Financial Statements present the underlying transactions and events in a manner that the Financial Statements, in consideration of the German generally accepted accounting principles, convey a true and fair view of the asset and financial situation and the result of operations of the Company
- we assess whether the Management Report is in line with the Financial Statements, complies with the legal provisions and the view it conveys about the Company's situation.
- we conduct audit activities on the future-oriented statements presented by the legal representative in the Management Report. Based on sufficiently suitable audit evidences, we reproduce, in particular, the significant assumptions underlying the future-oriented information provided by the legal representatives and assess whether the future-oriented statements have been properly derived from these assumptions. We do not provide an independent audit opinion on the future-oriented information and the underlying assumptions. There is a significant, unavoidable risk that future events deviate significantly from the future-oriented information.

We discuss with the persons responsible for the supervision, inter alia, the planned scope and schedule of the audit as well as important audit findings, including any deficiencies in the internal control system which we detect during our audit.

Bonn, 30 April 2020

Ebner Stolz GmbH & Co. KG
Auditing Company Tax Consultancy

signed Torsten Janßen
Auditor

signed Barbara Tiefenbach-Yasar
Auditor

Audited Financial Statements

of APONTIS PHARMA GmbH & Co. KG
(formerly: UCB Innere Medizin GmbH & Co. KG)

prepared in accordance with the German Commercial Code
(*Handelsgesetzbuch*)

as of and for the Fiscal Year Ended December 31, 2018

Balance Sheet of APONTIS PHARMA GmbH & Co. KG
(formerly: UCB Innere Medizin GmbH & Co. KG), Monheim am Rhein,

as of 31 December 2018

A s s e t s

	Balance on 31 Dec. 2018 EUR	Balance on 31 Dec. 2017 EUR
A. Fixed assets		
I. Intangible assets		
1. Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	817,210.00	744,470.00
2. Down-payments made	3,943,001.09	2,451,014.84
	4,760,211.09	3,195,484.84
II. Property, plant and equipment		
Other plants, operating and business equipment	88,409.00	87,762.00
III. Financial assets		
Securities held as fixed assets	541,547.48	474,146.62
	5,390,167.57	3,757,393.46
B. Current assets		
I. Inventories		
Goods	2,799,501.17	2,638,262.77
II. Accounts receivable and other assets		
1. Trade accounts receivable	6,286,075.39	7,431,849.00
2. Accounts receivable from affiliated companies	0.00	231,502.73
3. Other assets	484,956.95	388,153,43
	6,771,032.34	8,051,505.16
III. Cash on hand, cash at banks	6,611,854.32	5,668,624.78
	16,182,387.83	16,358,392.71
C. Accrued income	474,163,35	489,199.00
	22,046,718.75	20,604,985.17

Equity and Liabilities

	Balance on 31 Dec. 2018 EUR	Balance on 31 Dec. 2017 EUR
A. Equity		
I. Capital contributions		
1. General partner	100,000.00	100,000.00
2. Limited partner	1,000.00	1,000.00
	101,000.00	101,000.00
II. Reserves	7,900,508.08	5,786,119.68
	8,001,508.08	5,887,119.68
B. Provisions		
1. Provisions for pensions and similar obligations	1,981,839.00	1,830,483.00
2. Tax provisions	29,225.00	0.00
3. Other provisions	5,659,843.06	6,002,460.19
	7,670,907.06	7,832,943.19
C. Liabilities		
1. Trade accounts payable	5,118,968.04	3,705,664.78
2. Accounts payable due to affiliated companies	0.00	252,444.48
3. Accounts payable to shareholders	260,000.00	1,577,095.02
4. Other liabilities	995,335.57	1,349,718.02
- of which from taxes: 292,499.96 (prev. year EUR 964,845.36)		
- of which from social security: EUR 284.11 (prev. year EUR 0.00)		
	6,374,303.61	6,884,922.30
	22,046,718.75	20,604,985.17

Income Statement

of APONTIS PHARMA GmbH & Co. KG
(formerly: UCB Innere Medizin GmbH & Co. KG), Monheim am Rhein,

for the period from 1 January to 31 December 2018

	2018 EUR	2017 EUR
1. Sales revenue	44,402,789.52	54,706,030.84
2. Other operating income	2,037,486.91	1,163,704.85
3. Cost of materials		
Expenses for purchased goods	11,344,081.53	10,434,609.05
	11,344,081.53	10,434,609.05
4. Personnel expenses		
a) Wages and salaries	16,323,762.12	16,101,250.65
b) Social security expenses and expenses for old-age provision and assistance	2,599,731.20	2,560,534.35
- of which for old-age provision: EUR 227,963.38 (prev. year EUR 279,761.16)		
	18,923,493.32	18,661,785.00
5. Amortisation of intangible fixed assets and depreciation of property plant and equipment	306,400.62	660,003.92
6. Other operating expenses	13,322,974.45	14,377,027.98
7. Other interest and similar income	22.22	4,984.22
8. Interest and similar expenses	100,111.83	127,290.50
- of which to affiliated companies: EUR 0.00 (prev. year EUR 39,742.96)		
9. Income tax	29,225.00	0.00
10. Earnings after taxes	2,414,011.90	11,614,003.46
11. Other taxes	39,623.50	36,908.44
12. Profit for the year	2,374,388.40	11,577,095.02
13. Allocation to reserves	-2,114,388.40	0.00
14. Credit to liability accounts	-260,000.00	-11,577,095.02
15. Balance sheet profit / loss	0.00	0.00

Notes of APONTIS PHARMA GmbH & Co. KG
(formerly: UCB Innere Medizin GmbH & Co. KG), Monheim am Rhein,

for the 2018 financial year

A. General information

APONTIS PHARMA GmbH & Co. KG with its registered office in Monheim am Rhein is registered in the Commercial Register of the *Amtsgericht* [Local Court of] Düsseldorf under HRB no. 23282.

These Financial Statements have been prepared according to the financial reporting provisions applicable to corporations as defined in Sections 242 et seq. and 264a et seq. of the HGB and according to the applicable provisions of the *Gesetz betreffend die Gesellschaften mit beschränkter Haftung* [German Limited Liability Companies Act] (GmbHG).

The structure of the Income Statement is in line with the nature of expense format.

We included in these Notes any statements regarding the individual items of the Balance Sheet and the Income Statement to be made pursuant to the legal provisions, as well as any statements which can either be set out in the Balance Sheet or in the Income Statement and the Notes, for reasons of clarity. Any information on a co-classification to other items of the Balance Sheet is also given herein, for the same reason.

Personally liable shareholder is the company PP Apontis Pharma GmbH, Monheim am Rhein which is registered in the Commercial Register of the Local Court of Düsseldorf under number HRB 85556. The subscribed capital of such company is EUR 25 thousand.

All figures included in these Notes are quoted in thousand Euros.

B. Accounting and Valuation Methods

The accounting and valuation methods set forth in the Commercial Code were decisive for the preparation of these Financial Statements.

Intangible assets acquired against consideration are disclosed at cost of acquisition and are subject to scheduled (straight-line) amortisation according to their useful life based on the *AfA-Tabellen* [Tables on Amortisation / Depreciation for Wear and Tear], insofar as they are subject to wear. In addition, unscheduled amortisation is made at their lower fair value – if such is necessary.

Down-payments made are recognised at their nominal value.

Property, plant and equipment is disclosed at cost of acquisition and is subject to scheduled depreciation over their useful life as customary in the company pursuant to the applicable tables on depreciation for wear and tear, if such are subject to wear and tear. In addition, unscheduled depreciation is made to the lower fair value – insofar as that is necessary.

Assets held under movable fixed assets are subject to straight-line amortisation / depreciation.

Low-value fixed assets up to an individual net value of EUR 250.00 were recorded as an expense in the year of acquisition; it was assumed that they will be disposed of immediately. The compound item to be created annually for tax reasons for fixed assets with an individual net value of more than EUR 250.00 and less than EUR 1,000.00 was taken over to the commercial balance sheet for simplification. 20 % of the annual compound items whose amounts are insignificant as a whole, are subject to a flat-rate depreciation pursuant to the tax provisions in the year of their creation and the four subsequent years. Depreciation of additions to property, plant and equipment is otherwise made on a pro-rata basis.

Shares held under financial assets are recognised at cost of acquisition or their lower fair values. The option right to subject them to amortisation if such are subject to only temporary devaluation is not used by the Company.

Securities held as fixed assets are recognised at cost of acquisition. In the past financial year, the assets were netted with pension obligations pursuant to Sec. 246 (2) sentence 2 of the HGB. That applies to the exclusion of the insurance of Swiss Life AG since it does not meet the requirements of Sec. 246 (2) sentence 2 of the HGB and is not unavailable to the access of all other creditors since it is not pledged to the beneficiaries or their potential survivors.

Inventories are recognised at cost of acquisition or the lower fair value.

Accounts receivable and other assets are accounted for at the nominal value. All items fraught with risk are taken into account by flat-rate deductions.

Cash and cash equivalents are valued at their nominal value.

Payments made prior to the balance sheet date are recognised under accrued income, insofar as such constitute expenses for a certain period after that time.

All capital contributions made by the shareholders are fully paid up and accounted for at their nominal amount.

Provisions for pensions are recognised according to the PUC method, based on actuarial principles and on the basis of an interest rate of 3.21 % p.a. (prev. year 3.68 %), where the financing starts at the age of 25 years. The interest rate corresponds to the average market interest rate of the past ten years as announced by *Deutsche Bundesbank* [German Federal Bank] with a residual term of the pension obligations of 15 years. The Company used expected salary and pension trends of 3 % and 1.75 % as basis for calculation – no changes occurred here compared to the year before. The corresponding assets were set off with the obligations, insofar as allowed in the HGB. Insofar as expenses and income arise in this connection, such are netted. Pension provisions were valued according to the *Heubeck-Richttafeln 2018 G* [German Mortality Tables] as of 31 December 2018.

The following table contains the probability of fluctuation for active employees, it applies to pensions and similar obligations.

Probability of fluctuation	Men	Women
Age 20-25 years	6.00%	8.00%
Age 26-30 years	5.00%	7.00%
Age 31-35 years	4.00%	5.00%
Age 36-45 years	2.50%	2.50%
Age 46-50 years	1.00%	1.00%
More than 50 years	0.00%	0.00%

The pension plans set out below were taken over from UCB Pharma GmbH in the course of the acquisition of the business operation, including all contractually specified assets and liabilities.

Germany introduced a new pension plan on 1 July 2000 in which all employees are entitled to participate, insofar as they have an unlimited and unterminated employment relationship and completed a service period of six months. The new plan grants benefits of corporate old-age provisions through a *Gruppenunterstützungskasse* [group provident fund] which is an independent company. This fund is obliged to conclude individual reinsurance policies for each entitled employee to ensure the future pension payments.

That means that an indirect obligation for pensions and awards applies since 1 July 2000. Claims under the previous provisions were fixed on a pro-rata basis as of 30 June 2000.

On 1 January 2002, Germany introduced the “Deferred Compensation” corporate old-age provision programme. All employees in an unlimited and unterminated employment relationship whose remuneration is, after performance of the deferred compensation, above the income threshold for the statutory pension insurance in one calendar year, are entitled to participate. One part of the fixed gross remuneration or the variable remuneration of the employees taking part in this programme is not paid out directly, but invested as corporate old-age provision. The capital contributions paid by the employees are currently paid into one stock fund and one pension fund. The pension commitment of the Company guarantees that employees will receive the nominal pension contribution which they paid in.

The fund assets serving the funding of the pension commitments under the deferred compensation programme which come essentially from the capital contributions paid by the employees was contributed to a so-called Contractual Trust Arrangement (CTA) in the 2004 financial year. In the course of this transaction, the assets were transferred to Mercer Treuhand GmbH which acts as trustee for APONTIS PHARMA GmbH & Co. KG. The assets were transferred under the condition that such must be used only for the purpose of financing the direct pension obligations of the included supporting companies resulting from the deferred compensation programme. Beneficiaries will keep their direct claim towards APONTIS PHARMA GmbH & Co. KG in case their pension falls due, even after the implementation of the CTA model.

The obligations arising from the old-age provision programme were taken account of on the balance sheet date by an allocation to the relevant pension provisions.

The obligations from pensions and other commitments are set off with the assets which serve exclusively the fulfilment of old-age pension obligations and similar commitments and which are out of reach of all other creditors (so-called cover assets). Insofar as expenses and income arise in this connection, such are netted. Cover assets are valued at their fair value.

Provisions for anniversary expenses are determined according to actuarial principles by using an actuarial interest rate of 2.32 % and by taking into account the *Richttafeln* [Mortality Tables] 2018 G of Dr. Klaus Heubeck.

Other provisions are disclosed at their settlement amount which is to be recognised by observing the principle of prudence taking into account a prudent commercial assessment. They take account of all recognisable risks and contingent liabilities. Other provisions are exclusively current provisions, apart from provisions for anniversary expenses.

Liabilities are measured at their settlement amounts.

I. Explanations on the Balance Sheet

1. Fixed Assets

The changes occurring in the individual items under fixed assets are disclosed in the Statement of Changes in Fixed Assets (Annex 4) attached hereto, including information on amortisation / depreciation of the financial year.

2. Securities Held as Fixed Assets

APONTIS PHARMA GmbH & Co. KG accounts for the assets transferred to Mercer Treuhand GmbH as trustor pursuant to Sec. 246 (1) of the HGB.

These are the cover assets of the reinsurance policies for one part of the pension obligations.

3. Inventories

Inventories comprise merchandise at a value of EUR 2,800 thousand (prev. year EUR 2,638 thousand).

4. Accounts receivable and other assets

Any and all trade accounts receivable have a residual term of less than one year.

Other assets are recognised at their nominal amount and comprise essentially down-payments made to suppliers of EUR 370 thousand (prev. year EUR 310 thousand). All other assets have a residual term of less than one year.

5. Accrued income

Accrued income amounts to EUR 474 thousand on the balance sheet date (previous year EUR 489 thousand). It contains no amounts for discounts.

6. Equity

The Company's equity amounts to EUR 8,002 thousand as of 31 December 2018 (prev. year EUR 5,888 thousand).

7. Profit for the year

The profit for the year 2018 is EUR 2,374,388.40 (prev. year EUR 11,577,095.02). EUR 260,000 is disclosed in the Balance Sheet as accounts payable to shareholders and EUR 2,114,388.40 as reserves.

8. Provisions for pensions and similar obligations

Provisions for pensions and similar obligations are generally valued pursuant to Sec. 253 of the HGB. For more information, please refer to the explanations on the valuation of pension obligations.

The difference between the recognition of pension provisions pursuant to the applicable average market interest rate from the past ten financial years and the recognition of pension provisions pursuant to the relevant average market interest rate from the past seven financial years pursuant to Sec. 253 (6) of the HGB amounts to EUR 323 thousand (prev. year EUR 285 thousand).

Assets were set off with pension obligations, insofar as possible. The set off values of securities held as fixed assets pursuant to Sec. 246 (2) sentence 2 of the HGB are as follows:

	EUR'000
Pensions and similar obligations	2,840
Assets set off (cost of acquisition = fair value)	-858
Balance sheet value as of 31 December 2018	1,982

9. Other Provisions

	31/12/2018 EUR'000	31/12/2017 EUR'000
Personnel provisions	2,324	2,906
Provisions for granted discounts	1,857	1,702
Outstanding invoices	1,272	962
Others	207	432
	5,660	6,002

10. Liabilities

	Total	of which with a residual term of less than 1 year	of which with a residual term of more than 1 year	of which more than 5 years	Total
	31/12/2018 EUR'000	1 year EUR'000	1 year EUR'000	5 years EUR'000	31/12/2017 EUR'000
Trade accounts payable	5,119	5,119	0	0	3,706
Accounts payable to shareholders	260	260	0	0	1,577
Accounts payable due to affiliated companies	0	0	0	0	252
Other liabilities	995	995	0	0	1,350
- of which from taxes	292	292	0	0	965
	6,374	6,374	0	0	6,885

Any and all liabilities disclosed in the Balance Sheet are unsecured in rem.

II. Explanations on the Income Statement

1. Sales Revenue

Revenue broken down according to fields of activity

	2018 EUR'000	%	2017 EUR'000	%
Hypertension	28,101	63.3	34,111	62.4
Heart failure	0	0.0	6,790	12.4
COPD (respiratory diseases)	10,525	23.7	7,720	14.1
Vascular	148	0.3	265	0.5
Gynaecology	948	2.1	1,208	2.2
Diabetes	117	0.3	0	0.0
Arthritis	381	0.9	0	0.0
Others	4,183	9.4	4,612	8.4
	44,403	100.0	54,706	100.00

The Company generated its revenue fully in Germany, as in the year before.

2. Other operating income

Other operating income amounts to EUR 2,037 thousand (prev. year EUR 1,164 thousand) and comprise, in the 2018 financial year, essentially income from remunerations in kind for the provision of company cars of EUR 634 thousand (prev. year EUR 595 thousand), income from the charging on of stock awards in the amount of EUR 604 thousand (prev. year EUR 0) and income from the reversal of provisions of EUR 447 thousand (prev. year EUR 304 thousand).

3. Personnel Expenses

	2018 EUR'000	2017 EUR'000
Wages and salaries	16,324	16,101
Social security expenses and expenses for old-age provision and assistance	2,600	2,561
Of which expenses for old-age provision	(228)	(280)
	18,924	18,662

4. Amortisation of Intangible Fixed Assets and Depreciation of Property, Plant and Equipment

	2018 EUR'000	2017 EUR'000
Intangible assets	277	628
Property, plant and equipment	13	16
Low-value assets	16	16
	29	32
	306	660

5. Financial Result

Other interest and similar income

	2018 EUR'000	2017 EUR'000
Third parties	0	5
	0	5

Interest and similar expenses

	2018 EUR'000	2017 EUR'000
Affiliated companies	0	40
Third parties	100	87
	100	127

The Interest expense includes the interest share of deferred pensions and anniversary payments of EUR 74 thousand (prev. year EUR 72 thousand).

6. Income Tax

Income tax comprised trade tax of EUR 30 thousand in the past financial year (prev. year EUR 0).

C. Other Disclosures

Other financial obligations

Other financial obligations are disclosed at their nominal values and are analysed as follows:

	EUR'000
Payment obligations under rental and leasing contracts	
in 2019	631
From 2020 to 2022	497
	1,128

The advantages of these contracts are the lower capital commitment when compared to an acquisition and the elimination of the utilisation risk. Risks might arise from the contractual relationship, insofar as the assets can no longer be used in full, but no indications exist in this respect at the present time.

The Company has not financial obligations to affiliated companies on the balance sheet date, as was the case in the previous year.

The Company is party to various development cooperation contracts. Depending on the progress of such development, certain "milestone" payments are to be made. The contracts contain exit clauses in case that projects do not go as planned. The contracts existing on 31 December 2018 contain contract targets to be fulfilled beyond the year 2025 which include outstanding financial obligations of approx. EUR 7,575 thousand. Insofar as the development progress is sufficiently concrete until the balance sheet date, the obligations arising from such under the contract were recognised as liabilities in the Balance Sheet.

Average number of staff during the year

The average number of staff employed by the Company during the financial year:

	2018 EUR'000	2017 EUR'000
Executive personnel	8	8
Employees	192	186
	200	194

Management

The management and representation is the responsibility of the company PP Apontis Pharma GmbH, Monheim am Rhein, represented by the managing director who is authorised to represent the company alone and is exempted from the restrictions of Sec. 181 of the BGB [German Civil Code]:

Karlheinz Gast, Dörentrup	Managing director of PP Apontis Pharma GmbH, Monheim am Rhein

We provide no information on the total remunerations of the managing director and refer to Sec. 286 (4) of the HGB.

Events of special importance after the closure of the financial year

No events of special importance occurred after the closure of the financial year and which were neither disclosed in the Income Statement nor the Balance Sheet.

Profit appropriation

APONTIS PHARMA GmbH & Co. KG recorded the profit of the 2018 financial year of EUR 260 thousand (prev. year EUR 11,577 thousand) under accounts payable to shareholders and of EUR 2,114 thousand under the reserves item in the Balance Sheet based on the profit appropriation proposal.

Monheim am Rhein, 14 June 2019

APONTIS PHARMA GmbH & Co. KG
represented by PP Apontis Pharma GmbH
the latter represented by its
managing director

signed Karlheinz Gast

Statement of Changes in Fixed Assets of APONTIS PHARMA GmbH & Co. KG (formerly: UCB Innere Medizin GmbH & Co. KG), Monheim am Rhein,

for the 2018 Financial Year

	Cost of Acquisition / production				
	Balance on 1/1/2018 EUR	Additions EUR	Disposals EUR	Account transfers EUR	Balance on 31/12/2018 EUR
I. Intangible assets					
1. Concessions acquired against consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	15,816,935.70	350,000.00	0.00	0.00	16,166,935.70
2. Down-payments made	2,451,014.84	1,491,986.25	0.00	0.00	3,943,001.09
	18,267,950.54	1,841,986.25	0.00	0.00	20,109,936.79
II. Property, plant and equipment					
Other plants, operating and business equipment	555,555.07	29,787.62	0.00	0.00	585,342.69
III. Financial assets					
Securities held as fixed assets	474,146.62	67,400.86	0.00	0.00	541,547.48
	19,297,652.23	1,939,174.73	0.00	0.00	21,236,826.96

Accumulated amortisation / depreciation				Carrying amounts	
Balance on 1/1/2018 EUR	Additions EUR	Disposals EUR	Balance on 31/12/2018 EUR	Balance on 1/1/2018 EUR	Balance on 31/12/2017 EUR
15,072,465.70	277,260.00	0.00	15,349,725.70	817,210.00	744,470.00
0.00	0.00	0.00	0.00	3,943,001.09	2,451,014.84
15,072,465.70	277,260.00	0.00	15,349,725.70	4,760,211.09	3,195,484.84
467,793.07	29,140.62	0.00	496,933.69	88,409.00	87,762.00
0.00	0.00	0.00	0.00	541,547.48	474,146.62
15,540,258.77	306,400.62	0.00	15,846,659.39	5,390,167.57	3,757,393.46

Auditor's Certificate of the Independent Auditor

To APONTIS PHARMA GmbH & Co. KG (formerly: UCB Innere Medizin GmbH & Co. KG), Monheim am Rhein

Audit Opinions

We audited the Financial Statements of APONTIS PHARMA GmbH & Co. KG (formerly: UCB Innere medizing GmbH & Co. KG), Monheim am Rhein – consisting of the Balance Sheet as of 31 December 2018 and the Income Statement for the financial year from 1 January to 31 December 2018 as well as the Notes, including the presentation of the accounting and valuation methods. In addition, we audited the Management Report of APONTIS PHARMA GmbH & Co. KG (formerly: UCB Innere Medizin GmbH & Co. KG), Monheim am Rhein, for the financial year from 1 January 2018 to 31 December 2018.

In our opinion and based on the knowledge gained during the audit,

- the accompanying Financial Statements are, in all essential aspects, in compliance with the provisions under the German commercial law applicable to commercial partnerships in terms of Sec. 264a of the HGB and provides, in consideration of the German generally accepted accounting principles, a true and fair view of the Company's asset and financial situation as of 31 December 2018 as well as of its result of operations for the financial year from 1 January to 31 December 2018, and
- the accompanying Management Report conveys an overall accurate view of the Company's situation. This Management Report is, in all essential matters, in line with the Financial Statements, complies with the German legal provisions and correctly presents the risks and opportunities relating to the Company's future development.

In accordance with Sec. 322 (3) sentence 1 of the HGB, we declare that our audit did not give rise to any objections against the compliance of these Financial Statements and the Management Report.

Bases for the audit opinions

We conducted our audit of the Financial Statements and of the Management Report in accordance with Sec. 317 of the HGB and the German generally accepted standards for auditing as promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibility arising from these provisions and standards is described in more detail in the section "Responsibility of the Auditor for the Audit of the Financial Statements and the Management Report" of our Audit Certificate. We are independent of the Company as defined in the provisions of the German Commercial Code and the laws applicable to our profession and have met our other German professional obligations in line with these requirements. We are of the opinion that the evidence we obtained during the audit is sufficient and suitable to serve as basis for our audit opinions on the Financial Statements and the Management Report.

Responsibility of the Legal Representatives for the Financial Statements and the Management Report

The legal representative is responsible for the preparation of Financial Statements which are in compliance with the provisions of the German Commercial Code applicable to commercial partnerships in terms of Sec. 264a of the HGB and that the Financial Statements, by observing the German generally accepted accounting principles, convey a true and fair view of the asset, financial situation and the result of operations of the Company. Furthermore, the legal representative is responsible for the internal controls which they determined to be necessary in accordance with the German generally accepted accounting principles to enable the preparation of Financial Statements which are free of essential misrepresentations – caused due to fraud or error.

In the preparation of the Financial Statements, the legal representative is responsible for assessing the Company's ability to continue its business activity as a going concern. Furthermore, they are responsible for stating matters associated with the going concern assumption, insofar as that is necessary. Moreover, they are responsible for accounting on the basis of the going concern accounting principle, unless that is opposed by actual or legal matters.

In addition, the legal representative is responsible for preparing the Management Report which conveys, as a whole, a true and fair view of the Company's situation, is, as a whole, in line with the Financial Statements and in compliance with the German legal provisions and adequately presents the risks and opportunities relating to the Company's future development. The legal representative is also responsible for making the precautions and taking the measures (systems) that they considered necessary to enable the preparation of a Management Report in line with the German legal provisions to be applied and to be able to provide sufficiently suitable evidence for the statements in the Management Report.

Responsibility of the Auditor for the Audit of the Financial Statements and the Management Report

Our objective is to obtain reasonable assurances as to whether the Financial Statements are, as a whole, free of essential misrepresentations – due to error or fraud – and whether the Management Report conveys, as a whole, a true and fair view of the Company's situation and whether it is, in all essential matters, in line with the Financial Statements and the knowledge gained during the audit, that it complies with the German legal provisions and adequately presents the risks and opportunities relating to the Company's future development; and to provide an auditor's certificate containing our audit opinions on the Financial Statements and the Management Report.

Sufficient assurance is a high degree of assurance but no guarantee that an audit performed in line with Sec. 317 of the HGB, by observing the German generally accepted accounting standards as promulgated by the Institut der Wirtschaftsprüfer (IDW), always detects any essential misrepresentation. Misrepresentations might arise from violations or inaccuracies and are considered essential if it can reasonably be expected that they, individually or combined, might affect the economic decisions that users of these documents make on the basis of these Financial Statements and the Management Report.

We apply professional judgement during the conduct of the audit and maintain a critical attitude. In addition,

- we identify and assess the risks of essential misrepresentations – due to error or fraud – in the Financial Statements and the Management Report, plan and conduct audit activities in response to these risks and obtain audit evidence which is sufficient and suitable to serve as basis for our audit opinions. The risk that essential misrepresentations are not discovered is higher for violations than for inaccuracies since violations might involve fraudulent conduct, forgery, intended incompleteness, misleading representations and/or the overriding of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the Financial Statements and the precautions and measures relevant for the audit of the Management Report in order to plan audit activities which are adequate under the prevailing circumstances, but not in order to provide the Company with an audit opinion on the effectiveness of these systems.
- we assess the adequacy of the accounting methods applied by the legal representatives and the reasonableness of the values estimated by the legal representatives and the information and statements associated therewith.

- we draw conclusions on the adequacy of the going concern accounting principle applied by the legal representative and, on the basis of the audit evidence obtained, whether an essential uncertainty exists in connection with events or situations which might raise serious doubts about the Company's ability to continue to exist as a going concern. If we come to the conclusion that an essential uncertainty exists, we are obliged to provide information in the Auditor's Certificate regarding the associated information disclosed in the Financial Statements and the Management Report, or to modify our audit opinion if the information is inadequate. We draw our conclusions on the basis of the audit evidence obtained until the date of our auditor's certificate. Future events or situations might, however, result in the fact that the Company is unable to continue its business activities.
- we assess the overall presentation, the structure and contents of the Financial Statements, including the information as to whether the Financial Statements present the underlying transactions and events in a manner that the Financial Statements, in consideration of the German generally accepted accounting principles, convey a true and fair view of the asset and financial situation and the result of operations of the Company
- we assess whether the Management Report is in line with the Financial Statements, complies with the legal provisions and the view it conveys about the Company's situation.
- we conduct audit activities on the future-oriented statements presented by the legal representative in the Management Report. Based on sufficiently suitable audit evidences, we reproduce, in particular, the significant assumptions underlying the future-oriented information provided by the legal representatives and assess whether the future-oriented statements have been properly derived from these assumptions. We do not provide an independent audit opinion on the future-oriented information and the underlying assumptions. There is a significant, unavoidable risk that future events deviate significantly from the future-oriented information.

We discuss with the persons responsible for the supervision, inter alia, the planned scope and schedule of the audit as well as important audit findings, including any deficiencies in the internal control system which we detect during our audit.

Bonn, 14 June 2019

Ebner Stolz GmbH & Co. KG

Auditing Company Tax Consultancy

signed Torsten Janßen
Auditor

signed Barbara Tiefenbach-Yasar
Auditor

Audited Financial Statements

of PP Pharma HoldCo GmbH (since April 14, 2021 APONTIS PHARMA AG)

prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*)

as of and for the Fiscal Year Ended December 31, 2020

Balance Sheet of PP Pharma HoldCo GmbH, Munich

as of 31 December 2020

A s s e t s

	Balance on 31/12/2020 EUR	Balance on 31/12/2019 EUR
A. Fixed assets		
Financial assets	6,753,000.00	6,753,000.00
B. Current assets		
Cash at banks	2,760.40	2,976.41
	6,755,760.40	6,755,976.41

L i a b i l i t i e s

		Balance on 31/12/2020 EUR	Balance on 31/12/2019 EUR
A.	**Equity**		
I.	Subscribed capital	25,000.00	25,000.00
II.	Capital reserves	6,753,000.00	6,753,000.00
III.	Loss carry-forward	-23,023.59	-1,565.37
IV.	Net loss for the year	-1,910.81	-21,458.22
		6,753,065.60	6,754,976.41
B.	**Provisions**	1,500.00	1,000.00
C.	**Liabilities**	1,194.80	0.00
	- of which with a residual term of less than one year EUR 1,194.80 (prev. y. EUR 0.00)		
		6,755,760.40	6,755,976.41

Income Statement

of PP Pharma HoldCo GmbH, Munich

for the period from 1 January to 31 December 2020

	2020 EUR	2019 EUR
1. Other operating expenses =		
2. Earnings after taxes =		
3. Net loss for the year	-1,910.81	-21,458.22

Notes of PP Pharma HoldCo GmbH, Munich
for the financial year from 1 January to 31 December 2020

1. General Information

PP Pharma HoldCo GmbH has its registered office in Munich, Germany, and is registered with the Commercial Register kept at the *Amtsgericht* [Local Court of] Munich (HRB 241126).

The Financial Statements were prepared according to the provisions of the German Commercial Code as amended by the *Bilanzrichtlinie-Umsetzungsgesetz* [Accounting Directives Implementation Act] (BilRUG).

These Financial Statements for the year ended on 31 December 2020 were prepared according to the accounting provisions set forth in the Commercial Code pursuant to Sec. 264 of the HGB and by observing the articles of association.

The *Gesamtkostenverfahren* [nature of expense method] set forth in Sec. 275 (2) of the HGB was used for preparing the Income Statement.

The Company is a small corporation in terms of Sec. 267 (1) of the HGB in conjunction with Sec. 267a (3) no. 3 of the HGB.

2. Accounting and Valuation Methods

2.1 Accounting Methods (Sec. 284 (2) no. 1 of the HGB in conjunction with Sections 246 to 251 of the HGB)

The Financial Statements contain any and all assets, debts, accruals, expenses and income, unless otherwise provided for.

Items disclosed on the Assets side have not been set off with items on the Equity and Liabilities side and expenses have not been set off with income.

Provisions were created only as set forth in Sec. 249 of the HGB.

The provisions of Sections 266 and Sec. 275 of the HGB apply to the structure of the Balance Sheet and the Income Statement.

2.2. Valuation (Sec. 284 (2) no. 1 of the HGB in conjunction with Sections 252 to 256 of the HGB)

Financial assets

Financial assets are disclosed at cost of acquisition. No depreciation to a lower fair value prevailing on the balance sheet date was necessary.

Liquid funds

Liquid funds are recognised at their nominal amount.

Provisions

Other provisions take account of all recognisable risks and contingent obligations and are recognised at the amount which seems necessary to settle them according to a prudent commercial assessment.

Liabilities

Liabilities were valued at their settlement amount.

3. Explanations on items of the Balance Sheet

Financial assets

Financial assets comprise a 100 % participation in PP Apontis Pharma GmbH, Monheim am Rhein.

Equity

The subscribed capital corresponds to the share capital as set out in the Statutes and the registration in the Commercial Register and is fully paid up in the amount of EUR 25,000.00.

Capital reserve

The capital reserve contains exclusively additional payments as set forth in Sec. 272 (2) no. 4 of the HGB.

4. Other disclosures

Contingencies

The Company has no contingencies arising from other financial obligations not set out in the Balance Sheet.

Staff

The Company did not employ any staff during the financial year.

Executive Bodies of the Company

The following persons are appointed as managing directors and are registered in the Commercial Register:

Dr. Edin Hadzic, Munich
Mr Christian Bettinger, Polling

The managing directors are authorised to represent the Company alone and are authorised to conclude legal transactions on behalf of the Company in their own name or as representative of a third party.

Profit appropriation

The management suggests to carry forward the net loss for the year 2020 of EUR 1,910.81 to the new account.

Munich, 21 January 2021

PP Pharma HoldCo GmbH
Management

Dr. Edin Hadzic Christian Bettinger

Auditor's Certificate of the Independent Auditor

To PP Pharma HoldCo GmbH, Munich

Audit Opinion

We audited the Financial Statements of **PP Pharma HoldCo GmbH**, **Munich**, – consisting of the Balance Sheet as of 31 December 2020 and the Income Statement for the financial year from 1 January to 31 December 2020 and the Notes, including the presentation of the accounting and valuation methods.

In our opinion and based on the knowledge gained during the audit, the accompanying Financial Statements are, in all essential aspects, in compliance with the provisions under the German commercial law applicable to corporations and provide, in consideration of the German generally accepted accounting principles, a true and fair view of the Company's asset and financial situation as of 31 December 2020 as well as of its result of operations for the financial year from 1 January to 31 December 2020.

We declare in accordance with Sec. 322 (3) sentence 1 of the HGB that our audit did not result in any objections against the accuracy of the Financial Statements.

Basis for the Audit Opinion

We conducted our audit of the Financial Statements in accordance with Sec. 317 of the HGB and the German generally accepted standards for auditing as promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (IDW). Our responsibility arising from these provisions and standards is described in more detail in the section "Responsibility of the Auditor for the Audit of the Financial Statements" of our Audit Certificate.

We are independent of the Company as defined in the provisions of the German Commercial Code and the laws applicable to our profession and have met our other German professional obligations in line with these requirements. We are of the opinion that the evidence we obtained during the audit is sufficient and suitable to serve as basis for our audit opinions on the Financial Statements.

Responsibility of the Legal Representatives for the Financial Statements

The legal representatives are responsible for the preparation of Financial Statements which are in compliance with the provisions of the German Commercial Code applicable to corporations in all essential respects and that the Financial Statements, by observing the German generally accepted accounting principles, convey a true and fair view of the asset, financial situation and the result of operations of the Company. Furthermore, the legal representatives are responsible for the internal controls which they determined to be necessary in accordance with the German generally accepted accounting principles to enable the preparation of Financial Statements which are free of essential misrepresentations — caused due to fraud or error.

In the preparation of the Financial Statements, the legal representatives are responsible for assessing the Company's ability to continue its business activity as a going concern. Furthermore, they are responsible for stating matters associated with the going concern assumption, insofar as that is necessary. Moreover, they are responsible for accounting on the basis of the going concern accounting principle, unless that is opposed by actual or legal matters.

Responsibility of the Auditor for the Audit of the Financial Statements

Our objective is to obtain reasonable assurances as to whether the Financial Statements are, as a whole, free of essential misrepresentations – due to error or fraud – and to provide an auditor's certificate containing our audit opinion on the Financial Statements.

Sufficient assurance is a high degree of assurance but no guarantee that an audit performed in line with Sec. 317 of the HGB, by observing the German generally accepted accounting standards as promulgated by the Institut der Wirtschaftsprüfer (IDW), always detects any essential misrepresentation. Misrepresentations might arise from violations or inaccuracies and are considered essential if it can reasonably be expected that they, individually or combined, might affect the economic decisions that users of these documents make on the basis of these Financial Statements.

We apply professional judgement during the conduct of the audit and maintain a critical attitude. In addition

- we identify and assess the risks of essential misrepresentations — due to error or fraud — in the Financial Statements and the Management Report, plan and conduct audit activities in response to these risks and obtain audit evidence which is sufficient and suitable to serve as basis for our audit opinions. The risk that essential misrepresentations are not discovered is higher for violations than for inaccuracies since violations might involve fraudulent conduct, forgery, intended incompleteness, misleading representations and/or the overriding of internal controls.

- we gain an understanding of the internal control system relevant for the audit of the Financial Statements in order to plan audit activities which are adequate under the prevailing circumstances, but not in order to provide the Company with an audit opinion on the effectiveness of these systems.
- we assess the adequacy of the accounting methods applied by the legal representatives and the reasonableness of the values estimated by the legal representatives and the information and statements associated therewith.
- we draw conclusions on the adequacy of the going concern accounting principle applied by the legal representative and, on the basis of the audit evidence obtained, whether an essential uncertainty exists in connection with events or situations which might raise serious doubts about the Company's ability to continue to exist as a going concern. If we come to the conclusion that an essential uncertainty exists, we are obliged to provide information in the Auditor's Certificate regarding the associated information disclosed in the Financial Statements or to modify our audit opinion if the information is inadequate. We draw our conclusions on the basis of the audit evidence obtained until the date of our auditor's certificate. Future events or situations might, however, result in the fact that the Company is unable to continue its business activities.
- we assess the overall presentation, the structure and contents of the Financial Statements, including the information as to whether the Financial Statements present the underlying transactions and events in a manner that the Financial Statements, in consideration of the German generally accepted accounting principles, convey a true and fair view of the asset and financial situation and the result of operations of the Company.

We discuss with the persons responsible for the supervision, inter alia, the planned scope and schedule of the audit as well as important audit findings, including any deficiencies in the internal control system which we detect during our audit.

Bonn, 21 January 2021

Ebner Stolz GmbH & Co. KG
Auditing Company Tax Consultancy

signed Torsten Janßen
Auditor

signed Barbara Tiefenbach-Yasar
Auditor

Audited Statement of Cash Flows and audited Statement of Changes in Equity

of APONTIS PHARMA GmbH & Co. KG

prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*)

for the Fiscal Year Ended December 31, 2019 (with comparative financial information for the Fiscal Year Ended December 31, 2018)

APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein,
Cash Flow Statement for the Period from
1 January until 31 December 2018
and from 1 January until 31 December 2019

			2019 thousand EUR	2018 thousand EUR
1.		**Result for the period**	- 2,183	2,374
	+	Depreciation	447	306
2.	+ / -	**Depreciation / write-ups on fixed assets**	**447**	**306**
	+ / -	Increase / decrease in provisions for pensions	144	152
	+ / -	Increase / decrease in other provisions	308	- 313
3.	+ / -	**Increase / decrease in provisions**	**452**	**- 161**
	- / +	Increase / decrease in inventories	- 1,385	- 162
	- / +	Increase / decrease in trade receivables	5,190	1,146
	- / +	Increase / decrease in receivables from affiliated companies	- 224 -	232
	- / +	Increase / decrease in other assets (without tax receivables)		- 82
4.	- / +	**Increase / decrease in inventories, trade receivables and other assets that are not attributable to investing or financing activities**	**3,581**	**1,134**
	+ / -	Increase / decrease in trade payables	- 1,988	1,413
	+ / -	Increase / decrease in liabilities to affiliated companies	-	- 252
	+ / -	Increase / decrease in liabilities to shareholders	- 372	- 355
5.	+ / -	**Increase / decrease in trade payables and other liabilities that cannot be attributed to investing activities or financing activities**	**- 2,360**	**806**
6.	=	**Cash flow from operationg activities (sum of 1 to 5)**	**- 63**	**4,459**
7.	-	**Payments for investments in intangible assets**	**- 1,042**	**- 1,842**
8.	-	**Payments for investments in property, plant and equipment**	**- 8**	**- 30**
9.	-	**Payments for investments in financial assets**	**- 49**	**- 67**
10.	=	**Cash flow from investing activities (sum of 7 to 9)**	**- 1,099**	**- 1,939**
	-	Payments to shareholders	- 260	- 1,577
11.	-	**Payments to shareholders**	**- 260**	**- 1,577**
12.	=	**Cash flow from financing activities (sum of 11)**	**- 260**	**- 1,577**
13.		**Changes in cash and cash equivalents with an effect on payments**	**- 1,422**	**943**
14.	+	**Cash and cash equivalents at the beginning of the period**	**6,612**	**5,669**
15.	=	**Cash and cash equivalents at the end of the period (sum of 13 to 14)**	**5,190**	**6,612**

Statement of changes in equity
of APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein,
for the period from 1 January to 31 December 2018
and from 1 January to 31 December 2019

	Equity											
	Subscribed capital			Reserves				Allocation to retained earnings	Credit to the shareholders' liability accounts	Profit carried forward / Loss carried forward	Annual deficit / annual surplus	Total Equity
	Capital constributions	uncalled outstanding Inserts	Total	Capital reserve pursuant to Sec 272 (2) No. 4 of German Commercial Code (HGB)	Retained earnings							
					Statutory Reserves	other retained earnings	Total					
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	**EUR**
Status as at 31 December 2017	101,000.00	0.00	101,000.00	0.00	0.00	5,786,119.68	5,786,119.68	0,00	0,00	0.00	0,00	**5,887,119.68**
Annual surplus 2018	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,114,388.40	-260,000.00	0.00	2,374,388.40	2,114,388.40
Status as at 31 December 2018	101,000.00	0.00	101,000.00	0.00	0.00	7,900,508.08	7,900,508.08	-2,114,388.40	-260.000,00	0.00	2,374,388.40	**8,001,508.08**
Net loss 2019	0.00	0.00	0.00	0.00	0.00	0.00	0,00	2,182,535.70	0.00	0.00	-2,182,535.70	-2,182,535.70
Status as at 31 December 2019	101,000.00	0.00	101,000.00	0.00	0.00	5,717,972.38	5,717,972.38	68,147.30	-260,000.00	0.00	191,852.70	**5,818,972.38**

Auditor's Certificate of the Independent Auditor

To APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein

Auditor's Report

To APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein:

We have audited the accompanying cash flow statement and statement of changes in equity of APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein, for the period from 1 January to 31 December 2018 and from 1 January to 31 December 2019.

Responsibility of the legal representatives

The legal representatives of APONTIS PHARMA GmbH & Co. KG are responsible for the preparation of the cash flow statement and the statement of changes in equity for each of the periods from 1 January to 31 December 2018 and from 1 January to 31 December 2019. This responsibility includes ensuring that the cash flow statement and the statement of changes in equity are each prepared for the period from 1 January to 31 December 2018 and from 1 January to 31 December 2019 in accordance with the provisions of German Commercial Law Code (*Handelsgesetzbuch*) applicable to partnerships and provide an appropriate presentation of the net assets and financial position of APONTIS PHARMA GmbH & Co. KG in accordance with the principles of a true and fair view (*Grundsätze ordnungsgemäßer Buchführung*). The legal representatives are also responsible for such internal control as thee legal representatives determine is necessary to enable the preparation of a cash flow statement and a statement on changes in equity for each of the periods from 1 January to 31 December 2018 and 1 January to 31 December 2019 that is free from material misstatement, whether due to fraud or error.

Responsibility of the auditor

Our responsibility is to give an opinion on this cash flow statement and on this statement of changes in equity for each of the years from 1 January to 31 December 2018 and from 1 January to 31 December 2019 based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institute of Auditors (*Institut der Wirtschaftsprüfer* or *IDW*). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the cash flow statement and the statement of changes in equity for each of the periods from 1 January to 31 December 2018 and from 1 January to 31 December 2019 are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the cash flow statement and the statement of changes in equity for each of the periods from 1 January to 31 December 2018 and from 1 January to 31 December 2019.

The procedures selected depend on the auditor's judgement at his discretion. This includes assessing the risks of material misstatement, whether due to fraud or error, of the statements of cash flows and changes in equity for each of the periods from 1 January to 31 December 2018 and 1 January to 31 December 2019. In making those risk assessments, the auditor considers internal control relevant to the

entity's preparation and fair presentation of a cash flow statement and a statement of changes in equity for each of the periods from 1 January to 31 December 2018 and from 1 January to 31 December 2019. The objective is to design and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes assessing the accounting principles used and the reasonableness of accounting estimates made by the legal representatives, as well as assessing the overall presentation of the cash flow statement and the statement of changes in equity for each of the periods from 1 January to 31 December 2018 and from 1 January to 31 December 2019.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the cash flow statement and the statement of changes in equity for the period from 1 January to 31 December 2018 and from 1 January to 31 December 2019 comply in all material aspects with the provisions of German commercial law applicable to partnerships and provide an appropriate presentation of the net assets and financial position of APONTIS PHARMA GmbH & Co. KG for the period from 1 January to 31 December 2018 and from 1 January to 31 December 2019 in all material aspects.

The cash flow statement and statement of changes in equity for each of the periods from 1 January to 31 December 2018 and from 1 January to 31 December 2019 have been prepared for internal purposes. Consequently, this statement may not be suitable for a purpose other than the aforementioned.

Our audit opinion is intended solely for APONTIS PHARMA GmbH & Co. KG, Monheim am Rhein, and may not be passed on to or used by third parties without our consent.

For the performance of the engagement and our responsibility, also in relation to third parties, the General Engagement Terms for German Public Auditors and Public Audit Firms (*Allgemeine Auftragsbedigungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften*) in the version dated 1 January 2017, attached as Annex 3, are authoritative. Pursuant to Section 323 (2) of the German Commercial Code (*Handelsgesetzbuch*), our liability for negligent acts in voluntary audits is limited to EUR 1.0 million.

Bonn, 8 April 2021

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Torsten Janßen
Auditor

Barbara Tiefenbach-Yasar
Auditor

22 GLOSSARY

Acquisition	The Issuer (at that time operating under the name PP Pharma HoldCo GmbH) became the parent company of APONTIS PHARMA, when it indirectly through its wholly-owned subsidiary PP Apontis Pharma GmbH acquired 99.01% of the partnership interest in APONTIS PHARMA Deutschland GmbH & Co. KG, during the periods under review and until the date of this Prospectus, the only operating entity of APONTIS PHARMA, as well as the entire share capital of UCB Primary Care GmbH, the sole limited partner of APONTIS KG holding the remaining the 0.99% partnership interest, from UCB Innere Medizin GmbH & Co. KG by a share purchase agreement dated July 27, 2018 .
APIs	Active pharmaceutical ingredients.
APMs	Gross Profit, Gross Profit margin, EBIT, EBIT margin, EBITDA and EBITDA margin (together, the Alternative Performance Measures).
APONTIS KG	APONTIS PHARMA Deutschland GmbH & Co. KG
APONTIS PHARMA	The Issuer together with its consolidated subsidiaries.
AktG	German Stock Corporation Act (*Aktiengesetz*).
Articles of Association	Articles of association (*Satzung*) of the Issuer.
Audited Consolidated Financial Statements	The Issuer's audited consolidated financial statements as of and for the full fiscal years ended December 31, 2020 and December 31, 2019 and the Issuer's audited consolidated financial statements as of and for the short fiscal year from May 24, 2018 to December 31, 2018 prepared in accordance with the German generally accepted accounting principles of the HGB.
Audited KG Financial Statements	APONTIS KG's audited financial statements as of and for the financial year ended December 31, 2019 (with comparative financial information as of and for the financial year ended December 31, 2018) prepared in accordance with the German generally accepted accounting principles of the HGB and APONTIS KG's statements of cash flows and changes in equity for the fiscal year ended December 31, 2019 (with comparative financial information for the fiscal year ended December 31, 2018).
Audited KG Statements of Cash Flows and Changes in Equity 2019	APONTIS KG's statements of cash flows and changes in equity for the fiscal year ended December 31, 2019 (with comparative financial information for the fiscal year ended December 31, 2018), which was audited in accordance with IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) promulgated by the IDW and issued unqualified auditor's reports thereon.
BaFin	Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
Boost KG	Boost Management GmbH & Co. KG, a German limited partnership (*Kommanditgesellschaft* or *KG*) with the PP MPP Verwaltungs GmbH as general partner (*persönlich haftender Gesellschafter* or *Komplementär*), having its registered seat in Munich, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under the registration number HRA 110204, with business address at Leopoldstr. 10, 80802 Munich, Germany.
CAGR	Compound average growth rate.
CET	Central European Time.
CMOs	Contract manufacturing organizations.
Code	The German Corporate Governance Code, as amended on March 20, 2020.

Commercial Register	The commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf, Germany.
CVDs	Cardiovascular diseases.
Issuer	Apontis AG, a German stock corporation (*Aktiengesellschaft* or *AG*), having its registered seat in Monheim am Rhein, Germany, registered with the Commercial Register under the registration number HRB 92340, with business address at Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany, and LEI 894500ETO1J6MR8PDF91 (telephone: +49 2173 8955 1540; website: www.apontis-pharma.de).
D&O	Directors and officers.
Data Protection Act	Federal Data Protection Act (*Bundesdatenschutzgesetz*), amended with effect from May 25, 2018.
DBAG	Deutsche Börse Aktiengesellschaft, Frankfurt am Main, Germany.
EBIT	Earnings before interest and taxes.
EBITDA	Revenue plus other operating income less cost of materials, personnel expenses and other operating expenses
Ebner Stolz	Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Germany, Bonn office, Joseph-Schumpeter-Allee 25, 53227 Bonn, Germany.
EEA	European Economic Area.
ESC	European Society of Cardiology.
ESMA	European Securities and Markets Authority.
ESMA Guidelines	Guidelines of the European Securities and Markets Authority.
EU	European Union.
EUR or **Euro**	Legal currency of the Eurozone (including Germany) as (an accounting currency) from January 1, 1999 and (as a circulation currency) from January 1, 2002.
Existing Shareholders	Paragon Fund, Boost KG and PP MPP Verwaltungs GmbH.
Existing Shares	6,500,000 existing ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Issuer, each such share with a notional value of EUR 1.00 in the Issuer's share capital and with full dividend rights as of January 1, 2021.
Germany	Federal Republic of Germany.
Greenshoe Option	The option to acquire up to 690,000 Existing Shares at the Offer Price, less agreed commissions, which the Selling Shareholder has granted the Joint Bookrunners.
Gross Profit	Gross Profit.
Hauck & Aufhäuser	Hauck & Aufhäuser, a German stock corporation (*Aktiengesell- schaft* or *AG*), having its registered seat in Frankfurt am Main, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under the registration number HRB 108617, with business address at Kaiserstraße 24, 60311 Frankfurt am Main, Germany, and LEI 529900OOZP78CYPYF471 (telephone: +49 (0) 69 21610; website: www.hauck-aufhaeuser.com).

HGB	German Commercial Code (*Handelsgesetzbuch*).
IDW	Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer e. V., Düsseldorf*).
IPO	Initial public offering of the Offer Shares in Germany.
IPO Capital Increase	Newly issued Shares from a capital increase against contributions in cash.
ISIN	International Securities Identification Number.
Joint Bookrunners	Hauk & Aufhäuser together with M.M.Warburg.
KWG	German Banking Act (*Kreditwesengesetz*).
LEI	Legal entity identifier.
Listing	Inclusion of the 6,500,000 Existing Shares and the up to 2,000,000 New Shares to trading on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Scale segment) with simultaneous inclusion in the Basic Board of the Regulated Un- official Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
Management Board	The management board (*Vorstand*) of the Issuer.
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as amended.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.
M.M.Warburg	M.M.Warburg, a German limited partnership on shares (*Kommanditgesellschaft auf Aktien* or *KG a.A.*), having its registered seat in Hamburg, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under the registration number HRB 84168, with business address at Ferdinandstraße 75, 20095 Hamburg, Germany, and LEI MZI1VDH2BQLFZGLQDO60 (telephone: +49 (0) 40 32820; website: www.mmwarburg.de).
New Shares	2,000,000 newly issued ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from a capital increase against contributions in cash resolved by an extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Issuer on May 6, 2021, each such share with a notional value of EUR 1.00 in the Issuer's share capital and with full dividend rights as of January 1, 2021.
Offer Period	Period during which investors may submit purchase orders for the Offer Shares.
Offer Price	Offer price at which Offer Shares are offered in the Offering.
Offer Shares	Together, the New Shares, the Sale Shares and the Over-Allotment Shares.
Offering	The offering of 5,290,000 ordinary bearer shares (*Inhaberaktien*) withno par value (*Stückaktien*) of the Issuer, each such share with a notional value of EUR 1.00 in the Issuer's share capital and with full dividend rights as of January 1, 2021.
Order	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
Order Book Manager	Steubing AG, Frankfurt am Main, Germany.
Over-Allotment Shares	Up to 690,000 Existing Shares from the holdings of the Selling Shareholder.

Paragon Fund	The Paragon Fund II GmbH & Co. KG, a German limited partnership (*Kommanditgesellschaft* or *KG*) with a GmbH as general partner (*persönlich haftender Gesellschafter*), having its registered seat in Munich, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under the registration number HRA 102127, with business address at Leopoldstr. 10, 80802 Munich, Germany, and LEI 391200ZY4IG3R79PH531 (telephone: +49 (0) 89 388870 0; website: www.paragon.de).
Paragon GP	Paragon GP II GmbH.
Paragon Partners	Paragon Partners GmbH.
Paying Agent	Gebr. Martin AG, Göppingen, Germany.
PP MPP Verwaltungs GmbH	The PP MPP Verwaltungs GmbH, a German limited liability company (*Gesellschaft mit begrenzter Haftung* or *GmbH*) and General Partner (*persönlich haftender Gesellschafter* or *Komplementär*) of Boost GmbH & Co. KG, having its registered seat in Munich, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under the registration number HRA 219068, with business address at Leopoldstr. 10, 80802 Munich, Germany.
Price Range	The price range for the Offering within which purchase orders may be placed of EUR 18.50 to EUR 24.50 per Offer Share.
Private Placement	Private placements of the Offer Shares in certain jurisdictions outside Germany.
Prospectus	This securities prospectus as approved by BaFin.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.
QIBs	Qualified institutional buyers, as defined in Rule 144A.
Regulation S	Regulation S under the Securities Act.
Rule 144A	Rule 144A under the Securities Act.
Sale Shares	Together, the Upsize Shares and the Secondary Base Shares.
Secondary Base Shares	1,600,000 Existing Shares from the holdings of the Selling Shareholder.
Securities Act	United States Securities Act of 1933, as amended.
Selling Shareholder	Paragon Fund.
Shares	Together, the Existing Shares and the New Shares.
Short Selling Regulation	Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps, as amended.
Sole Global Coordinator	Hauck & Aufhäuser.
Stabilization Manager	The Sole Global Coordinator or persons acting on its behalf.
Stabilization Period	Timeframe in which stabilization measures may be taken.
Subscription Functionality	Subscription Functionality of the Frankfurt Stock Exchange.
Supervisory Board	The supervisory board (*Aufsichtsrat*) of the Issuer.

UmwG	German Transformation Act (*Umwandlungsgesetz*).
Underwriting Agreement	Underwriting agreement between the Issuer, Hauck & Aufhäuser, M.M.Warburg and the Selling Shareholder dated April 28, 2021.
United States	United States of Amercia.
Upsize Option	Option to increase the size of Offering, upon the decision of the Selling Shareholder in consultation with the Joint Bookrunners, based on market demand on the date of pricing.
Upsize Shares	Up to 1,000,000 Existing Shares from the holdings of the Selling Shareholder subject to the exercise of an upsize option upon decision of the Selling Shareholder, in consultation with the Joint Bookrunners, based on market demand on the date of pricing.
WKN	German Securities Code (*Wertpapierkennnummer*).
WpHG	German Securities Trading Act (*Wertpapierhandelsgesetz*).
WpPG	German Securities Prospectus Act (*Wertpapierprospektgesetz*).
WpÜG	German Securities Acquisition and Takeover Act (*Wertpapiererwerbs-und Übernahmegesetz*).

23 RECENT DEVELOPMENTS AND TREND INFORMATION

23.1 Recent developments

The Issuer was incorporated as a German stock corporation (*Aktiengesellschaft* or *AG*) by Articles of Association dated April 7, 2021 and registered with the Commercial Register on April 14, 2021. As of the date of this Prospectus, its share capital amounted to EUR 6,500,000.00 and was divided into 6,500,000 Existing Shares.

A first extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Issuer held on April 19, 2021 resolved on, *inter alia*, the creation of the Authorized Capital 2021 and the Conditional Capital 2021 (50% of the then current share capital in each case) and the authorisation to issue convertible bonds, options and, if applicable, profit participation rights and/or participating bonds (or combination of these instruments).

A second extraordinary shareholders' meeting (*außerordentliche Hauptversammlung*) of the Issuer held on April 28, 2021 resolved on the IPO capital increase, an increase of the Authorized Capital 2021 to 50% of the increased share capital, a declaration of waiver of the authorisation to exclude subscription rights from authorised capital pursuant to Sections 203 (2) and 186 (4) of the German Stock Corporation Act (*Aktiengesetz*) and an exclusion of subscription rights for the existing shareholders.

On March 8, 2021, we entered into a Co-Promotion Agreement with AstraZeneca GmbH for the promotion of Trixeo® and Bevespi® in Germany. Both Trixeo® and Bevespi® are used to relieve the symptoms of COPD and for regular maintenance treatment of COPD. Trixeo® is a triple combination of the active substances Formoterol, Glycopyrronium and Budesonide. Bevespi® contains the active substances glycopyrronium bromide and formoterol. The Co-Promotion Agreement has a duration between April 1, 2021 through December 31, 2022 during which we can promote the product in the German market (for further details, please refer to "*12.4.1.2. Co-Marketing*").

Except as described above, there have been no significant changes to the Issuer's financial position between December 31, 2020 and the date of the Prospectus.

23.2 Trend information

Since December 31, 2020 revenues have developed positively and in line with our forecast for the current fiscal year (see "*10. Profit Forecast*"), which is primarily due to the products Atorimib®, Tonotec® HCT and Jalra® and Icandra®. Since December 31, 2020, our inventories have increased, which is primarily due to a higher inventory of Atorimib® and Ulunar®. Since December 31, 2020 the cost structure and number of employees have remained unchanged. There has been no short-time work since January 2021. The sales prices have remained stable and are in line with the level of the previous fiscal year except Carmalo®, for which sales prices have decreased by 2% as compared to the average sale price in 2020.

Based on the Audited Financial Statements, the data recorded in the accounting systems of the Company and the management's current knowledge about the business development of the first three months of the fiscal year ending December 31, 2021 as well as the assumptions of the Company's management with respect to past events and actions, the Company estimates that in the fiscal year ended December 31, 2021 (i) our revenue will amount to EUR 48.5 million, (ii) our EBIT will amount to EUR 3.9 million, and (iii) our EBITDA will amount to EUR 5.5 million. For further information on our profit forecast with respect to our EBIT and EBITDA in the fiscal year ending December 31, 2021, see "*10. PROFIT FORECAST*".