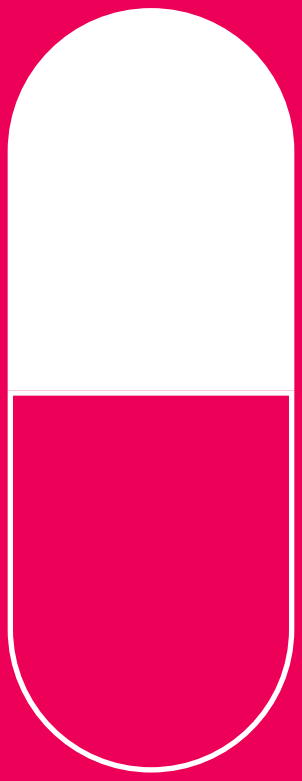
APONTIS PHARMA

EINFACH, VIELFACH, BESSER.



ANNUAL REPORT 2022

CONTENT

EINFACH, VIELFACH, BESSER.
Interviews and statements with and from employees and stakeholders on the benefits of the Single Pill — 2

1 TO OUR SHAREHOLDERS — 16
Letter of the Management Board — 16
Report by the Supervisory Board — 20
APONTIS PHARMA on the capital market — 28
Sustainability Strategy — 34

2 GROUP MANAGEMENT REPORT — 46
Basis of the company — 46
Macroeconomic trend in Germany — 46
Development of industries in 2022 — 47
Business performance — 48
Financial and non-financial performance indicators — 52
Research and development — 54
Material risks and opportunities of future development — 54
Internal control and risk management system related to the Group accounting process — 65
Disclosures relevant to takeovers pursuant to Section 315 a (1) of the German Commercial Code (HGB) — 66
Corporate Governance Statement — 68
Remuneration Report analogous to Section 314 German Commercial Code (HGB) old version — 68
Forecast Report — 76

3 RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES — 81

4 CORPORATE GOVERNANCE STATEMENT — 82

5 CONSOLIDATED FINANCIAL STATEMENTS — 94
Consolidated balance sheet — 94
Consolidated income statement — 96
Consolidated statement of cashflows — 97
Consolidated statement of changes in equity — 98
Consolidated statement of assets — 100
Notes — 102

6 CERTIFICATE OF THE INDEPENDENT AUDITOR — 116

FURTHER INFORMATION
Legal disclaimer — 121
Imprint — 122

EINFACH, VIELFACH, BESSER.

As the Single Pill company, our innovative business performance is aimed at achieving a paradigm shift, a reorientation in the long-term therapy of chronically ill patients who suffer from cardiovascular diseases.

By substituting loose combinations with a Single Pill, which contains the same active ingredient, we want to make the long-term therapy of chronically ill patients more efficient in order to prevent cardiovascular events.

The significant increase in compliance with therapy by reducing the tablet burden holds considerable medical and economic potential for better patient care, from which our entire healthcare system stands to benefit.

This gives rise to an overriding goal for us: to establish the Single Pill as the Gold Standard. We want the Single Pill to become the standard of care for patients with chronic cardiovascular disease.

STUDIES CONFIRM THE ADVANTAGES OF THE SINGLE PILL APPROACH

Dr. Patrick Despang is Medical Manager at APONTIS PHARMA. In his previous position as a research associate at the Pharmacological Institute of the University Hospital of Cologne, he was already involved in the conduct of scientific studies.

WHAT IS REALLY THE SCIENTIFIC STRENGTH BEHIND THE SINGLE PILL CONCEPT?

The situation with regard to studies is very good. In March 2021, the START 1 study, a claims data analysis real world study with a retrospective design, was published in peer reviewed journals. In this study, it was shown for the first time that higher adherence to therapy leads to both a better prognosis for the patient and lower costs for the healthcare system. A better prognosis means that a patient has a lower risk to develop a cardiovascular event, such as a heart attack, and a lower risk of mortality. Furthermore, a prospective study with a classic clinical randomized setting was presented at the European Congress of Cardiology in Barcelona in August 2022 which in turn was published in the renowned New England Journal of Medicine – this was like a kind of accolade and shows its high scientific relevance. We also presented the results of the START 2 study in Barcelona. In this study, the concept of a Single Pill independent of individual active ingredients or dosages was compared with the concept of a loose combination. The findings of START 2 once again showed that the Single Pill concept is significantly superior to loose combinations in terms of all event rates. Together, the prospective SECURE study and the two START studies demonstrate the high effectiveness of the Single Pill and contribute to further increasing the acceptance of Single Pill therapy among physicians.

IS THE CONCEPT PATIENT-FOCUSED AND IF SO, WHY?

Reducing the tablet load increases adherence and, as mentioned above and demonstrated by the START study, also improves prognosis. Taking our Single Pill once daily is not dependent on the time of day and is not tied to a meal. Besides the objective improvement in quality of life, taking fewer pills also has a major psychological impact: patients don't feel as ill. Last, but not least, they benefit from the fact that the dosage can be flexibly adjusted to their individual needs. For example, if the blood pressure values threaten to derail, the attending physician can adjust the blood pressure-lowering component and has a high choice of dosages to substitute the loose combination with a single pill, if necessary. This dosage flexibility applies to all of the components.

IS THERE A NEED FOR MORE COMBINATIONS?

We are observing the market very closely and trying to find out what other combinations of active ingredients make sense. Due to demographic change, the importance of the Single Pill will definitely increase in the future. Our task is therefore to provide corresponding Single Pill combinations for common loose combinations. It is foreseeable that the Single Pill will play an increasingly important role in the therapy of cardiovascular diseases in combination with more exercise and a balanced diet. Single Pills could also facilitate and improve therapy for patients with diabetes, as they often suffer from secondary diseases that are often treated with a variety of different drugs.

A RELATIONSHIP OF TRUST THAT GROWS OVER THE YEARS

Kerstin Richter and Viviane Stura have been working as pharmaceutical consultants at APONTIS PHARMA for many years. They draw their energy for their daily work from their motivation to improve patients' quality of life and save human lives.

For Kerstin Richter, pharmaceutical consultants need to be multi-talented.

HOW DO DOCTORS FEEL ABOUT SINGLE PILL THERAPY?

KERSTIN RICHTER: More and more doctors are realising that it not only makes compliance with therapy easier for the patient, but also improves their therapy outcome and prognosis. "Prognosis" is a medical term. It means that patients have a lower risk of heart attacks or strokes, for example, and can even die from them. The doctor makes the therapy decision based on sound data – the Single Pill has already become an indispensable element of therapy for many of them.

VIVIANE STURA: There are those who are firm believers in the Single Pill and doctors who are still uncertain and have concerns with regard to the costs. Many doctors also underestimate the potential of existing patients in their practice who are eligible for substitution of the loose combination. We need to convince them and make it clear that the Single Pill is the most cost-effective option for the statutory health insurance funds. This has been clearly demonstrated by the START study, which not only showed the clear benefits for patients but also the high cost-effectiveness for the German healthcare system. This has motivated me to convince as many doctors as possible to prescribe Single Pill therapy through my work, in order to decisively improve the quality of life for patients.

WHAT MAKES THE APONTIS PHARMA SALES FORCE SPECIAL?

STURA: Through individual and competent care, we have succeeded in establishing an excellent relationship of trust with doctors over many years. Our low staff turnover also plays a key role here, because it creates the prerequisite for continuous and long-term advice from the respective pharmaceutical consultant. I have been with the company for more than 20 years and still enjoy my work every day.

RICHTER: Yes, that's right! We have been able to improve our advice and understand how to respond specifically to each need. We are multi-talented: We know our portfolio of medicines, we are multi-skilled – for example, we advise practices on hygiene management and give resuscitation courses. We are trained as hygiene managers and resuscitation trainers. In addition, we understand the economic framework conditions of the medical practice. In our communication with doctors, we rely not only on personal dialogue on site, but also on digital information services such as "Erfolgs-Rezept direct" and "Erfolgs-Rezept online." All this makes APONTIS PHARMA an extremely knowledgeable contact for doctors and opens doors for us. We are given more time to meet with them because doctors recognise that we are authentic and simply have more to offer.

STURA: Another big advantage is that the hierarchies at APONTIS PHARMA are flat. As a pharmaceutical consultant, I have a say. I can influence things and my voice is heard. We are not lone warriors, but rather see ourselves as a cross-departmental team. Anyone who joins us must be prepared to love and live this mind set.

Viviane Stura considers the lively team spirit to be the special strength of APONTIS PHARMA.

WHAT DOES THIS MEAN FOR YOU WITH REGARD TO YOUR EVERYDAY WORK?

STURA: The greatest challenge for prescribing Single Pills is implementation, as doctors don't always have an overview of the many different medications a patient is taking. We can show doctors how to use search criteria that they enter into their practice software to pick out those patients who are candidates for Single Pill therapy. One important criterion, for example, is non-compliance in taking the loose combination. Patients who are already receiving exactly those active substances in a loose combination that are contained in the relevant Single Pill can thus be identified. Doctors can select these patients on the basis of their medication plans. It is easier and less time-consuming if they are already identified in advance. Therefore, doctors or medical assistants should set corresponding markers in the practice software before the patient comes to the practice the next time to pick up his follow-up prescription. The doctor can then take this opportunity to explain the advantages of Single Pill therapy in a personal conversation and request the patient's consent to the change in medication..

RICHTER: Today, it is neither modern nor appropriate for everyday life if a patient is discharged from the hospital with up to 15 medicines and then has to take them regularly. A lack of compliance with therapy is inevitable! Especially in view of an ageing society, we need to ask ourselves how a therapy with several active agents can be made more suitable for everyday use. The time required to switch from loose combinations to the Single Pill is worthwhile: practices that proceed in a structured manner and identify eligible patients through searches can make the success of the Single Pill therapy measurable by documenting the achievement of the target values for the respective patient. The Single Pill also allows flexible handling of a dosage of the individual active substances that is adapted to the patient. Thanks to the data provided by the START and SECURE studies, the Single Pill is well on its way to becoming the Gold Standard in the treatment of cardiovascular diseases. I am proud to do my part to accompany doctors on this path and to save as many lives as possible.

»Today, it is neither contemporary nor suitable for everyday use if a patient is discharged from hospital with up to 15 medications and then has to take them regularly. Here, a lack of adherence to therapy is inevitable!«

THE FEEDBACK FROM OUR PATIENTS IS FULLY POSITIVE

Dr. Christian Stenner is a specialist in internal and general medicine and a specialist in psychosomatic medicine and psychotherapy. He leads a large practice team in Füssen in the Allgäu region.

As a specialist in internal and general medicine, the outstanding results of the START study were the main reason for me to switch my patients who were eligible to Single Pill therapy. The benefits of switching were so convincing that I simply didn't want to wait any longer. After all, everyone benefits from the Single Pill: first and foremost, the patients, of course, who reach their target levels thanks to better compliance with therapy and thus have a more favourable prognosis. But also the medical team that doesn't have to fill out as many prescriptions and is relieved in terms of time by having fewer visits by GPs and fewer admissions to the hospital.

Some of my patients learn about the Single Pill through word-of-mouth and then specifically ask us about it because their brother, neighbour or a colleague told them about it. After changing their therapy, we often receive positive feedback from patients who are very satisfied with it and really thank the practice team. The switch makes things much easier for them: instead of having to take two or three medications, they only have to take one, which makes it much easier for them to handle. This also holds true for patients who come to our practice as well as those we care for in their homes. Another advantage is that by reducing the number of tablets, patients feel less ill and perceive an improvement in their quality of life. This psychological component of the change has a positive effect on the further course of therapy.

We have successfully switched approximately 400 patients to the Single Pill in our practice so far. The potential is much greater than one might think: according to my estimation, one third of all patients receiving long-term medication could be considered for Single Pill therapy. The switch can then be made in a targeted manner and step by step using the practice IT system: As soon as there is an opportunity to switch to Single Pill, I can discuss it with the patient right away. If the patient was previously in the hospital and then comes to us, the hospital's digital medication plan is first entered into our system. As soon as this is done, a search run is also performed to check whether individual substances can be combined. Then I am shown the result and can decide together with the patient whether to substitute the loose combination with a Single Pill or not. This keeps the time required for the practice team manageable and can be carried out as part of regular medication management.

»After switching to Single Pill, we often receive positive feedback from our patients.«

OUR STRONG POSITION IN THE GERMAN MARKET IS VERY ATTRACTIVE FOR PARTNERS

Dr. Sanjeev Gotru is Business Development Manager at APONTIS PHARMA. For him, it is the offer of a partnership at eye level that differentiates the Company from its competitors.

WHAT ADDED VALUE DOES THE SINGLE PILL OFFER FROM A BUSINESS DEVELOPMENT POINT OF VIEW?

Our company's philosophy is to focus on Single Pills, which we develop and in-license for the German market. As Business Development Manager, one of my main tasks is to carry out database analyses to identify drugs that are often prescribed in loose combinations. The database covers 88 percent of patients on an anonymized basis and provides us with the potential for possible Single Pill developments. We quickly analyse whether the development of a Single Pill makes sense from a medical point of view. If this is approved and the patient numbers also allow for economical marketing, then development begins. As major studies have shown, Single Pills promote compliance with therapy and thus lead to better therapy results. In the START study, for example, a reduction in strokes by up to 46% and premature death by 49% was achieved. It is therefore a great incentive for us in Business Development to improve the care of chronically ill patients, especially those with cardiovascular diseases, by introducing many new Single Pills.

WHAT IS THE STRATEGIC APPROACH TO EXPANDING THE SINGLE PILL PIPELINE?

As part of building our Single Pill pipeline, we have two options. We can either develop Single Pills ourselves or in-license them. When it comes to our own developments, we work together with renowned development partners, mainly in Europe. Working with different partners gives us the advantage of being able to carry out many Single Pill developments simultaneously. Each Single Pill has its own development challenges and each development partner has individual strengths that we can leverage to ensure the fastest and most effective development process possible. It takes approximately three and a half to five years to develop a new Single Pill. This time is necessary because this is a complete drug development. The efficacy and tolerability of the active ingredients is the only thing that usually doesn't have to be proven because the active ingredients have already been approved in detail and there is sufficient data on efficacy and tolerability. Thanks to our profound knowledge of the regulatory and medical contexts, we can reliably evaluate in which cases it is promising to combine active substances into a Single Pill.

»Our goal is to bring more than 20 single pills to the German market by 2026. We are taking our partners with us on this journey because we want to grow together with them.«

With in-licensing, we take over a finished product from a company or enter into an ongoing development and secure the rights for Germany. Due to our strong position in the German market, collaboration with APONTIS PHARMA is very attractive for companies that don't have their own sales organisation or marketing experience with Single Pills in Germany. After all, with a population of approx. 84 million, Germany is the largest sales market for cardiovascular medicines in Europe. In the meantime, we have formed strategic partnerships with foreign companies that support us in building up the Single Pill portfolio, producing medicines of the highest quality and ensuring continuous supply. Our goal is to have well over 20 Single Pills in our portfolio in 2026 by relying on in-house developments and in-licensing. The developments launched and the licensing agreements concluded over the last two years make me very confident that we will be able to achieve this.

WHAT MAKES APONTIS PHARMA A STRATEGIC PARTNER FOR LONG-TERM PARTNERSHIPS WITH OTHER PHARMACEUTICAL COMPANIES?

We are the perfect marketing and distribution partner for Single Pills in Germany with a lean business model (no manufacturing or warehousing). After all, with our vision of "establishing the Single Pill as the Gold Standard," we have a clear business focus that we pursue passionately. We always go the extra mile, and not only during the pandemic, when we actively supported doctors during what was a difficult time for them. We know exactly which doctors in Germany are candidates for prescribing Single Pills. These are doctors who care about the success of their long-term therapy and are instrumental in supporting their patients. There are around 21,000 general practitioners whom we have identified for this purpose. Our approximately 130 pharmaceutical consultants have built up trusting relationships with these doctors over many years. Due to these activities and many years of experience with cooperative models, APONTIS PHARMA is the ideal strategic partner in the Single Pill business for foreign companies that don't have a German sales organisation or company site here.

IS YOUR BUSINESS WITH REGARD TO THE SINGLE PILL EXCLUSIVELY FOCUSED ON THE GERMAN MARKET?

We currently market and distribute our Single Pills only in the German market. Thanks to a partnership of equals, we work successfully with our various network partners inside the European Union. In the future, we will pursue out-licensing for self-developed Single Pills inside the European Union. In my discussions with those who work for other companies, I can see that APONTIS PHARMA has gained a reputation in Germany and in the European Union as the Single Pill company. Our goal is to bring more than 20 Single Pills to the German market by 2026. We are taking our partners with us on this journey because we want to grow together with them.

IMPRESSIVE RESULTS WITH SINGLE PILL THERAPY

Prof. Dr. Burkhard Weisser is the Chairman of the Department of Sports Medicine at the Christian Albrechts University in Kiel and a specialist in internal medicine, hypertensiology, and sports medicine. He is constantly impressed by the many advantages of the Single Pill therapy concept.

LAST YEAR, I HAD THE HONOR OF PRESENTING the results of the START 2 study at the 2022 Annual Meeting of the European Society of Cardiology in Barcelona. START 2 was a treatment comparison between the Single Pill and loose combinations of several agents in more than 50,000 patients conducted by a large German health insurance company. This study showed that Single Pill therapy resulted in significantly fewer events across all endpoints and that patients were event-free for longer.

A phase 3 study, the SECURE study, which was also presented in Barcelona, impressively demonstrated the superiority of the Single Pill – i.e. the administration of several substances in a single tablet – compared to the administration of the individual substances in several tablets. More specifically, Single Pill therapy led to a significantly lower risk of serious adverse cardiovascular events within six months following a myocardial infarction than normal treatment.

But what is the qualitative difference between a Single Pill and loose combinations? It might sound a bit trivial, but the main difference lies in adherence to therapy or, as we doctors say, compliance. This amounts to 70 to 80 percent for Single Pill therapy compared to 20 to 50 percent for loose combinations. These figures clearly show how much easier it is for patients to take fewer tablets. Studies have also shown that reducing the number of tablets also improves the psychological well-being of patients.

But doctors are also relieved by having to issue significantly fewer prescriptions in their practices. The same is true for hospitals and nursing homes, where providing tablets is not only easier, but also reduces possible sources of error. One major advantage of the Single Pill for the attending physician is the range of variation he has with regard to making dose adjustments. This means he can flexibly adjust the dosage of the active ingredients contained in the Single Pill to the individual needs of his patient and thus optimally tailor it to that person's needs.

What impresses me about the Single Pill therapy concept is that the same active ingredients in a different dosage form, namely in the form of one tablet or capsule, lead to a better prognosis for the patient. In other words: If compliance is higher, then the effect of the active substances prescribed by the doctor also improves. With the Single Pill, we can reduce the consequences of high blood pressure and dyslipidemia as well as heart attacks and strokes. As a result, patients benefit both through longer life expectancy and fewer hospital stays. If the Single Pill were prescribed in only 50 percent of the patients eligible for it, its use could prevent around two million deaths from cardiovascular disease and four million cardiovascular events worldwide each year. In the future, our therapeutic actions will have to be measured against these results.


ergoline
»Patients benefit from both a longer life expectancy as well as fewer hospital stays.«

STRUCTURED SUBSTITUTION AT A MOUSE CLICK

Sherina Konrad is Digital Product Manager at APONTIS PHARMA. She is excited about the potential that new therapy assistance systems offer for better patient care.

WHY IS STRUCTURED MEDICATION MANAGEMENT IMPORTANT IN IMPLEMENTING THE SINGLE PILL APPROACH?

At the moment, not all patients eligible for Single Pill therapy are being treated with this superior therapy concept. Substitution is not currently being systematically carried out. Our goal is for physicians to replace loose combinations with Single Pills in a structured manner whenever possible as part of their review of long-term therapy for their current patients. This benefits both patients and physicians' offices. The therapy goals are achieved more effectively, the medication plans become clearer and fewer prescriptions need to be processed.

WHAT CHALLENGES DO PHYSICIANS FACE IN IMPLEMENTING GUIDELINE- AND EVIDENCE-BASED SINGLE PILL THERAPY INTO TREATMENT PRACTICE?

Many physicians are now aware that better compliance with the Single Pill also means a better prognosis. We have done a good job of convincing them and will continue to do so in the future. The greatest challenge for the use of Single Pills is their implementation in everyday practice. This is well illustrated by the medication plans of chronically ill cardiovascular patients. When treating these cardiovascular risk patients, physicians must deal with a large number of active ingredients and dosages in the form of individual drugs on a daily basis. It is not uncommon for patients to require more than ten medications. Here, the treating physician needs help to quickly and reliably identify possible Single Pill combinations that are suited for these patients.

HOW CAN DIGITAL THERAPY ASSISTANCE SYSTEMS HELP PHYSICIANS MAKE THE TRANSITION?

Digital therapy assistance systems will soon be an integral part of structured Single Pill medication management. In concrete terms, digital therapy assistance systems can support physicians in digitally recording the previous therapy with two or more loose individual medications and suggesting Single Pill options with the same active ingredient and dose. The goal here is always the maximum possible reduction in tablet burden. The integration of these therapy assistance systems into everyday practice helps to speed up the implementation of the study evidence in practice.

HOW DID THE IDEA FOR DIGITAL THERAPY ASSISTANCE SYSTEMS ACTUALLY COME ABOUT?

It was physicians who were convinced of the Single Pill concept and initiated structured processes for the use of Single Pills in their everyday practice on their own initiative. The need for digital assistance systems to identify possible Single Pill combinations with the same active ingredient and dose from an existing medication plan with many drugs developed out of the concrete implementation. As a result of this customer proximity and the adoption of innovative ideas, we are now developing digital therapy assistance systems together with physicians. They are testing our application and making suggestions for improvements. The response has been excellent.

DEAR SHAREHOLDERS,

Following our successful IPO in 2021, we were able to expand our market-leading position in the area of Single Pills last year. By launching three new products, we not only expanded our product portfolio, but also took a major step toward reaching our goal of launching at least 20 Single Pills in Germany by 2026. Three important studies have sustainably confirmed the evidence of the Single Pill therapy concept. By elaborating on our vision and mission, we have succeeded in positioning the APONTIS PHARMA brand even more clearly and sharpening our profile as the "Single Pill Company." In order to offer the growing number of cardiovascular patients more efficient and cost-saving therapies as quickly as possible, we will continue to drive the expansion of our Single Pill range in 2023 as part of our growth strategy and work on realising our vision of establishing the Single Pill as the Gold Standard.

POSITIVE TREND CONTINUES

APONTIS PHARMA achieved growth in revenue of 8.9 percent to EUR 55.7 million in financial year 2022. Single Pill sales continued to be the main driver of growth, increasing by 16.2 percent to EUR 36.5 million. The share of Single Pills in total sales rose to 65.5 percent. Sales from co-marketing, co-promotion and distribution declined as expected by 1.9 percent to EUR 16.8 million, as our cooperation with Novartis regarding the products Jalra® and Icandra® ended with the expiration of the patent for the active ingredients they contain. Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased from EUR 2.4 million to EUR 5.6 million due to the strong growth in revenue, despite higher expenses for accelerating sales activities.

With an equity ratio of 69.4% and liquid funds of EUR 36.3 million, APONTIS PHARMA has a solid asset and financial position for the realisation of the product developments already commissioned and planned. The Single Pills Tonotec Lipid®, AmloAtor® and RosuASS®, which were newly launched during the reporting period, have increased APONTIS PHARMA's portfolio to ten Single Pills. The company is thus well on the way to having at least 20 Single Pills on the market in Germany by 2026.

SECURE STUDY AND START 2 STUDY CONFIRM THE SUPERIORITY OF THE SINGLE PILL

The prospective SECURE study was presented at the European Congress of Cardiology in Barcelona in August 2022. In this randomised phase 3 study supported by the European Union, 2,499 patients from 113 centres in seven countries with a myocardial infarction suffered within the previous six months were prospectively examined. The patients had received either Single Pill therapy with the active ingredients ASA, atorvastatin and ramipril, treatment with a loose, substance-matched tablet combination or a normal standard therapy of comparable drug groups for up to 48 months. After three years, Single Pill therapy showed a relative risk reduction of 24% in cardiovascular events and a relative risk reduction of 33% in median cardiovascular mortality. Specifically, Single Pill therapy resulted in a significantly lower risk of serious adverse cardiovascular events than usual care of myocardial infarction. The results showed for the first time the superiority of the Single Pill therapy concept in a prospective study. They were published in the renowned New England Journal of Medicine and sparked a positive response in expert circles worldwide. Due to the results and their scientific reception, the SECURE study is considered a kind of accolade for the Single Pill therapy concept.

Karlheinz Gast
Chief Executive Officer (CEO)

Thomas Milz
Chief Product Officer (CPO)

The presentation of the additional analysis of the START study carried out in Germany also attracted a lot of attention in Barcelona. In the START 2 study, data from more than 50,000 insured persons of a major German health insurance company were examined to determine whether fewer events occur in cardiovascular patients when a combination of substances is administered as a Single Pill than when the individual substances are administered identically. As a result, significantly fewer heart attacks, strokes, transient ischaemic attacks, coronary heart disease, heart failure and acute and chronic kidney disease were observed with treatment with Single Pills. Patients from the Single Pill group were not only event-free for longer, but the health economic advantages of the therapy concept for the healthcare system were also demonstrated. Thanks to the profound data, more and more doctors are realising that the success of the therapy should not depend solely on the individual patient's compliance, but that it is important to make it as easy as possible for the patient to take the tablets. Studies such as SECURE and START support the efficiency of Single Pill therapy and lead to a higher acceptance of its use among doctors.

UNITED BY A STRONG VISION AND A STRINGENT MISSION

The Single Pill is more than just a convenient solution, it opens up a completely new horizon for therapy. Because the advantages over loose combination therapy are clear: they lie above all in the once-daily intake, significantly better compliance with therapy, the increase in treatment success, the lower total costs per patient year and the higher sustainability. In the interest of a better life for the patients concerned, we are consistently following our vision of making Single Pill therapy the new Gold Standard. Together with all our partners, we are committed to this every day.

We want to convince doctors to abandon previously learned therapy routines in favour of the new findings of evidence-based medicine and accompany them in the implementation of the current, guideline-based therapy in their daily practice. Since many doctors now identify patients eligible for loose combination substitution via their practice software, we are making good progress here. We will increasingly use new digital tools to help doctors structure practice workflows. These digital tools pay into our mission to maximise the potential of active ingredients through treatment simplification and Single Pill substitution. Our regular staff surveys show that our colleagues are fully behind our vision and mission to establish the Single Pill as the Gold Standard. This team spirit is what makes APONTIS PHARMA what it is – our employees are the decisive key to our success.

On the basis of the current retrospective and prospective study data available, we already started to intensify our communication with SHI-accredited physicians' associations and health insurance funds in the second half of 2022 and to work out the advantages of simplifying therapy with the Single Pill. In this dialogue, we are trying to help our dialogue partners understand that, in view of the evidence supporting Single Pill therapy, it is necessary to move away from a purely sectoral view of healthcare costs and to take its benefits for the entire healthcare system into account. A particular success in this regard is that, in addition to the AXA insurance company, the Techniker health insurance company has now also called on its members to inform themselves about the possibilities of Single Pill therapy with their treating physician.

AS THE SINGLE PILL COMPANY, WE CONTINUE ON OUR PATH TO SUCCESS

Already at the time of the IPO in 2021, we assumed that we would launch 20 Single Pills by 2026. Today, we are confident that we will exceed this expectation. This year alone, we will launch at least three more Single Pills in Germany. By focusing our business even more on the Single Pill in the future, we will gradually increase its share of total sales from the current 66 percent to 92.5 percent by 2026. Accordingly, the potential number of patients eligible for our Single Pills will more than double to 9 million patients by 2026. Our goal is to achieve net revenue of approx. EUR 100 million and earnings before interest, taxes, depreciation and amortisation (EBITDA) of approx. 30 percent by 2026.

For APONTIS PHARMA, providing competent on-site advice to doctors through our field sales force is the key success factor. In doing so, we concentrate on our core medical target audiences: GPs, cardiologists and pneumologists. And our cooperation partners recognise and appreciate this. For a strong partner like AstraZeneca, for example, our marketing and sales strength is an important reason to work with us as a co-promotion partner.

We gained enormously in terms of attractiveness for many development and licensing partners in 2022. Many foreign licensing partners have now understood that it makes little sense to give the Single Pill to companies that do not have a proper sales force for it and instead grant exclusive licences to us.

THE SINGLE PILL CONCEPT – A SCALABLE BUSINESS MODEL

We are seeing a growing number of doctors who are familiar with the Single Pill thanks to the excellent clinical evidence and the high level of acceptance among their patients. The educational work that is currently still required will tend to decrease over time, as practice teams can transfer the knowledge gained to new Single Pills. The active pharmaceutical ingredients are known as such and widely used in daily practice. In other words, patients who are already taking corresponding loose combinations only need to be switched to the respective Single Pills by their doctors. This should make the substitution of loose combinations with Single Pills a standard process in daily practice, supported by digital systems to identify patients eligible for the Single Pill. In addition, all planned launches can be handled by the current sales force. In the medium term, economies of scale can be achieved and the share of our marketing and sales costs in net sales will be reduced from over 40 percent to less than 25 percent.

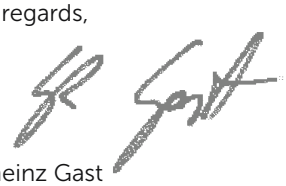
What drives us and points us in the right direction is our vision and mission. In view of demographic change and an ageing population, our society needs concepts that relieve the burden on the healthcare system, support doctors in their therapy management and make it easier for patients to take their tablets. The Single Pill therapy concept does all this in a convincingly simple way – by substituting several loose combinations in the form of a single tablet. We feel confirmed by the scientific evidence of the two START studies and the SECURE study and are continuing on the path we have chosen.

We would like to thank our shareholders for the strong confidence they have placed in us and would be pleased if you would continue to support us in the future and accompany us on this path.

In addition, we would like to express our special thanks to our employees, whose tireless commitment to the health of patients is the basis for the economic success of APONTIS PHARMA.

Monheim am Rhein, March 16, 2023

Kind regards,



Karlheinz Gast
CEO / Spokesman for the Management Board

Thomas Milz
CPO / Chief Product Officer

DEAR SHAREHOLDERS,

Financial year 2022 was the first full business year of APONTIS PHARMA AG following the IPO in May 2021. The Supervisory Board duly performed the duties incumbent upon it under the law, the Articles of Association and the Rules of Procedure in financial year 2022. In particular, the Supervisory Board carefully and regularly monitored the work of the Management Board on the basis of the Management Board's detailed written and oral reports on business policy, key financial, investment, and personnel planning, and the course of business, and acted in an advisory capacity. In addition, there was a regular exchange of information between the Chairman of the Supervisory Board and the Chairman of the Management Board as well as the other member of the Management Board. The Supervisory Board was thus kept informed at all times about the intended business policy, company planning, including financial, investment and personnel planning, the profitability of the company and the course of business, as well as the situation of the company and the Group.

PERSONNEL CHANGES ON THE SUPERVISORY BOARD

In accordance with Section 9 (1) of the Articles of Association of the company in conjunction with Sections 95 sentences 1 to 4, 96 and 101 of the German Stock Corporation Act (AktG), the Supervisory Board of the company consists of five members to be elected by the Annual General Meeting. The members of the first Supervisory Board were Dr. Edin Hadzic, Dr. Matthias Wiedenfels, Mr. Christian Bettinger, Dr. Christopher Friedel and Mr. Olaf Elbracht.

The terms of office of all of the above-mentioned members of the company's first Supervisory Board ended at the close of the Annual General Meeting on 12 May 2022. On 12 May 2022, the Annual General Meeting elected Dr. Anna-Lisa Picciolo-Lehrke to the Supervisory Board in addition to Dr. Edin Hadzic, Dr. Matthias Wiedenfels, Mr. Christian Bettinger and Mr. Olaf Elbracht from the first Supervisory Board. Dr. Christopher Friedel stepped down from the Supervisory Board at his own request. We would like to thank Dr. Friedel for his work on the Supervisory Board of APONTIS PHARMA AG.

The Supervisory Board elected Dr. Matthias Wiedenfels Chairman and Mr. Olaf Elbracht Deputy Chairman at its first meeting after the Annual General Meeting. The work of the committees is to be continued with the same members as before; no further committees were formed.

WORK ON THE SUPERVISORY BOARD

The Supervisory Board held a total of 7 meetings in financial year 2022. Due to the pandemic, some of the meetings in financial year 2022 were held virtually. The following table shows the regular meetings and the participation of the members of the Supervisory Board:

Board Meetings	Dr. Wiedenfels	Elbracht	Dr. Picciolo-Lehrke	Dr. Hadzic	Bettinger	Dr. Friedel
February 14, 2022	X	X	not member	X; L	X	X
March 17, 2022	X	X	not member	X; L	X	X
May 11, 2022	X	X	not member	X; L	X	X
May 12, 2022	X	X	X	X; L	X	not member
July 22, 2022	prevented	X; L	X	X	X	not member
September 22, 2022	X; L	X	X	X	X	not member
November 24, 2022	X; L	X	X	X	prevented	not member
Member of the Board	2021	2021	2022	2021	2021	2021

X = participated / L = Lead

The Supervisory Board's deliberations focused on topics relating to strategy, long-term planning, business development and the risk situation, risk management, and compliance at APONTIS PHARMA AG. The focal points of the individual meetings are outlined below:

FEBRUAR 14, 2022 (virtual):

- Self-inspection of the effectiveness of the Supervisory Board's activities
- Financial calendar for the company and internal organisation of the Supervisory Board
- Competency and requirement profiles for Supervisory Board members, share of women

MARCH 17, 2022 (virtual):

- Audit of the 2021 Annual Financial Statements and Consolidated Financial Statements and discussion with the auditor, Ebner & Stolz
- Adoption of the 2021 Annual Financial Statements and Dependent Company Report
- Preparation of the Annual General Meeting
- Discussion of the "Guidance 2022" and the most recent economic development through February 2022
- Update on the development of the business
- Impact of the Ukraine war on the company's value chain

MAY 11, 2022 (hybrid at the McDermott site in Düsseldorf):

- Discussion of the most recent economic development through April 2022 and the outlook for 2022
- Update on the development of the business
- Proceedings of the Annual General Meeting the next day

MAY 12, 2022 (hybrid at the McDermott site in Düsseldorf):

- Acceptance of the Supervisory Board election results
- Election of Dr. Matthias Wiedenfels as Chairman of the Supervisory Board and Mr. Olaf Elbracht as Deputy Chairman of the Supervisory Board

JULY 22, 2022 (virtual):

- Report by the Management Board on the development of business
- Presentation of the half-year financial statements
- Discussion of the rolling forecast for 2022
- Update on business development
- Determination of the risk from the current energy situation

SEPTEMBER 22, 2022 (virtual)

- Report by the Management Board on the development of the business
- Business development update
- Risk management update and risk analysis
- Discussion of the offer submitted by Ebner & Stolz regarding audit fees for financial year 2022
- Discussion of the share price performance

NOVEMBER 24, 2022 (at the company's site in Monheim)

- Report by the committees (Audit Committee and Personnel Committee)
- Report by the Management Board on how the business is developing
- Business development update
- Result of the 2022 employee survey
- Presentation on talent management
- Analysis of the YTD October 2022 result, forecast for 2022
- Discussion of the 2023 budget
- Presentation of medium-term planning up to the year 2027
- Financial calendar and meeting dates in 2023
- Presentation of the status of the sustainability analysis on the CO_2 footprint

SITUATION OF THE BUSINESS AND BUSINESS DEVELOPMENT

The Supervisory Board meetings regularly dealt with the situation and development of the company's business. The Management Board reported regularly on how the business was developing in 2022 and presented the planning for financial year 2022. As in previous years, COVID-19, in addition to other colds and the shortage of staff in medical practices, made it difficult for the company to stay in contact with physicians.

The employee survey showed a further increase in staff satisfaction and also a high level of identification with the APONTIS PHARMA vision. In order to counter the expected future difficulties in recruiting personnel, two programmes for employee retention on a share basis have been initiated, among the other measures taken.

STRATEGIC ORIENTATION

The Supervisory Board dealt extensively and repeatedly with the strategic orientation of APONTIS PHARMA Group. The focus here was mainly on the market launches of three Single Pills in 2022 as well as further launches in the years to come. In particular, the market size, number of patients and sales volume of the respective active ingredient combinations as well as the competitive situation per active ingredient combination were evaluated. A distinction was made as to whether the Single Pills are proprietary developments or can be included in the portfolio via licensing agreements. In addition to developing new preparations, possible acquisitions of existing products are also a relevant topic for APONTIS PHARMA AG, which was discussed on a recurring basis in the sense of a portfolio strategy. APONTIS PHARMA AG is currently focused solely on Germany. However, as part of the growth strategy that has been adopted, the Group will also gradually build up intellectual property on a European basis in order to underpin a possible expansion.

RISK MANAGEMENT AND COMPLIANCE

Compliance is of immense importance to both the Management Board and the Supervisory Board. Compliance with laws, directives, regulations and internal rules forms the basis for successful entrepreneurial activity and is an integral part of good Corporate Governance. The Supervisory Board dealt in particular with the compliance and compliance management system implemented by the Management Board. The purpose of the system is to prevent compliance violations through preventive measures, to identify any misconduct at an early stage, to take swift action in the event of confirmed violations and to consistently punish misconduct. Besides specific capital market compliance, the compliance system focuses in particular on preventing corruption and adhering to the pharmaceutical-related compliance system. To this end, an "Anti-Bribery/Anti-Corruption" policy and a transaction and signature policy, among other measures, were introduced in the financial year and employees were also trained on these. The company also has its own electronic training system that ensures the completeness of the training. Furthermore, a whistleblower hotline was introduced in financial year 2022 with an external attorney for the anonymous receipt of information, which is available to both employees and external individuals. The compliance targets set by the Management Board were achieved in the course of financial year 2022 and discussed in detail with the Supervisory Board. The compliance reporting structure did not lead to any indications of a compliance violation in financial year 2022. In addition, the risk management system was developed even further. A rolling system of presenting and analysing the risks identified by the "risk owner" in the management team meetings, which usually take place every 14 days, and presenting the status of mitigating measures was introduced in the financial year.

SUSTAINABILITY

The company develops the topic of sustainability at two levels. On the one hand, it is working to determine the effects of its business activities on society and the environment, to analyse them and to establish meaningful reporting on them. On the other hand, improvements are being worked on at the same time as part of the resulting knowledge process. The current focus is on setting up a model to determine Scope 3 CO_2 emissions for the manufacture of our products. The knowledge gained from this is to be used to improve the sustainability of the products.

With regard to compliance, the above-mentioned policies and work instructions were introduced in 2022, employees were trained and a whistleblower hotline was set up. Two share-based remuneration programmes were set up for employees. For the first time, all-electric company cars were ordered in 2022.

The company and the Supervisory Board are convinced that the APONTIS PHARMA business model is sustainable and meets the criteria for an impact investment. The social benefits are measurable, from the direct health benefits for patients to the savings for the healthcare system and the reduction of CO_2 compared to single-agent drugs.

The START study was able to show that mortality could be reduced by up to 49% and hospital admissions by up to 55% when using Single Pills. This resulted in savings of more than EUR 1,000 per patient per year. In addition, there are savings from unnecessary rehabilitation measures. With a prevalence of 20 to 30 million diagnosed hypertensive patients and a 20.3% share of women and 17.9% of men who have a highly elevated total cholesterol level of over 240mg/dl, significant savings are possible for the German healthcare system in a short period of time.

An improvement can also be achieved in the area of resource consumption. Instead of two or three packages, the Single Pill only comes in one package. Medicines from APONTIS PHARMA are manufactured exclusively in the EU. This saves resources and increases the security of supply for German patients.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board had both an Audit Committee and a Personnel Committee in financial year 2022. The Personnel Committee was established by resolution of February 14, 2022.

AUDIT COMMITTEE

The Audit Committee consists of two members, Mr. Olaf Elbracht (Chairman) and Mr. Christian Bettinger. The Audit Committee held 9 meetings in financial year 2022. The tasks of the Audit Committee include, in particular, auditing the accounting, monitoring the accounting process, the risk management system, compliance and the audit of the financial statements. It prepares the resolutions

of the Supervisory Board on the Annual Financial Statements and the proposal for the appropriation of net profit, the Consolidated Financial Statements and the Combined Group Management Report. Other tasks include the discussion and review of the half-year financial reports and the quarterly reports. The committee submits a proposal to the Supervisory Board regarding the election of the auditor.

Furthermore, several coordination meetings were held between the head of the Audit Committee and the company's CFO, both by telephone and on site with the finance team. In addition to the quarterly financial statements, the topics of risk management, the company's dependence on natural gas, the business continuity plan of the storage service provider, discussion of Ebner & Stolz's offer to take on the audit assignment for financial year 2022, the forecasts for the current financial year, the budget for 2023 and the medium-term planning until 2027 were discussed. Other individual topics also included fundamental balance sheet matters.

The Chairman of the Audit Committee reports regularly to the full Supervisory Board on the activities of the committee.

PERSONNEL COMMITTEE

The Personnel Committee consists of two members, Dr. Matthias Wiedenfels (Chairman) and Mr. Christian Bettinger. The Personnel Committee held two meetings in financial year 2022. All members of the Personnel Committee participated in these meetings. The tasks of the Personnel Committee include, in particular, succession planning and determining the remuneration of the Management Board.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

The company is not listed on the stock exchange within the meaning of the German Stock Corporation Act. The recommendations of the German Corporate Governance Code in the version of 16 December 2019 are therefore not applicable, so that the Management Board and Supervisory Board are not legally obliged to issue a Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). Transparent Corporate Governance is nevertheless a topic of high priority for the Supervisory Board. From the perspective of good Corporate Governance, the Management Board and the Supervisory Board have therefore decided to issue a voluntary Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG).

After extensive consideration of Corporate Governance issues, the Management Board and the Supervisory Board have decided on a Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG) and jointly issued it as of March 16, 2023. The declaration is available on the APONTIS PHARMA AG website at www.apontis-pharma.de under the heading Corporate Governance.

AUDIT OF THE ANNUAL AND THE CONSOLIDATED FINANCIAL STATEMENTS

The Annual Financial Statements of APONTIS PHARMA AG and the Consolidated Financial Statements, including the Group Management Report, have been audited by Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Bonn. The Annual Financial Statements and the Consolidated Financial Statements, including the Group Management Report, have been issued unqualified audit opinions.

The Annual Financial Statements and the Consolidated Financial Statements, including the Group Management Report, as well as the auditor's reports were submitted to all members of the Supervisory Board. The financial statements were discussed in detail at the balance sheet meeting of the Supervisory Board following a report by the auditor.

The Supervisory Board also examined the Annual Financial Statements, including the Combined Group Management Report and the Consolidated Financial Statements, and took note of the auditor's report. After concluding its examination, the Supervisory Board raised no objections and approved the Annual and Consolidated Financial Statements prepared by the Management Board. The Annual Financial Statements are thus adopted.

DEPENDENCY REPORT

APONTIS PHARMA AG prepared a Dependency Report for its financial year ending on December 31, 2022 in accordance with Section 312 of the German Stock Corporation Act (AktG). The Dependency Report was audited by the auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Bonn, pursuant to Section 313 (1) of the German Stock Corporation Act (AktG).

The auditor submitted a separate written report on the results of the audit. As there were no objections to the report submitted by the Management Board, the following auditor's report was issued on March 7, 2022 in accordance with Section 313 (3) of the German Stock Corporation Act (AktG):

Based on our audit and assessment in accordance with professional standards, we confirm that

1. the actual information in the report is correct,
2. the payments made by the companies in the legal transactions listed in the report were not unreasonably high,
3. with regard to the measures listed in the report, there are no circumstances that would support a materially different assessment than that made by the Management Board.

The Dependency Report and the Audit Report on this were sent to all members

of the Supervisory Board in due time before the balance sheet meeting. At the meetings of the Audit Committee on March 2, 2023 and March 14, 2023, the auditor reported to the Audit Committee on the performance and results of the audit of both the Consolidated Financial Statements and the individual financial statements of the audited companies. At the balance sheet meeting on March 16, 2023, the auditor reported on the results of the audit and was available to provide additional information. In its meeting on 16 March 2023, the Supervisory Board comprehensively examined the Dependency Report for completeness and correctness. It concurred with the results of the audit of the Dependency Report and determined that there were no objections to the declaration of the Management Board at the end of the report on relationships with affiliated companies and approved the Dependency Report.

THANKS FOR THE WORK DONE

The Supervisory Board would like to thank the employees and Management Board of APONTIS PHARMA AG for the work they have done. It was a challenging year that was still marked by the persistence of the pandemic. Nevertheless, we succeeded in ensuring the supply of our vital medicines in the interest of patients and our sales force was available as a valued contact for physicians.

Monheim am Rhein, March 16, 2023

The Supervisory Board of APONTIS PHARMA AG

Dr. Matthias Wiedenfels
Chairman of the Supervisory Board

APONTIS PHARMA AG ON THE CAPITAL MARKET

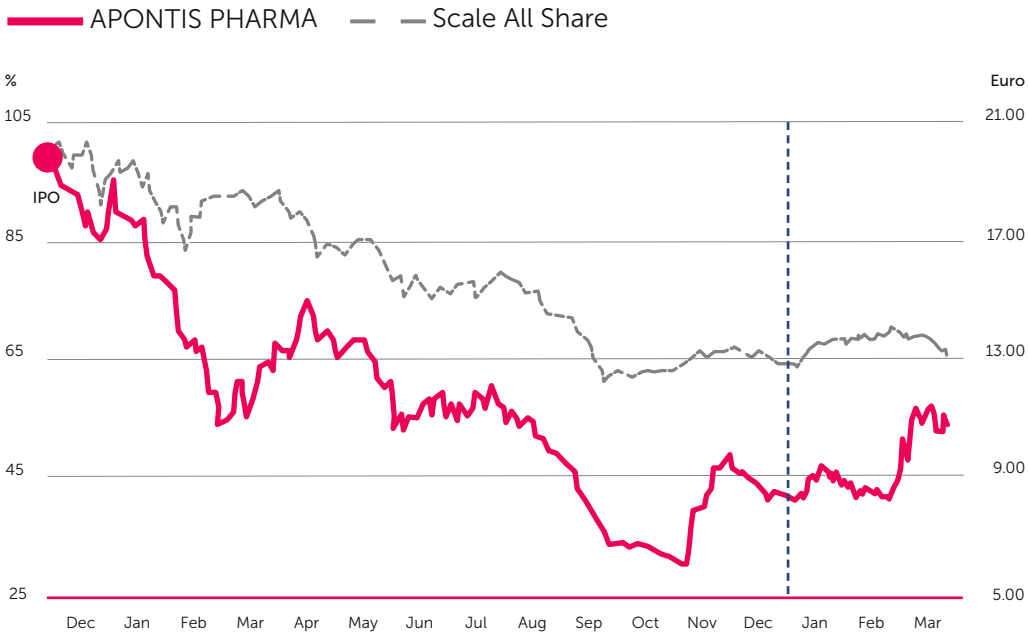
APONTIS PHARMA SHARE INFORMATION

Ticke rsymbol	APPH
GSIN (German Securities Identification Number)	A3CMGM
ISIN (International Securities Identification Number)	DE000A3CMGM5
Stock exchanges	Xetra, Frankfurt, Berlin, Düsseldorf, Gettex, Munich, Quotrix, Stuttgart, Tradegate
Market segment	EU-registered SME growth market Scale (over-the-counter)
Number of shares	8,500,000
Share class	Ordinary no-par value shares (no-par value shares)
Designated sponsor	Hauck Aufhäuser Lampe Privatbank

CAPITAL MARKETS CAUGHT UP BETWEEN INFLATION SHOCK AND A STRONG ECONOMY

2022 was a difficult year for the international stock markets. The start of the war in Ukraine in the spring unsettled investors, but the stock markets initially recovered faster than expected. As a result of the geopolitical upheavals, however, inflation rates rose massively, to which the central banks reacted with significant interest rate hikes, putting pressure on the stock markets. Even stable company profits and a strong economy in the United States and Germany did not have a positive effect on share prices. Initial indications of declining inflation, an easing of the Chinese government's restrictive zero-COVID policy and hopes that the central banks would turn away from interest rate hikes led to recovery tendencies towards the end of the year. The DAX recorded an overall decline of 12.7% in 2022. The Scale All Share Index, which also includes the shares of APONTIS PHARMA, recorded a loss of 36.3% over the same period.

SHARE: PRICE PERFORMANCE AND TRADING VOLUME 2022/2023



With rising inflation and increasing recession and geopolitical risks, small caps in particular came under additional pressure as part of the associated sector rotation from growth to value stocks. Thus, the APONTIS PHARMA share opened the trading year on 3 January at EUR 20.00 and reached its high for the reporting period on the same day. Over the course of the year, the APONTIS PHARMA share price was unable to benefit from the successful business development and the continuous expansion of the Single Pill portfolio and fell to a low for the year of EUR 5.90 on November 8, 2022. Towards the end of the year, prices rose again as a result of positive company news and a more optimistic market environment. The APONTIS PHARMA share ended the reporting year at a closing price of EUR 8.20. Overall, the APONTIS PHARMA AG share price recorded a decline of 66% in 2022.

At the beginning of 2023, the APONTIS PHARMA share price recovery continued, recording an increase of 30% as of March 15, 2023 compared to the closing price on December 30, 2022.

PRICE DEVELOPMENT 2022

Opening price	January 3, 2022	EUR 20.00
Low	November 8, 2022	EUR 5.90
High	January 3, 2022	EUR 20.00
Closing price	30. Dezember 2022	EUR 8.20
Performance		– 66.3 %
Market capitalisation		EUR 69.7 Mio

The average daily trading volume in APONTIS PHARMA shares amounted to 15,807 shares on all German trading venues in the year under review. In the same period of the previous year, the average daily trading volume was 14,243 shares.

Hauck Aufhäuser Lampe Privatbank AG acted as designated sponsor and continuously supported the tradability of the APONTIS PHARMA share by providing binding bid and ask prices.

SHARE BUYBACK PROGRAMMES

SHARE BUYBACK PROGRAMME 2022/I

In March 2022, the Management Board of APONTIS PHARMA AG, with the approval of the Supervisory Board, decided to launch a share buyback programme, utilising the authorisation granted by the Annual General Meeting on April 19, 2021. As part of the share buyback programme 2022/I, up to a total of 70,000 own shares (this equates to up to approx. 0.8% of the company's share capital) could be bought back during the period from March 15, 2022 to June 15, 2022 at a total purchase price of a maximum of EUR 1,000,000. A total of 70,000 shares had been purchased by April 6.

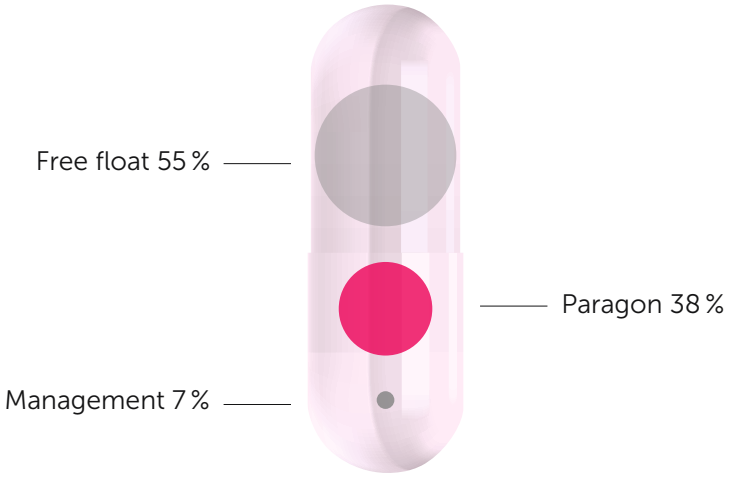
SHARE BUYBACK PROGRAMME 2022/II

In June 2022, the Management Board of APONTIS PHARMA AG, with the approval of the Supervisory Board, decided to launch a share buyback programme, utilising the authorisation granted by the Annual General Meeting on April 19, 2021. As part of the share buyback programme 2022/II, up to a total of 100,000 own shares (corresponding to up to approx. 1.2% of the company's share capital) could be bought back during the period from June 23, 2022 to 31 December 2022 at a maximum total purchase price of EUR 1,250,000. A total of 100,000 shares had been purchased by September 28.

In total, the company carried out two share buyback programmes for 170,000 shares in the reporting year.

SHAREHOLDER STRUCTURE

German Stock Corporation Act (AktG) or they have been disclosed voluntarily. According to the definition of Deutsche Börse AG, free float includes all shares that are not held by major shareholders (share of the share capital exceeding 5%).



With a balanced ratio of free float and institutional investors, APONTIS PHARMA AG has a liquid tradability of shares and a stable structure of anchor shareholders to pursue the company's strategy in a targeted manner. With a stake of around 38%, the current shareholder The Paragon Fund II GmbH & Co. KG (Paragon) holds the majority of the shares outstanding as of 31 December 2022. The management of APONTIS PHARMA Group holds 7% of the voting shares. 55% of the shares are in free float.

ANALYST RECOMMENDATIONS

With Hauck Aufhäuser Lampe Privatbank, Warburg Research and Montega Research, the APONTIS PHARMA AG share is analysed and evaluated by renowned investment banks and research firms.

In their studies, the analysts recommend buying the APONTIS PHARMA share with price targets of up to EUR 30.00 and emphasize the expansion of the profitable Single Pill business, the significant improvement in revenues and profitability from 2024 and the increasing acceptance of Single Pills among patients. The analysts' recommendations to buy the APONTIS PHARMA share correspond to a price potential of more than 260% compared to the closing price on 30 December 2022.

Update	Institute	Analyst	Recommandation	Target price
November 10, 2022	Warburg Research	Dr. Christian Ehrmann	BUY (BUY)	27.00 (27.00)
November 11, 2022	Hauck Aufhäuser Lampe	Alexander Galitsa	BUY (BUY)	30.00 (30.00)
November 11, 2022	Montega Research	Tim Kruse	BUY (BUY)	26.00 (26.00)

INVESTOR RELATIONS ACTIVITIES

The APONTIS PHARMA AG share is listed on the EU-registered SME growth market Scale (Open Market) of the Frankfurt Stock Exchange. The company informs its shareholders and capital market participants without delay of important events in its business activities or of significance to the development of its share price by means of ad hoc announcements or Corporate News

The Management Board of APONTIS PHARMA maintains an ongoing close dialogue with investors and analysts as well as the financial and business press and held numerous one-on-one meetings in the 2022 stock market year. In addition to participating in the Hamburg Investor Day, the Munich Capital Market Conference and the Warburg Highlights Conference in Hamburg, the Management Board presented the company's business model, operational development and growth prospects on a number of occasions. These included the Equity Forum Fall Conference and the German Equity Forum in Frankfurt/Main.

FINANCIAL CALENDAR 2023

April 4, 2023	Investor Access Event, Paris
May 9, 2023	Interim Statement 3M/Q1 2023 | Earnings Call
May 12, 2023	Annual General Meeting
May 15, 2023	Equity Forum Spring Conference, Frankfurt/Main
June 2023	Warburg Highlights Conference, Hamburg
August 10, 2023	Half-Year Report 2023 / Earnings Call
August 23, 2023	Hamburg Investors' Day (HIT)
September 4/5, 2023	Equity Forum Fall Conference, Frankfurt/Main
November 2023	EKF German Equity Forum, Frankfurt/Main
November 9, 2022	Interim Statement 9M/Q3 2022 / Earnings Call

The Investor Relations section of the APONTIS PHARMA AG website at https://apontis-pharma.de/investor-relations provides comprehensive insights into business developments, upcoming events, financial reports and presentations.

SUSTAINABILITY STRATEGY – WE IMPROVE CARE FOR CARDIOVASCULAR PATIENTS

As a pharmaceutical company, our motivation is clear: to create added value for everyone by sustainably improving the lives of our patients and their families. Our name already stands for what we do: "Pons" comes from Latin and means bridge. At APONTIS PHARMA, we build bridges and in doing so, we network all of the players in the healthcare system with the goal of improving patient care thanks to our knowledge of chronic diseases and our expertise in the pharmaceutical business. We are positioning our company as the market leader for "Single Pills" in Germany, which combine two to three different, off-patent active ingredients in just one single preparation that is to be taken once a day. As "The Single Pill Company," we have a clear mission: to combine innovation and sustainability. We develop innovative Single Pills to noticeably improve the care of people with cardiovascular disease. At the same time, we set ourselves ambitious goals for sustainable company growth. More specifically, we want to further expand our Single Pills business. Sustainability is part of our identity and means "taking responsibility" for us. We do this through high-quality work processes in order to achieve our most important goal of improving patients' lives. APONTIS PHARMA has defined four company mission statements that form the basis of sustainable action:

OUR STAKEHOLDERS, OUR COMMITMENT

As a bridge builder, an open and continuous exchange with key stakeholders is the main component of successful entrepreneurial action for APONTIS PHARMA. The expectations of our most important stakeholders, particularly those who work in the healthcare industry, define the guidelines for sustainable business development and the continuous improvement of our range of products and services. First, we identified our stakeholders and categorized them based on our direct and indirect business relationships. We then weighted them in fiscal year 2022 and updated this weighting in 2023. The expectations of these stakeholder groups towards APONTIS PHARMA are described in red, their influence on the company and their contribution to it in grey.

INTERNAL STAKEHOLDERS

Employees

Further education opportunities, health and occupational safety, sustainable business development, career, work-life balance, attractive pay, diversity and equal opportunities

Successful development and marketing of the products and establishment of a long-term relationship of trust with physicians

Management

Added value for patients, growth, profitability, profit, sustainability, innovation, competitive advantage, company sustainability

Good strategic corporate governance for the sustainable and profitable success of the company

EXTERNAL STAKEHOLDERS

Investors

Growth, profitability, profit, share price, sustainable company, credibility

Capital for the company's growth

Manufacturers and contract developers of Single Pills

Reliability, continuity and stability of business relationships

Quality, safety and availability of the products

Patients

Simplification of daily life, treatment of cardiovascular diseases and reduction of their consequences

Trust in our products

Healthcare system

Marketing of effective and tolerable drugs, cost savings, lower consumption of resources

Financing of the healthcare system

Care personnel

Simplification of drug administration, higher compliance with therapy, lower consumption of resources

Trust in our products

Doctors

High quality, tolerability and efficacy of the products, higher compliance with therapy, simplification of treatment, non-recourse prescription, reimbursability of prescribed medicines

Prescription of the products (especially Single

Society

Sense of responsibility, less waste, higher quality of life, lower emissions, lower consumption of resources

"Social License To Operate"

Legislator

Adherence to laws, compliance, product quality, product safety

Establishing the legal framework for product manufacturing and marketing

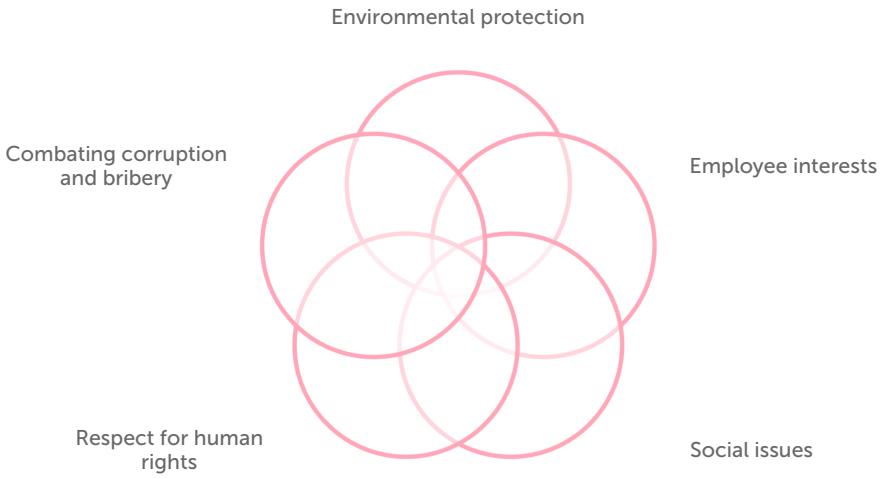
Approval authority

Demonstration of the efficacy, safety and quality of the medicinal products over the entire lifecycle, compliance with the legal requirements

Product testing and approval

OUR MAIN ESG TOPICS

Within the scope of the materiality analysis, the ESG fields of action relevant to APONTIS PHARMA and its stakeholders in fiscal year 2022 were identified from the company's point of view. Furthermore, the materiality analysis is based on internationally recognized standards such as the UN Sustainable Development Goals (UN SDGs) and the Sustainability Accounting Standards (SASB) for the "Biotechnology & Pharmaceuticals" industry. The following aspects were taken into account after updating the main ESG fields of action in 2023:



THE PRINCIPLES OF OUR SUSTAINABILITY STRATEGY

In formulating our sustainability strategy and identifying the fields of action of relevance to us, we are guided by the United Nations Sustainable Development Goals (SDGs). These goals were adopted as global goals for sustainable development. They are 17 political goals with sub-goals that cover the economic, social and ecological levels and are intended to enable global sustainable development by 2030. Based on our materiality analysis, we have selected six goals and eight sub-goals from the 17 goals to serve as guiding principles for our sustainability strategy:

SUSTAINABLE DEVELOPMENT GOALS

GOAL 3: GOOD HEALTH AND WELL-BEING

- Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.
- Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

GOAL 5: GENDER EQUALITY

- End all forms of discrimination against all women and girls.

GOAL 8: DECENT WORK AND ECONOMIC GROWTH

- Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

GOAL 10: REDUCED INEQUALITIES

- Empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

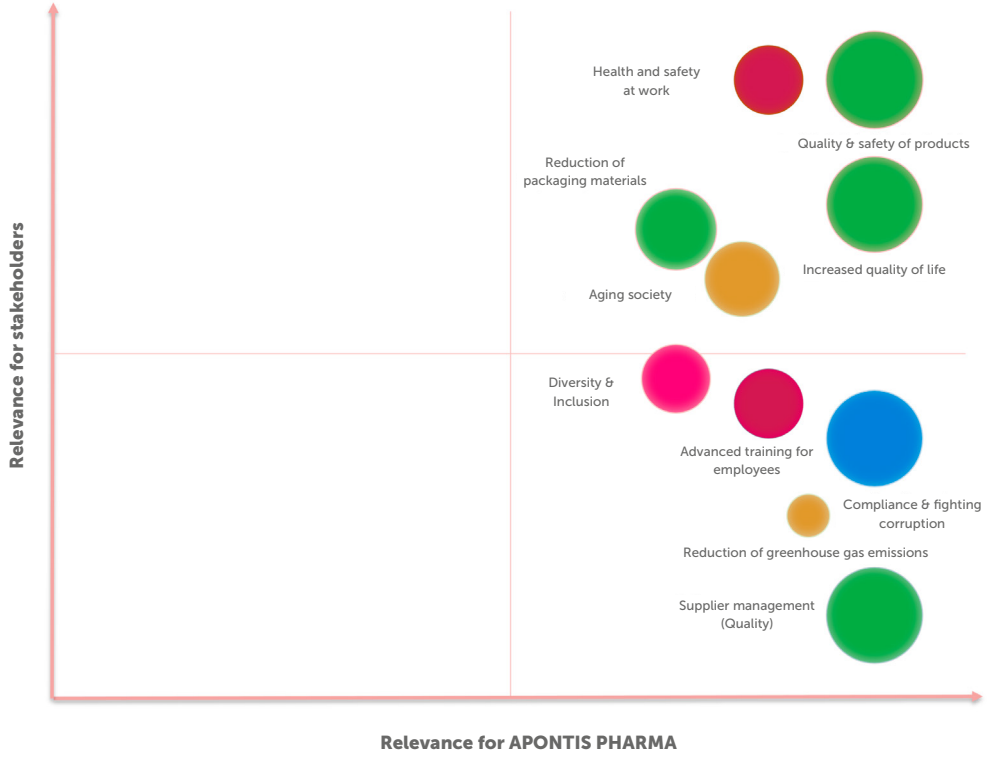
GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

- Substantially reduce waste generation through prevention, reduction, recycling and reuse.

GOAL 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

- Promote and enforce non-discriminatory laws and policies for sustainable development.

OUR MATERIALITY MATRIX



We have assigned the topics that are important for us and our stakeholders to the respective SDGs by color. For example, topics such as "Product Quality & Safety," "Supplier Management," "Enhancing Quality of Life," and "Aging Society" are assigned to Goal 3 "Good Health and Well-being" and the corresponding sub-goals 3.d and 3.8. The topic "Diversity & Inclusion" was assigned to two goals: SDG 5 and SDG 10.

SDG 3 | SDG 5 | SDG 8 | SDG 10 | SDG 12 | SDG 16

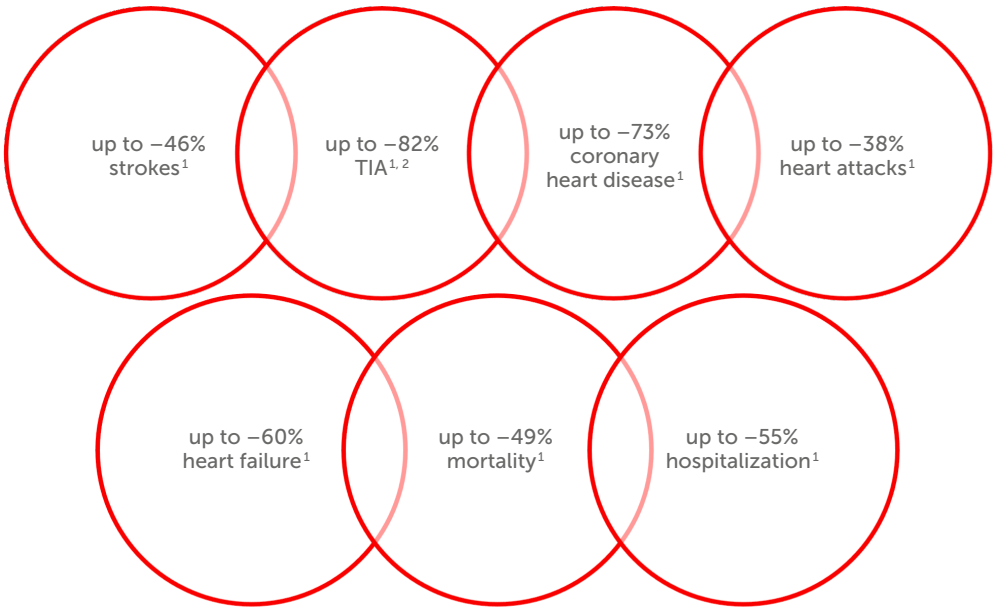
The size of the individual points indicates the degree to which APONTIS PHARMA is currently already implementing measures that contribute to achieving the goal:

SOCIAL IMPACT:
INNOVATION AND QUALITY FOR THE BENEFIT OF OUR PATIENTS

Our main responsibility is to develop and market Single Pills with the goal of preventing and treating disease, alleviating disease symptoms and reducing associated early mortality. That is why we at APONTIS PHARMA pursue the highest quality goals for both our products and our processes. Our pharmaceuticals must be manufactured in Germany or in Europe in accordance with the regulations of Good Manufacturing Practice (GMP). Although APONTIS PHARMA is not a direct manufacturer of pharmaceuticals, as all production is outsourced, we bear the ultimate responsibility for the quality of the products we market. In addition, there are regulations governing the labeling of pharmaceuticals that specify what information must be included in the package leaflet and on the packaging. We ensure that our business partners, including contract developers and manufacturers of Single Pills, comply with GMP requirements and all other relevant legal regulations. We monitor the implementation of these standards through quality assurance measures. Specifically, we conduct regular audits of our contract manufacturers, among other tasks, to verify compliance with our supplier guidelines and the legal requirements and thus ensure the quality of our drugs.

Patient safety and satisfaction are at the center of our activities. With our Single Pills, we help treat cardiovascular diseases and reduce their secondary risks, such as strokes and early death. Demographic change, or the aging of the population, is a major global megatrend. As we age and the number of elderly people increases, so does the likelihood of cardiovascular disease in our society. Patients often need to take multiple active agents to prevent a cardiovascular event. As the number of pills increases, compliance among these patients decreases. Single Pills from APONTIS PHARMA increase compliance. This can reduce cardiovascular risks and mortality:

RELATIVE REDUCTION OF THE EVENT RATE IN %:



Source: Wilke T et al: Effects of Single Pill Combinations Compared to Identical Multi Pill Therapy on Outcomes in Hypertension, Dyslipidemia and Secondary Cardiovascular Prevention: The START-Study. Integrated Blood Pressure Control, 2022:15 11-21, https://doi.org/10.2147/IBPC.S336324.

[1] For information on the substances tested, see Wilke T et al: Effects of Single Pill Combinations Compared to Identical Multi Pill Therapy on Outcomes in Hypertension, Dyslipidemia and Secondary Cardiovascular Prevention: The START-Study. Integrated Blood Pressure Control, 2022:15 11-21, https://doi.org/10.2147/IBPC.S336324.

[2] TIA: Transient Ischaemic Attack

The START Study evaluated data from 59,336 patients with cardiovascular disease who required a combination of different substances. These were prescribed either in one tablet/capsule, as a Single Pill, or in multiple tablets/capsules. According to the results, the use of Single Pills leads to significantly higher compliance (adherence to therapy). Similarly, lower all-cause mortality, lower cardiovascular event rates, and a reduced number of total hospitalizations and co-medications prescribed were observed with Single Pill prescribing. "The START study has demonstrated under real-life conditions for the first time in patients insured in Germany that cardiovascular events and mortality can be better reduced by a Single Pill therapy regimen than by a same-substance multi-tablet strategy. This confirms the clinical importance of the Single Pill and supports the current recommendations of many medical societies," explains study co-author Prof. Dr. Hans-Georg Predel.

The figure for the START Study shows the results that were achieved in part among the seven Single Pills investigated in the study compared to the respective multi-pill therapy. Depending on the combination, up to 46% fewer strokes were observed in the Single Pill group, up to 60% fewer cases ofheart failures, up to 55% fewer hospitalizations and up to 49% lower mortality rates.

The superiority of Single Pill therapy compared to the loose administration of individual drugs was also proven in another study. At the European Congress of Cardiology, which took place from August 26 to 29, 2022, in Barcelona, Prof. Valentin Fuster (among other positions General Director of the Centro Nacional de Investigaciones Cardiovasculares Carlos III (CNIC) in Madrid and Physician-in-Chief at Mount Sinai Medical Center, New York) presented the prospective SECURE Study funded by the European Union. This study once again proves the efficiency of the Single Pill. The SECURE Study and its results were published simultaneously with the presentation at the congress in the renowned **New England Journal of Medicine**.

In this randomized phase 3 study, which was supported by the European Union's Horizon 2020 research and innovation program, 2,499 patients from 113 centers in seven countries – including Germany – who had suffered a myocardial infarction within the previous six months were prospectively assigned for up to 48 months to either Single Pill therapy with the active ingredients ASA, Atorvastatin and Ramipril, treatment with a loose, substance-matched tablet combination or the usual standard therapy involving comparable groups of drugs. Single Pill therapy showed a relative risk reduction of 24% in cardiovascular events (primary composite endpoint) and a relative risk reduction of 33% in median cardiovascular mortality after three years. Specifically, Single Pill therapy resulted in a significantly lower risk of serious adverse cardiovascular events within six months of myocardial infarction than the usual treatment. The clinical study leader J. M. Castellano (Spain) assesses this study as a game changer: "The Single Pill Ramipril/Atorvastatin/ASS (Iltria®) must now be seen like a new molecule in the secondary prophylaxis of cardiovascular disease!"

STAFF:

SUCCESS: DAY-TO-DAY BUSINESS FOR OUR EMPLOYEES

APONTIS PHARMA's success is based on our highly-motivated and well-trained employees. Our employees contribute to improving patient care while complying with applicable legal requirements. In our Materiality Matrix, we have clearly outlined that the health and safety of our employees, as well as their training, are key topics for APONTIS PHARMA. APONTIS PHARMA employs 175 people (as of December 31, 2022), most of whom work in sales. The company has its headquarters in Monheim/Rhein (Germany). APONTIS PHARMA's business focuses exclusively on the German market. We therefore comply with German labor laws. We are committed to creating a safe working environment where all employees feel comfortable and secure. The corona pandemic has accelerated the emergence of alternative and flexible working models. As a result, we have given our employees the choice of working at the office or on the move. Our employees receive appropriate, fair and market-oriented remuneration that meets all the requirements of the German Minimum Wage Act. We also protect our employees from unfair and unethical working conditions. We reject any form of child labor and forced labor.

At APONTIS PHARMA, we firmly believe that a diverse workforce reflects the diversity of our patients and customers worldwide and is critical to our success. This is why we recruit, develop and retain talented people from diverse backgrounds. It's why we promote equal opportunity and an inclusive work environment where all employees, regardless of background, nationality, gender, age, religion or sexual orientation, can make their full contribution to APONTIS PHARMA's success. We respect and support internationally recognized human rights and respect the rights of every employee to freedom of opinion, speech and demonstration. However, it is a prerequisite that the exercise of these rights does not violate applicable law. A constructive dialogue between employees and their superiors on goals, priorities and development needs is an essential part of the performance management process at APONTIS PHARMA. We offer development opportunities and support individual training opportunities to strengthen our expertise.

The capital market orientation of APONTIS PHARMA AG offers the company the opportunity to give its employees a stake in the company with the help of employee programs. In cooperative collaboration with the Works Council, two programs were therefore set up in fiscal year 2022, which, on the one hand, reward employee performance, and, on the other hand, employee loyalty over a defined period of time.

Employees as of December 31, 2022	Number	% of employees incl. AG
Number of employees	175	100 %
Full-time	134	76,6 %
Part-time	41	23,4 %
Permanent	173	98,9 %
Temporary	2	1,1 %
< 30 years old	12	6,9 %
> 30 and < 50 years old	69	39,4 %
> 50 years old	94	53,7 %
Women	112	64,0 %
Men	63	36,0 %
Accident rate (work-related)	2	1,1 %

CORPORATE GOVERNANCE UND COMPLIANCE MANAGEMENT

APONTIS PHARMA's company culture and business activities are rooted in transparent and trust-based corporate governance. We are therefore committed to establishing a trusting relationship with all our key stakeholders and to maintaining this over the long term. We want to be a reliable partner for our stakeholders and thereby ensure long-term value creation in the market. We also explain the topics of corporate governance as well as compliance in the company's Management Report and in our Corporate Governance Declaration, which are included in this Annual Report.

We comply with the national laws and regulations of the pharmaceutical industry and also follow the principles and guidelines of conduct contained in our Code of Conduct, which are binding for us. All our employees are familiarized with the content of the Code of Conduct and the obligations arising from it are explained. We also communicate the principles of the Code of Conduct to our business partners. APONTIS PHARMA aligns its business and economic actions as well as its corresponding decisions with general ethical values. These include, in particular, credibility, integrity and respect for human dignity. In addition to the Code of Conduct, the Anti-Bribery / Anti-Corruption Guideline (ABAC) was introduced in the financial year and all employees were trained. These points were previously also included in the Compliance Guideline and were made more specific in the ABAC Guideline. In addition, we have introduced clear Standard Operating Procedures (SOPs), which, among other topics, define our cooperation with healthcare professionals (HCPs). Our employees receive regular training on these operating procedures. Personal interests are not allowed to influence our business judgement or decision-making. Abused trust endangers the reputation and thus the success of a company. For this reason, APONTIS PHARMA expressly opposes any form of corruption and avoids even the appearance of attempting to influence business decisions through unfair business practices.

In addition to the Management Board, our internal Compliance Officer at APONTIS PHARMA is available to combat violations of legal regulations and internal company compliance rules at peter.hagedorn@apontis-pharma.de not only to employees but also to business partners. Employees and business partners who report potential or threatened misconduct or who provide the information to do so, or otherwise contribute to a review or investigation of potential or threatened misconduct, are protected from retaliation. Furthermore, during the financial year, we established a whistleblower hotline that ensures anonymity with the help of a specialized external ombudsman. No violations were reported to the Compliance Officer in 2022.

ENVIRONMENTAL IMPACT

At APONTIS PHARMA, our mission is not only to save people's lives, but to work together for a better life and a better environment. We are aware of our impact on the environment and climate change. This is why we want to do our part to achieve the goal of the Paris Agreement and limit global warming to well below 2°C above pre-industrial levels. Consequently, we have identified three fields of action for APONTIS PHARMA:

DRIVE TECHNOLOGY

As a company that specializes in distributing medicines, we have identified the topic of drive technologies as material. We have a large fleet of diesel vehicles. Business trips are urgently needed for our business model. Since rail travel is not flexible enough for our needs, neither in terms of time nor in terms of territory, our vehicle fleet is indispensable for us.

Nevertheless, we are aware of the emissions of CO_2, nitrogen oxides and particulate matter and their negative impact on the environment and people's health. In the future, we want to include electric cars in our fleet as soon as the range is sufficient. The first three purely electric vehicles were ordered in the financial year.

ENERGY / WASTE

Germany and the whole of Europe are on the way to climate neutrality. To achieve this, companies also have a role to play. We, too, have a responsibility to consume only as much energy as necessary and to avoid waste by implementing energy-saving measures. In addition to the above-mentioned vehicle fleet, the energy demand is essentially determined by the amounts of energy required by our suppliers for the production of our medicinal products.

In the financial year, we initiated a study together with Ernst & Young GmbH that shows the specific CO_2 footprint of selected Single Pills compared to single-ingredient medicines. The secondary objective of this study is to obtain a holistic model that reflects the CO_2 footprint of our entire portfolio as well as the amount of packaging waste and thus enables us to calculate the CO_2 emissions we cause. This study is aimed at answering the question of the extent to which CO_2 is originally saved by our business model due to the lower number of tablets and thus also packaging. Results are expected in the second quarter of 2023. We also hope this study will provide us with insights into how we can improve our packaging. Furthermore, the manufacturer of the drug Iltria® was able to extend the shelf life, which on the one hand optimizes availability and on the other hand also helps to avoid unnecessary destruction costs.

The energy demand of our office in Monheim is low compared to the manufacturing effort. At present, we are not able to record the energy consumed at the Monheim site office. The main tenant is the city of Monheim, which acquired the building complex from our former parent UCB Pharma GmbH. The site was not parceled out from the outset and therefore does not have its own electricity, water and energy meters installed. The energy is billed on a flat-rate basis. The landlord has undertaken to install consumption recording devices, however, no installation date is currently known. The city of Monheim has plans to develop the site into a large campus and to supply it with green energy according to sustainable criteria. These plans are still in the early stages, however.

GROUP MANAGEMENT REPORT OF APONTIS PHARMA AG

Monheim/Rhine,
for fiscal year 2022

I. PRINCIPLES OF THE COMPANY

APONTIS PHARMA Group (APONTIS PHARMA for short) markets and sells innovative medical drugs for indication fields of internal medicine, most of which come from cooperation with other pharmaceutical companies. In the reporting year, APONTIS PHARMA's business activities mainly included the supply of Single Pills in the cardiovascular field to the German pharmaceutical market. Furthermore, APONTIS PHARMA markets drugs in the disease areas of "respiratory diseases" and "diabetes" as part of co-marketing/co-promotion.

II. MACROECONOMIC DEVELOPMENT IN GERMANY[1]

The price-adjusted Gross Domestic Product (GDP) increased by 1.9% in 2022 according to initial calculations by the Federal Statistical Office (Destatis). The year 2022 was marked by Russia's war in Ukraine and the related energy price shock. This intensified the inflationary tendencies that could already be seen. Furthermore, the expansive fiscal policy of the USA exacerbated the inflationary tendencies even further. As a result, the central banks raised interest rates to varying degrees in order to curb the expansion of inflation and achieve price stability again in the medium term. In contrast, Germany put together a support package for the population and companies that was quite large by international standards. Furthermore, there were problems in the supply chain and a shortage of workers. Before the outbreak of the war in Ukraine, growth was forecast to be higher. The fact that the German economy did not shrink despite the changed situation speaks for the strength of the German economy. In total, economic output was thus 0.7% higher than in the corona pre-crisis year 2019 and has increased in nearly all sectors of the economy except for construction and trade.

The global crises have had only a minor impact on the German job market so far. Employment reached record levels. Companies worked hard to keep their employees.

Foreign trade grew due to both the increased export price level and an increased volume. In the process, imports rose more strongly than exports, which can be attributed to the worsened terms of trade.

1) „Press release no. 20 of January 21, 2023"
https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_020_811.html

The investment picture was mixed. Investments in equipment rose despite price increases. By contrast, construction investments declined due to higher interest rates and price increases for building materials and equipment as a result of supply problems.

III. DEVELOPMENT OF INDUSTRIES IN 2022

EXPENDITURE TREND [2]

In the first nine months of 2022, turnover with medicinal products in the entire pharmaceutical market (pharmacy and clinic) increased by 6.4%. Sales grew by 2.9%. A total of around 75 billion counting units (capsules, packets, sachets, etc.) worth over EUR 42 billion were dispensed to patients.

PHARMACY MARKET [3]

The pharmacy market recorded 6.7% growth in revenue to EUR 34.7 billion in the first nine months of 2022, including vaccines and test diagnostics. Volume growth corresponded to 15%. The prescription market segment grew by 6.3% in the first nine months, while over-the-counter medicines grew at a double-digit rate. Sales of over-the-counter medicines were very volatile, however.

STATUTORY HEALTH INSURANCE (GKV) [3]

SHI pharmaceutical expenditure less discounts from manufacturers (Section 130a (1) SGB V) and pharmacies (without taking savings from discount agreements into account) amounted to EUR 37 billion in the first nine months of 2022, which equates to growth of 5.9%.

Among the drug groups important to the company, sales of ACE inhibitors grew by 2.5%, beta blockers by 2.6%, calcium antagonists by 2.2%, diuretics by 4.4% and lipid regulators by 12.3%.

Savings by statutory health insurances, private health insurances and the hospital market from mandatory manufacturer discounts and rebates from reimbursement amounts amounted to EUR 5.6 billion in the first nine months of 2022.

2) https://www.iqvia.com/-/media/iqvia/pdfs/germany/library/publications/iqvia-pharma-marktbericht-classic-q3-2022.pdf
3) IQVIA Market Report: „Entwicklung des deutschen Pharmamarktes im Dreivierteljahr 2022", S. 4, 5, 6, 30, 31 https://www.iqvia.com/-/media/iqvia/pdfs/germany/library/publications/iqvia-pharma-marktbericht-classic-q3-2022.pdf

IV. ECONOMIC SITUATION

EARNINGS POSITION

APONTIS PHARMA generated sales of EUR 55,727 thousand (previous year: EUR 51,184 thousand) in fiscal year 2022, solely with customers in Germany. The revenue forecast for fiscal year 2022 of EUR 55,265 thousand was thus exceeded here.

The following table shows the revenue per product/service group for the years 2022 and 2021:

	2022		2021	
	EUR thousand	%	EUR thousand	%
Single Pills	**36,542**	**65.5**	**31,459**	**61.5**
Vascular	–7	0.0	14	0.0
Gynaecology	263	0.5	597	1.2
Other	2,119	3.8	1,971	3.8
Own brands (excluding Single Pills)	**2,375**	**4.3**	**2,582**	**5.0**
COPD (respiratory diseases)	9,981	17.9	9,350	18.6
Diabetes	6,829	12.3	7,613	14.9
Cooperation business	**16,810**	**30.2**	**17,143**	**33.5**
	55,727	**100.0**	**51,184**	**100.0**

The increase in sales was mainly due to the Single Pill segment and there mainly to the products Atorimib®, Tonotec® and Tonotec HCT®. In fact, all major Single Pills recorded double-digit growth. Caramlo® was the only product that showed a decline, but only due to tenders the company did not participate in. The decline was less than expected, as the main tender winner in the Caramlo® market was not always able to deliver the necessary quantities. This enabled APONTIS PHARMA to supply the additional quantities.

Most of the gynaecology products business had been sold in the first quarter of 2022 and therefore showed a decline in sales compared to 2021.

In the COPD cooperation business, revenues from a fee-per-call co-promotion agreement with AstraZeneca for the product Trixeo® successfully continued to grow as in 2021. The cooperation with AstraZeneca started in April 2021. In contrast, sales of the COPD product Ulunar® distributed under a distribution agreement with Novartis declined. The distribution agreement for Ulunar® started on July 1, 2021, as a follow-up agreement to the co-marketing agreement that expired as planned on June 30, 2021. The decline in Ulunar sales was lower than planned.

In the cooperation business on diabetes, the contract with Novartis for the two products Jalra®/Icandra® expired on September 30, 2022, thus resulting in a decrease in sales compared to fiscal year 2021.

Other operating income amounted to EUR 2,644 thousand (previous year: EUR 3,592 thousand) and mainly included income from the release of provisions amounting to EUR 1,024 thousand in fiscal year 2022 (previous year: EUR 781 thousand), as well as income from the sale of the majority of the gynaecology business amounting to EUR 550 thousand. In addition, the company generated income from the provision of vehicles in kind amounting to EUR 742 thousand. The previous year was mainly characterized by income from passing on the costs of the IPO to the shareholders in the amount of EUR 1,893 thousand. The release of provisions mainly includes the release of bonus provisions and provisions for outstanding invoices.

The cost of materials in fiscal year 2022 amounted to EUR 20,735 thousand (previous year: EUR 17,397 thousand). The cost of materials ratio was 37.2% (previous year: 34.0%). The increase of approximately 3.2 percentage points resulted for the most part from the amended contract on the product Ulunar®. Up until June 2021, this product was marketed under the co-marketing agreement with Novartis. From July 2021 on, sales were continued under a distribution agreement, but with a significantly lower margin. In addition, post-launch milestone payments had to be recognized as cost of materials or provisions in fiscal year 2022 due to changes in the contractual provisions (cf. contractual treatment as subsequent acquisition costs). The cost of materials relating to previous years amounted to EUR 550 thousand. The higher revenues from the co-promotion of the product Trixeo® from AstraZeneca had the opposite effect. Here, the company receives a fixed payment per meeting for each visit by the sales force in which the product Trixeo® is discussed for AstraZeneca. Therefore, this represents revenue without any associated material costs and thus improves the gross margin.

Personnel expenses in the fiscal year amounted to EUR 17,653 thousand (previous year: EUR 19,680 thousand), of which EUR 2,662 thousand (previous year: EUR 2,532 thousand) were for social security contributions. EUR 2,500 thousand of the previous year's personnel expenses were influenced by bonus payments in connection with the IPO. Adjusted for this amount, the personnel expenses of the previous year amounted to EUR 17,180 thousand. The increase compared to the previous year is mainly due to wage and salary increases.

Other operating expenses in the past fiscal year amounted to EUR 14,375 thousand (previous year: EUR 15,304 thousand). These mainly consisted of marketing expenses of EUR 2,553 thousand (previous year: EUR 2,498 thousand), expenses for distribution costs of EUR 2,534 thousand (previous year: EUR 2,105 thousand), vehicle costs of EUR 1,825 thousand (previous year: EUR 1,640 thousand) and EUR 2,853 thousand for temporary employees (previous year: EUR 1,467 thousand). The previous year was influenced by the one-time expenses for the IPO in the amount of EUR 2,910 thousand.

The marketing costs resulted from the strategy communicated since the preparation of the IPO of promoting the therapeutic superiority of Single Pills over the loose administration of single-agent drugs among German physicians, as proven by the START Study and now also by the SECURE and NEPTUNO studies, and thus to promote growth. In addition, APONTIS PHARMA has increased the number of doctors visited and employed more sales representatives. Pneumologists were also visited intensively as part of the co-promotion with AstraZeneca. Marketing costs also include costs for events with doctors as well as conferences.

Selling expenses include all expenses of the sales force except for other personnel expenses. Vehicle costs mainly pertain to the cars used by the sales force.

The financial result for fiscal year 2022 was EUR 16 thousand (previous year: EUR – 401 thousand). The financial result included interest income of EUR 64 thousand and expenses from the compounding of pension provisions and provisions for comparable long-term obligations of EUR 48 thousand. In the previous year, the negative financial result included interest expenses of EUR 350 thousand from a shareholder loan.

Income taxes amounted to EUR 1,101 thousand (previous year: EUR 960 thousand). This includes income taxes of EUR 851 thousand (previous year: EUR 389 thousand) and deferred taxes of EUR 250 thousand (previous year: EUR 571 thousand). APONTIS PHARMA closed fiscal year 2022 with consolidated net income of EUR 2,689 thousand (previous year: consolidated net loss of EUR 745 thousand).

ASSET POSITION

ASSETS

APONTIS PHARMA's fixed assets of EUR 16,992 thousand (previous year: EUR 15,494 thousand) consist to a large extent of licensing rights for products amounting to EUR 5,527 thousand (previous year: EUR 3,895 thousand) and milestone payments (advance payments) to order developers and licensors for future product rights amounting to EUR 10,621 thousand (previous year: EUR 10,797 thousand).

Inventories amounted to EUR 3,164 thousand (previous year: EUR 4,598 thousand) as of December 31, 2022, and were related to merchandise. The decrease is mainly due to the change in packaging sizes of two products at the end of the year, which led to a reduction in old products on December 31, 2022, while new products were added in financial year 2023 and are still being added. In addition, increased demand, but also delivery delays from our suppliers, led to a reduction in inventory at the end of fiscal year 2022.

Current receivables and other assets as of December 31, 2022, of EUR 2,664 thousand (previous year: EUR 3,328 thousand) were mainly trade receivables from third parties of EUR 2,352 thousand (previous year: EUR 2,923 thousand). Trade receivables decreased at the end of fiscal year 2022 compared to the previous

year, mainly due to a postponement of the collection of receivables in the previous year to prevent custody fees due to additional liquidity.

As of December 31, 2022, cash and cash equivalents amounted to EUR 36,345 thousand (previous year: EUR 29,840 thousand) and are freely available in the full amount.

LIABILITIES

APONTIS PHARMA's equity capital amounted to EUR 41,566 thousand (previous year: EUR 40,713 thousand) as of December 31, 2022, corresponding to an equity ratio of 69.4% (previous year: 75.2%). APONTIS PHARMA carried out two share buy-back programs in fiscal year 2022 in connection with the variable remuneration for employees and the Management Board. In the process, the company's equity capital was reduced by a total of EUR 1,836 thousand through the acquisition of a total of 170,000 treasury shares.

The negative difference from capital consolidation amounted to EUR 631 thousand (previous year: EUR 700 thousand).

As of December 31, 2022, provisions amounted to EUR 11,489 thousand (previous year: EUR 8,993 thousand) and mainly comprised provisions for pensions in the amount of EUR 2,686 thousand (previous year: EUR 2.423 thousand), provisions for discounts granted in the amount of EUR 3,338 thousand (previous year: EUR 2,097 thousand), provisions for personnel in the amount of EUR 2,449 thousand (previous year: EUR 2,611 thousand) and provisions for outstanding purchase invoices in the amount of EUR 1,015 thousand (previous year: EUR 1,162 thousand). The increase in provisions for discounts granted resulted mainly from increased sales revenues and from invoices not yet received.

Provisions for personnel included mainly provisions for sales force bonuses of EUR 835 thousand (previous year: EUR 1,076 thousand), provisions for office staff bonuses of EUR 820 thousand (previous year: EUR 857 thousand), provisions for long-term incentives of EUR 115 thousand (previous year: EUR 149 thousand) and provisions for anniversary bonuses of EUR 230 thousand (previous year: EUR 233 thousand).

Liabilities as of December 31, 2022, totaled EUR 6,093 thousand (previous year: EUR 3,726 thousand) and included in particular EUR 5,359 thousand in trade payables (previous year: EUR 3,002 thousand). The other liabilities included in particular liabilities from taxes in the amount of EUR 603 thousand (previous year: EUR 677 thousand).

FINANCIAL POSITION

Cash flow from operating activities was positive in fiscal year 2022 at EUR 11,020 thousand (previous year: positive at EUR 3,433 thousand). The improvement resulted mainly from the higher earnings of APONTIS PHARMA and reduced working capital. The lower working capital is not sustainable, however, but was caused by delays at suppliers, which led to lower inventory and fewer shipments in December 2022.

Cash flow from investing activities was negative in fiscal year 2022 at EUR 2,679 thousand (previous year: negative at EUR 1,773 thousand). This is mainly due to the payments for intangible assets for the company's Single Pill development projects.

Cash flow from financing activities was negative in fiscal year 2022 at EUR 1,836 thousand (previous year: positive EUR 20,121 thousand). This is due to the two share buyback programs, however.

As of December 31 2022, there was a total of EUR 36,345 thousand in cash and cash equivalents (previous year: EUR 29,840 thousand). Cash and cash equivalents include cash on hand and bank balances. There were no liabilities to banks and no restricted cash.

There was no guarantee credit line in fiscal year 2022.

V. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

APONTIS PHARMA is managed using the financial performance indicators sales revenue, gross profit, the gross profit margin, EBITDA, the EBITDA margin, EBIT and the EBIT margin.

The performance indicators developed as follows in fiscal year 2022 compared to the previous year:

EUR thousand	2022	2021	Δ TEUR	Δ %
Revenue	55,727	51,184	4,543	8.9 %
Gross profit	34,992	33,787	1,205	3.6 %
Gross profit margin	62.8 %	66.0 %		–3.2 %
EBITDA	5,569	2,362	3,207	135.8 %
EBITDA margin	10.0 %	4.6 %		5.4 %
EBIT	3,773	616	3,157	512.5 %
EBIT margin	6.8 %	1.2 %		5.6 %

Sales revenue increased in the reporting year as mentioned above. This was mainly due to the very positive development of the Single Pill portfolio. The financial performance indicator gross profit shown in the table above shows the difference between sales revenue and cost of materials. Other operating income according to HGB is not included in this performance indicator. Gross profit improved in 2022 despite the higher cost of materials due to significantly higher sales revenue. The cost of materials ratio was higher in fiscal year 2022. This was mainly due to the effects described above from the expiry of the co-marketing agreement for Ulunar® in June 2021 and the changed accounting treatment of post-milestone payments. This led to a reduced gross profit margin compared to the previous year.

APONTIS PHARMA has invested a share of the higher gross profit in higher sales expenses, and increased the sales force by 7 people compared to the end of 2021.

The previous year was characterized by the costs necessary for the IPO. These costs of EUR 5,410 thousand related to one-time bonuses for the IPO in addition to the project costs recognized under other operating expenses. Of these costs, an amount of EUR 1,893 thousand was assumed by a single shareholder, which was arithmetically allocated as a percentage to the shares sold by this shareholder. In total, costs for the IPO reduced by the shareholder's contribution in the amount of EUR 3,517 thousand were incurred in the previous year. This resulted in an EBITDA for 2021 adjusted for the net expenses of the IPO of EUR 5,879 thousand and adjusted EBIT of 4,133 thousand. The (adjusted) EBITDA margin was thus 11.5% and the (adjusted) EBIT margin 8.1% in fiscal year 2021.

The performance indicators developed as follows in fiscal year 2022 compared to the figures planned (budget):

EUR thousand	2022	2022 Budget	Δ TEUR	Δ %
Revenue	55,727	55,265	462	0.8 %
Gross profit	34,992	36,864	–1,872	–5.1 %
Gross profit margin	62.8 %	66.7 %		–3.9 %
EBITDA	5,569	5,525	44	0.8 %
EBITDA margin	10.0 %	10.0 %		0.0 %
EBIT	3,773	3,530	243	6.9 %
EBIT margin	6.8 %	6.4 %		0.4 %

The sales planned for 2022 as shown in the Group Management Report for fiscal year 2021 were exceeded. Positive factors here included the higher than planned sales of the product Atorimib® as well as the lower decline in sales of the products Caramlo® and Ulunar®.

Since Ulunar® has a significantly lower margin than in the previous year due to the distribution contract from July 2021, the higher than planned share of sales had a negative impact on the gross profit margin.

Furthermore, the change in the accounting of so-called post-milestone payments from development contracts described above had a negative impact on the gross profit margin. These effects were partly compensated for by the higher income from the co-promotion contract with AstraZeneca for the product Trixeo®. Here, the services of the sales force are remunerated and therefore these revenues increase APONTIS PHARMA's gross profit 1:1.

Furthermore, APONTIS PHARMA managed to earn EUR 550 thousand through the sale of most of its gynaecology business. These revenues were included in the forecast for 2022 in the Group Management Report for fiscal year 2021.

APONTIS PHARMA's controlling department provides the Management Board with a comprehensive picture of the current economic situation and future developments in regular reports and forecasts as well as in analyses that extend beyond this.

In addition to the financial indicators, APONTIS PHARMA also reports non-financial performance indicators. These include, in particular, employee matters. APONTIS PHARMA could not be successful without the contribution and commitment of its employees. APONTIS PHARMA uses its comprehensive compliance system to ensure gender equality, positive working conditions as well as safety in the workplace. Regular training contributes to the further qualification of the workforce. The company is bound by collective agreements and has a Works Council.

VI. RESEARCH AND DEVELOPMENT

APONTIS PHARMA concentrates on the development of Single Pills, which is carried out via co-development. The company is intensively involved in the area of business development by defining the possible and sensible combinations of active ingredients and their patient potential. The selection of active ingredient manufacturers and contract manufacturers (CMO) is made together with the contract developers. In addition, ready-developed Single Pills from other European countries are licensed in for the German market.

VII. SIGNIFICANT RISKS AND OPPORTUNITIES OF FUTURE DEVELOPMENT

1. RISK MANAGEMENT SYSTEM

APONTIS PHARMA uses a risk and opportunity management system that is an important and indispensable part of managing and steering the company. The goal is to identify, categorize and manage the company's risks and opportunities. Particular attention is paid to identifying and assessing risks that could jeopardize the company's existence and to taking appropriate measures to avoid the risks or to anticipate, minimize and, where possible, insure against the effects of the remaining risk.

As part of the risk and opportunity management system, the Management Board and Supervisory Board are informed about risks at an early stage. Operational and strategic risks are thus covered. APONTIS PHARMA also has a risk management policy. According to this policy, significant risks for the company are listed and assessed individually based on their probability of occurrence, risk impact and influenceability, and the impact is quantified in monetary units (risk matrix). Each risk is analyzed for mitigating internal and external countermeasures and how much of the original risk can be mitigated. Each risk is assigned to a member of the management team,

who is then referred to as the "risk owner." If concrete procedural as well as organizational or other countermeasures are possible, these are defined. The individual points of the risk matrix are presented and discussed on a rotating basis by the "risk owner" at the management team meetings held every 14 days. This makes the risk management system an integral part of both operational and strategic company management.

In addition, planning and forecasting systems are used and internal reports are prepared regularly to provide the Management Board and the responsible management levels with early and comprehensive information on target achievement.

2. COMPLIANCE RISKS AND THE COMPLIANCE MANAGEMENT SYSTEM

These risks mainly pertain to corruption, violations of antitrust and competition law, violations of pharmaceutical law as well as other criminal behavior.

Due to its activities as a pharmaceutical company, APONTIS PHARMA operates in a very strict legal environment that is regulated by many laws specifically applicable to the pharmaceutical industry as well as governmental and private ordinances. The following laws, among others, are worth mentioning:

- Medicines Act
- Medicinal Products and Active Substances Manufacturing Ordinance
- Pharmaceutical Trade Ordinance
- Therapeutic Products Advertising Act

Furthermore, pharmaceutical entrepreneurs must also comply with the respective EU guidelines on the following obligations (GxP):

- Good Manufacturing Practice
- Good Distribution Practice
- Good Pharmacovigilance Practice

Due to this regulatory density, the company has established a comprehensive compliance management system. This consists of the following core elements:

- Control system
- Business organization
- Training
- Documentation
- Monitoring

Regulatory system: There are various internal regulations. They include, among others:

- Code of Conduct
- Anti-Bribery/Anti-Corruption Policy
- Compliance Guideline for Dealing with Health Care Professionals ("HCP")
- Transaction and Signature Policy
- Conflict of Interest Policy
- Standard Operating Procedures system as the basis for the wholesale permit

Based on its own SOP, this control system is monitored in terms of rules and deadlines and changes are documented.

Company organization: The implementation of these regulations and compliance with the legal and association-internal requirements are monitored in various departments. For example, there is a separate "Quality Assurance" unit in the Regulatory Affairs Department. In the Medical Department, there is an Information Officer who oversees compliance with the legal requirements in the description of medicines as well as in the documents used for sales purposes. In addition, there is a Compliance Officer who helps to introduce, train and monitor company guidelines.

Training; documentation; The specifications and regulations are compulsorily trained in mandatory classroom training as well as in digital formats and checked by means of queries. The completeness of this training system is monitored digitally and documented in a separate system and is subject to official monitoring and self-inspection. The trainings are organized digitally in such a way that verification of the successful and timely participation in the training courses held is guaranteed and documented. Lateness is communicated to the employee, supervisor and management and very timely completion of the training is ensured. The digital training courses are assessed in terms of their effectiveness by asking control questions in the digital system.

Monitoring: Compliance with GxP-relevant requirements is monitored regularly externally by German government agencies, by business partners and by conducting internal audits and self-inspections. The deviations resulting from these inspections and audits are assessed according to their impact and instructed to be rectified within a certain period of time. The rectification of GxP-relevant deviations must be documented and is in turn subject to a review (so-called CAPA procedure (Corrective and Prevention Action)). Compliance with these regulations is the basis for the wholesale license that APONTIS PHARMA holds as a pharmaceutical company. Furthermore, system-critical IT applications are validated as to whether they comply with the pharmaceutical regulations.

Employees of APONTIS PHARMA and external parties have the option of both contacting the Compliance Officer and an using external whistleblowing system set up in 2022.

3. RISK REPORT

RISK ENVIRONMENT

In order to be able to classify the risks APONTIS PHARMA is exposed to, it is important from the company's point of view to classify and understand the risk environment of the company.

APONTIS PHARMA develops pharmaceutical products in cooperation with contract developers and markets them in Germany. These are mainly prescription drugs. The development, production, advertising and distribution of pharmaceutical products is subject to a comprehensive regulatory framework of the European Union and the Federal Republic of Germany as well as its regional authorities.

Prescription medicines may only be purchased in a pharmacy with the help of a prescription issued by a licensed doctor. In this context, the pharmaceutical company is not allowed to advertise for prescription medicines directly to patients. The principle of the doctor's freedom of therapy and prescription, which may not be influenced by consumer advertising, is of major importance here. Nevertheless, doctors want to be informed individually about pharmaceutical innovations and possible applications of approved medicines. This is done by the company's highly qualified and motivated pharmaceutical sales force.

The depth of regulation applicable to the pharmaceutical industry limits the risk of economic activity, as decisions become more predictable and competitive decisions are subject to certain rules.

The pharmaceutical market shows a very high level of transparency, which is helpful for identifying risks and managing the business. This transparency lies above all in the following fields:

INNOVATION TRANSPARENCY

All pharmaceutical innovations go through a registration process that takes many years and is supported by publications. Therefore, the introduction of competitor products can be recognized in advance and the risk of own product innovations in indication fields not yet occupied by APONTIS PHARMA can be assessed by conducting competitive analysis.

PRICE TRANSPARENCY

The prices of products sold by pharmacies are public and are regulated by law through the Pharmaceutical Price Ordinance. All price changes are made public with a lead time of 14 days and can be viewed by market participants via a uniform list.

MARKET TRANSPARENCY

The pharmaceutical market is characterized by the wide variety of market data that is made available. This includes the number of products sold by wholesalers to pharmacies, for example. Prescription data can also be acquired at the product and regional levels. This makes it possible to track the success of the company's products relative to the market average and the relevant competitors.

The healthcare industry and in particular the market segment served by APONTIS PHARMA offer very good entrepreneurial opportunities. APONTIS PHARMA's business model is geared towards exploiting these opportunities. These opportunities are also accompanied by risks, however. Due to the company's many years of experience in this specific market segment, risks can be assessed and the effects reduced or controlled. The regular risk inventory has revealed the following risk areas from which significant risks could arise for APONTIS PHARMA:

COMPETITIVE RISKS

APONTIS PHARMA competes with other pharmaceutical companies. Risks to its own market position are analyzed regularly by monitoring the market and the competition, and countermeasures are initiated wherever possible. The basis of APONTIS PHARMA's competitive strategy is the high level of marketing expertise of its sales force as well as the development of orders and the in-licensing of new drugs.

APONTIS PHARMA has high coverage of the defined target physician groups due to the size of its sales force. Due to the fact that this structure has existed for such a long time and because services are offered that extend beyond merely discussing innovative medicinal products, the company's sales force has a very good reputation, excellent access to physicians and thus also a relative strength compared to competitors.

Furthermore, the company's strategy is to focus on contract development and in-licensing of Single Pills. Other pharmaceutical companies also market Single Pills on occasion. Nevertheless, there is no other company that specializes in this type of medication, scientifically advances the Single Pill therapy concept and builds up a broadly diversified product portfolio.

The competitive situation is already evaluated as part of business development based on the possible combinations of active ingredients. The goal is to have medicines developed or in-licensed as part of contract development where there is a high patient potential from loose combinations and the corresponding Single Pill is not yet available on the German market. The products are protected under document protection for ten years, which means competitors are unable to access the data, but can develop the same active ingredient combination. To do so, however, the entire development process, which takes between 3.5 and 5 years, must be carried out without reference to the APONTIS PHARMA documents. For

imitators of APONTIS PHARMA, this is associated with costs and a considerable time lag. As part of in-licensing, the competitive situation is also taken into account. These strategic framework parameters help to minimize the competitive risks.

Another important factor in mitigating competitive risks is the marketing power of the sales force, as Single Pills only reach patients when doctors decide to prescribe them. The marketing power is made up of the size of the sales force, the many years of trustful cooperation with the doctors and the unique quality of the sales representatives, who, in addition to product information, also offer services such as training in practice management, advice on hygiene and cardiopulmonary resuscitation training. There is no other pharmaceutical company with Single Pills here that uses a comparable concept to look after the target audience doctors that APONTIS PHARMA visits.

PRICE RISKS (SALES-SIDE)

In principle, there is a price risk with Single Pills. The products are not subject to patent protection, therefore price changes are possible when several companies offer the same product and comparable packaging units. With regard to certain products, the Federal Joint Committee allocates so-called reference prices via an orderly two-stage procedure. The manufacturer may deviate upwards and downwards from this price. If the price deviates upwards, however, patients who have statutory health insurance must pay the difference to the fixed amount themselves as an additional payment.

Irrespective of this, health insurance funds can also carry out tenders. There are two different types of tenders. The simplest type are the so-called "open house contracts." Here, a health insurance fund specifies the desired conditions and any provider is allowed to join the contract. Each participant in the contract is then taken into account by the health insurance fund and stored in the pharmacy software as an approved manufacturer for the respective drug specific to the health insurance fund. In principle, the pharmacist is obliged to dispense one of the contractually agreed products to the patient – with exceptions if necessary – regardless of which product from the same group of active substances the doctor has prescribed in the prescription.

The second type of tender is an exclusive or semi-exclusive contract between a health insurance fund and a manufacturer. For this purpose, the manufacturers of a drug are invited to submit a bid. Here, in the case of an exclusive contract, the manufacturer who wins the bid wins the entire supply quantity of the health insurance fund. In rare cases, two or a maximum of three manufacturers are also approved in order to improve the security of supply.

The risk from tenders described here exists for part of the portfolio currently marketed. This is due to the fact that the company had to focus on in-licensing and the development of Single Pills with already existing competitor products in the past

with the financial resources it had available at the time due to its integration into the UCB Group and also after the sale from UCB Pharma GmbH to Paragon Partners. The company was able to demonstrate with the product Tonotec® that the product can grow again even after an initial drop in sales as a result of a tender won by the competition. There was also a tender for the product Caramlo® in the fiscal year. The decline here was much lower than initially expected. Here, the company could have achieved significantly higher sales if the supply situation had been sufficient. The company is confident that Caramlo® can continue the successful path of Tonotec® based on the strategy chosen.

The product Atorimib® will be exposed to the consequences of tenders in the next fiscal year. Here, too, the company is pursuing the same defense strategy that has already been successfully applied to the products Tonotec® and Caramlo®.

With regard to the developments launched since the IPO, greater consideration is being given to the current and expected future competitive situation. A distinction is made here between proprietary developments and in-licensing. The contractually agreed proprietary developments relate to combinations of active ingredients that do not currently have a competing Single Pill. If the situation remains unchanged, no tender can be started by the health insurance funds for these proprietary developments. In the case of in-licensing, a decision is made on a case-by-case basis whether to license products for which competing products are already on the market. Since here either no or only low initial payments are due, the economic risk is low and the sales potential is used opportunistically. Due to the marketing power of the sales force, the company sees advantages here compared to competing products. In the medium term, the share of sales subject to tenders will therefore decrease and thus the price risk will be reduced.

Furthermore, the company also counters these risks through continuous cost efficiency measures and constant efforts to develop new revenue potential.

RISKS OF FUTURE MARKET APPROVAL AND SUCCESSFUL MARKET LAUNCH

As is the case for every pharmaceutical company, the uncertainty of the success of future market launches also represents a key risk for the development of APONTIS PHARMA's business. The company has project evaluation systems and an adequate project management organization to monitor these risks on a continuous basis.

RISKS DUE TO CHANGES IN THE LEGAL FRAMEWORK

The effects of the trend towards increasing government intervention in national healthcare systems (e.g. by introducing or modifying various types of price regulations) can lead to significant additional pressure on margins for important revenue drivers and have a negative impact on the company's earnings situation.

Currently, health policy is not giving the entire pharmaceutical industry any tailwind. With the new SHI Financial Stabilization Act, the pharmaceutical industry is being asked to make a further solidarity contribution, although the effects on the company are minor. At the same time, the current supply situation shows that Germany is less and less able to guarantee a sufficient supply of vital medicines to the German population. This security of supply has not been the goal of German health policy so far.

Due to the German peculiarity in pricing, non-patented medicines are among the cheapest in the EU and are partly manufactured and imported outside the EU due to discounts, which are mostly close to 100% of the initial price. In the event of supply-side bottlenecks, production volumes may be sold to higher-priced countries while Germany might not be supplied.

APONTIS PHARMA bears great responsibility for the supply of vital medicines and is convinced that it lives up to this responsibility. The manufacturing sites for the finished products are all located in the EU. This ensures a short route to the patients and reduces the impact of international supply chain problems and political influence from non-EU states on the supply situation in Germany.

DEVELOPMENT RISKS

Development risk in the context of contract development of a Single Pill is low compared to new active ingredients, as the effects and side-effect risk of the active ingredients used are already documented and do not need to be studied again. The bioequivalence studies of the Single Pill compared to the loose combination with the same active ingredients represent the biggest development hurdle and carry the risk of delays. All Single Pill projects have been completed thus far, however. The approval process is timed within the mostly chosen DCP procedure, however delays can occur in the process (currently, in the granting of a national marketing authorization, for example). So far, all applications for approval that have been submitted have been successfully completed.

PROCUREMENT RISKS

On the procurement side, there are the usual risks for medicinal products, such as recalls in the event of deviations in quality or a limited ability to supply on the part of the manufacturer. Drug manufacturers and suppliers are therefore reviewed and evaluated initially and periodically thereafter, and risk minimization measures are implemented where necessary.

In addition, pharmaceutical suppliers are inspected for compliance with GMP standards (GMP = Good Manufacturing Practices) by state authorities. APONTIS PHARMA itself is also regularly inspected by the supervisory authority responsible. The company supports compliance with these standards by implementing appropriate quality assurance measures at contract manufacturers and suppliers as well as in its own internal company processes.

There are currently increased procurement risks due to disruptions in the supply chains, high levels of sick leave at individual manufacturers and, in some cases, production problems. All manufacturers are working on solutions such as hiring additional staff, offering adjusted batch sizes and dispatching partial deliveries. The company assumes that these procurement risks can be reduced to pre-crisis levels.

INFLATION RISKS

APONTIS PHARMA has three main areas that determine the inflation risk. These are the personnel costs, the purchasing costs of the products and the structural costs such as rent and insurance. Salary costs here are subject to the same laws as of other companies in Germany, so that there is no company-specific risk here. With regard to product costs, most of the purchasing costs are protected by the fact that the purchasing costs are defined as a percentage of the company's sales revenues. The so-called floor price only applies for a small share of the products, if the sales price has fallen so far that the percentage purchase price is below the floor price. In contrast to the turnover-based purchase prices, the floor price is subject to a price increase risk. On the sales side, the passing on of prices is in fact limited. In principle, the sales price can be set freely, however most of the products the company sells are covered by fixed amounts set by the Federal Joint Committee. This is the upper limit of reimbursement. Prices above the reference prices must be paid by the insured person.

A so-called price moratorium applies for the remaining products. This means that an increase in the sales price must be reimbursed by a discount in the same amount. However, once a year, on July 1, an inflation adjustment amounting to the difference between the consumer price index and the previous year, as calculated by the Federal Statistical Office, is permitted for these products.

With regard to structural costs, the inflation risk can be reduced by choosing new suppliers or limiting spending.

FINANCIAL RISKS

On the basis of the very good equity ratio and the resulting good liquidity situation, no financial risks are currently discernible for APONTIS PHARMA. There are no interest rate or currency risks, as the company does business mainly in Germany.

LEGAL RISKS

The company is not currently involved in any legal proceedings in the ordinary course of business.

ENVIRONMENTAL RISKS

Due to the business model of order development, APONTIS PHARMA does not have its own production. In addition, merchandise management has been outsourced to an external service provider. Therefore, there are no significant environmental risks at APONTIS PHARMA. The company's business model with Single Pills leads to relevant savings of resources, as the number of drug packages is reduced from three or two to one. This leads to savings in manufacturing, packaging materials, warehousing and transport.

PROTECTION AGAINST RISKS OF DAMAGE

The risk of property damage and liability claims is adequately covered by insurance, as far as possible and economically reasonable.

CORONA PANDEMIC

The corona pandemic currently poses a lower risk compared to the past couple of years. While access restrictions and the vaccination campaigns limited the access of the company's sales force to the medical practices until the spring of 2022, from the summer of 2022 on, it has been other colds and an incipient staff shortage in the medical practices. Therefore, not all growth potentials could be exploited.

„COUNTRY-RISK"

The company's material country risk is mainly characterized by Germany and – to a lesser extent – by the EU member states. The company generates sales exclusively in Germany and employs its staff in Germany. Goods are procured within the EU. The purchase prices are defined in EURO. Germany is a country with traditionally low country risk, as it is characterized by political and financial stability. This risk has risen considerably due to Russia's war against Ukraine as well as the active threat to NATO countries and the halting of energy supplies by Russia. The supply of gas to Germany and its eastern neighbors in the winter of 2023/2024 does not appear to be secure

at present. In addition, the medium-term supply insecurity for electricity has increased greatly. The shutdown of power generation plants based on nuclear power and coal has been given fixed exit dates, while the simultaneous development of alternative energy sources does not seem to be supported by individual power generation plants with matching maturities and base load security.

SIGNIFICANT OPPORTUNITIES

Significant opportunities in the coming years will arise from APONTIS PHARMA's activities in the area of contract development of its own Single Pills with EU-wide rights, the in-licensing of pharmaceutical products and the growing acceptance of Single Pill therapy among prescribers and the consistent implementation of the substitution of loose combinations with Single Pills in long-term therapy. In the future, the company would like to support the medical profession even more strongly through its sales force and introduce a structured substitution management. This is also to be promoted by digital aids such as a "Single Pill Finder" and a new "Single Pill Assistant." The company was able to launch three new Single Pills on the market in fiscal year 2022. For the years ahead, the company has established a development pipeline of signed contracts for both in-house developments and in-licensing. Further growth options arise from the co-promotion of products from other pharmaceutical manufacturers who want to make use of the strength and quality of our sales force.

Furthermore, the funds raised in the IPO allow the company to make acquisitions of medicines that are in line with the communicated strategy.

SUMMARY RISK AND OPPORTUNITY ASSESSMENT

Part of APONTIS PHARMA's risk environment, such as economic influences or the legal environment, cannot be influenced by the company. The resulting influences are observed and recorded by the company and taken into account in both the planning and in the operational processes, insofar as this is necessary and possible.

Risks that can be influenced are monitored. The acceptance of Single Pills as a superior therapeutic concept and the substitution of loose combinations in chronic patients in long-term therapy with cardiovascular diseases represents a major risk of future development. Based on the results of the START Study, the EU-funded SECURE Study, the NEPTUNO Study and the international (WHO) and European guidelines, the risk is considered to be relatively low.

For the current fiscal year 2023, APONTIS PHARMA does not expect the general risk environment or the risks to change, but sees opportunities for the negative influences caused by the pandemic to decrease significantly. The company does not see any risks that could jeopardize the continued existence of APONTIS PHARMA.

VIII. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM RELATED TO THE GROUP ACCOUNTING PROCESS

The Internal Control and Risk Management System with regard to the Group accounting process is designed by the Management Board, for which it is responsible and monitored by the Supervisory Board. This system consists of processes, procedures and principles that are aimed at ensuring the correctness of internal and external accounting, compliance with the legal regulations and the timely identification and elimination of risks. This process has been established and further developed since the Group was founded. The new LucaNet® consolidation software was introduced in 2021 for the first time. This is the technical basis for these Consolidated Financial Statements.

The Group's business is conducted in only one of the subsidiaries, APONTIS PHARMA Deutschland GmbH & Co. KG. The other subsidiaries are general partners and limited partners of the aforementioned GmbH & Co. KG. The Group parent company itself is responsible for the management of the Group and holds the cash assets raised through the IPO.

The Group accounting process is based on the dual control principle, manual plausibility checks and reconciliation calculations.

The accounting staff responsible for preparing the individual financial statements is also responsible for preparing the Consolidated Financial Statements. All of these employees work at one location. The persons responsible for the Consolidated Financial Statements are trained accountants or tax clerks. The commercial Managing Director of APONTIS PHARMA Deutschland GmbH & Co KG worked professionally as a tax consultant and auditor.

For the valuation of pension obligations, an external actuary was consulted, who assessed the value of the obligations under commercial law and tax law in an expert opinion. The auditors examine the functionality and effectiveness of the Group accounting process as part of the audit of the Annual Financial Statements.

IX. DISCLOSURES RELEVANT TO TAKEOVERS PURSUANT TO SECTION 315 A (1) OF THE GERMAN COMMERCIAL CODE (HGB)

NO. 1: COMPOSITION OF SUBSCRIBED CAPITAL

As of the balance sheet date, the share capital of APONTIS PHARMA AG amounted to EUR 8,500,000 and is divided into 8,500,000 no-par value bearer shares. The arithmetical share in the share capital attributable to each no-par value share is EUR 1.00. The shares are fully paid up.

NO. 2: RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES

The shares carry full voting and dividend rights, unless mandatory provisions of the German Stock Corporation Act (AktG) provide otherwise. The 170,000 shares held as treasury shares do not carry voting and dividend rights.

The same rights and obligations are associated with all shares. The rights and obligations of the shareholders result in detail from the provisions of the German Stock Corporation Act. In the cases of Section 136 of the German Stock Corporation Act (AktG), the voting right from the shares concerned is excluded by law.

NO. 3: SHAREHOLDINGS IN THE CAPITAL EXCEEDING 10% OF THE VOTING RIGHTS

According to the information available to the company, there are the following direct shareholdings in the company that exceed 10% of the voting rights:

Paragon Fund II GmbH & Co. KG, Munich, at around 37%.

NO. 4: HOLDERS OF SHARES CONFERRING SPECIAL RIGHTS

There are no shares that confer special rights.

NO. 5: TYPE OF VOTING RIGHT CONTROL IN CASE OF EMPLOYEE SHAREHOLDINGS

There is no control of voting rights in the event that employees hold shares in the capital of APONTIS PHARMA AG.

NO. 6: APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Members of the Management Board may be appointed and dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Act (AktG). Accordingly, Management Board members are appointed by the Supervisory Board for a maximum of five years. A repeated appointment or extension of the term of office, in each case for a maximum of five years, is permissible. A revocation of the appointment by the Supervisory Board may be made for good cause.

According to Article 6 of the Articles of Association of APONTIS PHARMA AG, the Management Board consists of at least two persons. The Supervisory Board appoints the members of the Management Board and determines their number. It

may also appoint deputy members of the Management Board. The Supervisory Board may appoint a Chairman of the Management Board as well as a Deputy Chairman of the Management Board.

Amendments to the Articles of Association are governed by Sections 179 and 133 of the German Stock Corporation Act (AktG) and Article 15 no. 3 of the company's Articles of Association. Pursuant to Section 179 (1) sentence 1 AktG, any amendment to the Articles of Association requires a resolution of the Annual General Meeting. However, according to Section 179 (1) sentence 2 AktG in conjunction with Article 15 no. 3 of the company's Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that only affect the wording.

NO. 7: POWERS OF THE MANAGEMENT BOARD TO ISSUE OR REPURCHASE SHARES

The share capital is conditionally increased by up to EUR 3,250,000 divided into up to 3,250,000 no-par value bearer shares (Conditional Capital 2021). The conditional capital increase may only be carried out to the extent that the holders or creditors of option or conversion rights or those obliged to convert from bonds with warrants or convertible bonds issued against cash contributions, which are issued or guaranteed by the company or a subordinate Group company of the company on the basis of the authorization of the Management Board by resolution of the Annual General Meeting of April 19, 2021, until April 19, 2026, are exercised by the Management Board. The Management Board is authorized by the Annual General Meeting resolution of April 19, 2021, until April 19, 2026, to exercise the option or conversion rights or, insofar as they are obliged to convert, to fulfil their obligation to convert, or, insofar as the company exercises an option, to grant shares in the company in whole or in part instead of payment of the cash amount due, insofar as no cash settlement is granted in each case or treasury shares or shares in another listed company are used for servicing.

The Management Board of the company is authorized, with the consent of the Supervisory Board, to increase the share capital in the period until April 27, 2026, once or several times by up to a total of EUR 4,250,000 by issuing up to EUR 4,250,000 new no-par value bearer shares (ordinary shares) against cash and/or non-cash contributions (Authorized Capital 2021/1). The new shares participate in profits from the beginning of the fiscal year in which they are issued.

Furthermore, the Management Board is authorized, pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG), to acquire treasury shares for any permissible purpose within the scope of the statutory restrictions and in accordance with the following provisions. This authorization is valid until April 18, 2026. It is limited to a total of 10% of the share capital existing at the time of the resolution of the Annual General Meeting – or if this value is lower – at the time of the exercise of the authorization. The authorization may be exercised directly by the company or by a company dependent on the company or in which the company holds a majority interest or by third parties commissioned by the company or companies dependent on the

company or in which the company holds a majority interest and permits the acquisition of treasury shares in whole or in part as well as the acquisition once or several times. This authorization was exercised twice in the reporting period and a total of 170,000 treasury shares were acquired. These treasury shares are to be used to service two share programs for the company's employees launched in fiscal year 2022.

NO. 8: SIGNIFICANT AGREEMENTS OF THE COMPANY THAT ARE SUBJECT TO A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

There are no agreements that are subject to a change of control as a result of a takeover bid.

NO. 9: COMPENSATION AGREEMENTS OF THE COMPANY WITH MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

There are no compensation agreements of the company with members of the Management Board or with employees in the event of a takeover bid.

X. DECLARATION OF CORPORATE GOVERNANCE

The Declaration of Corporate Governance pursuant to Sections 289f and 315d of the German Commercial Code (HGB) is made publicly available on our website https://apontis-pharma.de/en/corporate-governance.

XI. REMUNERATION REPORT ANALOGOUS TO SECTION 314 OF THE GERMAN COMMERCIAL CODE (HGB) OLD VERSION

The remuneration system for the Management Board of APONTIS PHARMA AG is based on the objective of supporting an aspiring and ongoing management of the company by linking the bonus of the Management Board members to the company's short and long-term development. By selecting appropriate performance criteria, important impulses for the implementation of APONTIS PHARMA AG's strategic orientation are set at the same time.

The Management Board remuneration system contains non-performance-related and performance-related components as well as a remuneration parameter with a long-term incentive effect, which further balances the objective of the management and the direct interest of the shareholders.

The remuneration system of APONTIS PHARMA AG described below in more detail applies to all current and future Management Board service contracts.

GENERAL OVERVIEW OF THE REMUNERATION SYSTEM OF THE MANAGEMENT BOARD OF APONTIS PHARMA AG

The following table contains all basic remuneration components and their structure. The individual components are explained below in more detail.

Remuneration component	Assessment basis/parameters
Non-performance-related remuneration	
Fixed remuneration	The fixed remuneration of the Management Board members is paid monthly on a pro rata basis as a salary.
Fringe benefits	Company car
Performance-related remuneration	
Short-Term Incentive (STI)	Target bonus model basis for the achievement of objectives:
	– 60 % financial performance criteria (30 % turnover; 30 % EBITDA) – 40 % non-financial performance criteria (Business Development/Pipeline Development; Organizational Development/Organizational Engagement)
	The Supervisory Board determines financial and non-financial aspects based on the annual planning and criteria of individual performance at the beginning of the financial yeart. Cap: 200 % of the target amount.
Long-Term Incentive (LTI)	Share-based long-term remuneration. Duration: Four (4) years. The basis for achieving the target is the achievement of a certain growth target in the "Single Pill" segment after the end of fiscal year 2024.
Other remuneration arrangements	
Maximum remuneration	
Severance payment cap	Severance payments of a maximum of two years' remuneration; remuneration for the remaining term of the contract may not be exceeded.
Malus- and clawback regulation	Malus: In the event of a serious breach of applicable law or internal guidelines, the Supervisory Board may partially reduce or completely waive the variable remuneration (STI / LTI) for the respective assessment period.
	Clawback: Possibility for the Supervisory Board to reclaim variable remuneration already paid out in the event of subsequent discovery of a malus offence or an incorrect Consolidated Financial Statement (differential amount).

REMUNERATION COMPONENTS AND STRUCTURE

Remuneration consists of a non-performance-related and a performance-related component, the former consisting of the fixed remuneration and the fringe benefits. The Short-Term Incentive (STI), with a term of one (1) year, and the Long-Term Incentive (LTI), with a term of four (4) years, together form the performance-based component, the amount of which is determined on the basis of the financial and non-financial parameters set by the Supervisory Board.

The sum of all remuneration components (performance-related and non-performance-related) constitutes the total remuneration of the Management Board members.

The present structure is oriented towards the effective and long-term development of the company.

No additional (special) remuneration, guarantee remuneration or discretionary bonuses that are not listed in this remuneration system are paid.

The following overview shows the remuneration for the year 2022.

THE REMUNERATION SYSTEM IN DETAIL

Management Board remuneration	2022	2022
EUR thousand	Karlheinz Gast – CEO	Thomas Milz – CPO
Fixed remuneration	324	264
Fringe benefits	13	11
Total	**337**	**275**
One-year variable remuneration (STI)	110	76
Multi-year variable remuneration (LTI)	200	150
Special remuneration on anniversary	3	3
Total	**313**	**229**
Total remuneration	**650**	**504**

NON-PERFORMANCE-RELATED REMUNERATION COMPONENTS

FIXED REMUNERATION

The members of the Management Board receive their fixed remuneration as a monthly pro rata salary paid out non-cash. Fixed remuneration thus represents a secure and predictable income for the members of the Management Board.

FRINGE BENEFITS

The fringe benefits to which Management Board members are entitled in addition to their fixed remuneration are granted in the form of benefits in kind. This is usually a passenger car for business and private use. Each Management Board member is provided with these fringe benefits in the same manner, although the amount may vary based on the individual situation.

PERFORMANCE-RELATED REMUNERATION COMPONENTS

The performance-based remuneration components consist of the Short-Term Incentive (STI) and the Long-Term Incentive (LTI), whereby different terms are defined for these. While the STI has a term of one (1) year, the term for the LTI is four (4) years.

Furthermore, the two components differ in that for the STI, the Supervisory Board sets concrete (general and individual) criteria before each fiscal year, whereas the parameters for the LTI have already been set in a separate contract for the entire term.

SHORT-TERM INCENTIVE (STI)

The amount of the STI is 60% based on the improvement of revenue and EBITDA. The remaining 40% is based on the strategic development of the business and individual performance targets of the Management Board members.

The Short-Term Incentive is designed to reward the continuous implementation of operational objectives, the achievement of which is fundamental to the ongoing development of the company. As a result, the financial performance criteria emphasize the consistent improvement of the performance of all business areas. This creates incentives in those areas where the greatest leverage for improvement is expected.

The Supervisory Board adopts the target and threshold values for the defined financial performance criteria at the beginning of each fiscal year.

With regard to individual performance, the Supervisory Board sets individual targets for the members of the Management Board before each fiscal year as a basis, which, in addition to operational targets, are primarily oriented towards strategic targets. It is up to the Supervisory Board to decide whether the targets apply to several or all members of the Management Board. The goals can contain both concretely measurable key figures and expectations of the Management Board members. However, it is crucial that the achievement of the goals be comprehensible and verifiable in each case. The individual goals can relate to the following sub-areas, among others:

Portfolio
Optimization/efficiency increase
Strategy development
Personnel/Organization

The maximum payout amount from the STI is limited to 200% of the target amount in total.

LONG-TERM INCENTIVE (LTI)

The LTI is the second component of the performance-based remuneration element, with a term of four (4) years that is designed to provide a long-term incentive. As this is a share-based component, it further balances the interests of shareholders with the objective of management and creates an incentive to increase the value
of the company on a sustained and ongoing basis.

Two LTI programs were active at the end of the fiscal year. For both programs, the company offers a certain number of units based on a target LTI amount in relation to the price of the APONTIS PHARMA AG share of EUR 19.00 at the time of listing on May 11, 2021 ("LTI units"). At the end of the term of the LTI program, the LTI units may, depending on the allocation, lead to an entitlement to a certain performance in the value of the units corresponding to the number of shares in APONTIS PHARMA AG ("LTI entitlement"). The LTI entitlement is settled, at the company's discretion, either in cash or (in whole or in part) by shares in the company.

„LTI-PROGRAM 2021":

The LTI units for this program are allocated to the participant in accordance with the following provisions upon achievement of certain growth targets in the Single Pills segment.

If the compound annual growth rate (CAGR) of the total revenues of the "Single Pills" segment for the period of the fiscal years 2020 to 2023 ("performance period") after the close of fiscal year 2024 is at least

15 %, the participant receives 1/3 of the LTI units allocated;
25 %, the participant receives 2/3 of the LTI units allocated;
35 %, the participant receives all of the LTI units allocated.

If at the end of the performance period at least a compound annual growth rate (CAGR) of 15% in the total revenues of the "Single Pills" segment compared to fiscal year 2020 is not achieved, the LTI units lapse without compensation.

„LTI-PROGRAM 2022":

The LTI Units for this program are to be allocated to the participant upon the achievement of certain growth targets in the Single Pills Segment in accordance with the following provisions. If the earnings before interest, taxes, depreciation and amortization ("EBITDA") after the end of fiscal year 2024 ("performance date") is

> EUR 10,000 thousand, the participant receives 1/3 of the LTI units allocated;
> EUR 15,000 thousand, the participant receives a total of 2/3 of the LTI units allocated;
> EUR 20,000 thousand, the participant receives all LTI units allocated in total.

If at least an EBITDA of EUR 10,000 thousand is not achieved at the end of the performance period, the LTIs lapse without compensation. No provision was made for this obligation in the Consolidated Financial Statements for fiscal year 2022, as the planning does not assume that the lower limit will be reached.

The company may settle the LTI claim to the participants either in full or in part by means of an equity settlement or a cash settlement. If the company decides in favor of a cash settlement, the Supervisory Board may determine in advance of the payment of the cash amount that the participant must use the cash amount (insofar as it is a net payment) to acquire shares in the company.

NON-PERFORMANCE-RELATED REMUNERATION COMPONENTS

In fiscal year 2022, special remuneration was paid to each of the Management Board members for Mr Gast's 25th anniversary of service and Mr Milz's 30th anniversary of service.

OTHER CONTRACTUAL PROVISIONS

MALUS AND CLAWBACK REGULATIONS

If the members of the Management Board seriously violate applicable law or the applicable internal company or Group guidelines and directives, the Supervisory Board has the option of partially reducing or completely eliminating the variable remuneration components (STI and LTI) that have not yet been paid out ("malus"). In this case, the Supervisory Board decides at its own discretion.

Furthermore, in the event that a malus offence subsequently becomes known, the Supervisory Board is entitled to demand the full or partial return of the variable remuneration components already paid out to the members of the Management Board (compliance clawback). Furthermore, if the variable remuneration components are paid out on the basis of incorrect Consolidated Financial Statements, the Supervisory Board has the option to demand the return of the difference amount determined on the basis of a corrected determination (performance clawback).

REMUNERATION-RELATED LEGAL TRANSACTIONS

TERMS OF THE MANAGEMENT BOARD EMPLOYMENT CONTRACTS

The Management Board employment contract is concluded for the term of the Management Board member's appointment as a member of the Management Board of the company. In the event of a reappointment or extension of the term of office, this service contract shall be extended for the period for which the Supervisory Board resolves on the reappointment as a member of the Management Board or the extension of the term of office.

If the appointment as a member of the Management Board is revoked or if the member of the Management Board resigns from office, the employment contract also ends. However, if the revocation is based on good cause within the meaning of Section 84 (3) of the German Stock Corporation Act (AktG), which is not at the same time good cause within the meaning of Section 626 of the German Civil Code (BGB) for the termination of the service contract without notice, the service contract shall only end upon expiry of a period of twelve (12) months to the end of the month or – if this date occurs earlier – upon expiry of the day until which the member of the Management Board was appointed as a member of the company's Management Board. The same applies to a resignation of the Management Board member for good cause. The right to terminate without notice for good cause remains unaffected.

The Management Board service contracts do not provide for an ordinary termination option on either side.

BENEFITS UPON TERMINATION OF THE CONTRACT

Payments to the Management Board member upon premature termination of his Management Board activity may not exceed a total of two years' remuneration and in any case may not compensate for more than the remaining term of the service contract. Any waiting allowance to be paid is to be offset against such payments.

ENTRY AND EXIT DURING THE YEAR

If the activity of the Management Board member begins or ends during the year, the total remuneration is to be calculated pro rata for the period of activity and paid *pro rata temporis*.

During the period of a leave of absence and the suspension of the employment relationship, there is no entitlement to the Short-Term Incentive (STI), so that in the event of a start or end of these periods during the year, there is also a *pro rata* reduction. The employment relationship shall also be deemed suspended as soon as the incapacity for work of the Management Board member exceeds the period of continued payment of remuneration according to this employment contract.

If the Management Board service contract ends before the end of the term of four (4) years for the Long-Term Incentive Program (LTI program), the participant becomes a "leaver" and the LTI contract also ends at the same time ("leaver case"). If the end of the LTI contract in a leaver case is due to the Management Board member reaching the standard retirement age, becoming permanently ill, dying or his appointment not being renewed, or if he terminates the Management Board service contract for demonstrably good cause, he becomes a "good leaver." As a good leaver, he or she acquires a pro rata LTI entitlement

(*pro rata temporis*), which is measured according to the term of the LTI contract completed at the time of termination of the employment relationship and otherwise according to the provisions of the LTI contract.

In all other leaver cases and as long as the parties do not agree otherwise, the Management Board member becomes a "bad leaver" for whom claims from the LTI contract lapse without replacement.

PROHIBITION OF COMPETITION DURING THE TERM OF THE CONTRACT

During the term of this contract, the member of the Management Board is obliged, without prejudice to corresponding or more extensive legal obligations, not to work for any company that competes in any way with the company or its affiliated companies. No direct or indirect activity as an employee, self-employed person or as a consultant or as an indirect or direct participant in the company is permitted. The acquisition of listed shares for the purpose of capital investment up to an amount of 5% of the share capital is excluded.

POST-CONTRACTUAL NON-COMPETITION CLAUSE

For a period of twelve months after termination of the employment contract, the member of the Management Board is prohibited from working in an independent, dependent or other manner for a company that is in direct or indirect competition with the company or companies affiliated with it ("competitor company") or is affiliated with a competitor company. Similarly, he or she is prohibited from establishing, acquiring or participating directly or indirectly in a competing enterprise for the duration of this prohibition.

For the duration of the non-competition clause, the Management Board member shall receive a waiting allowance, which shall amount to 50% of his or her last fixed salary for each year of the non-competition clause. The Management Board member must take into account any other earnings in accordance with Section 74c of the German Commercial Code (HGB).

At the end of each quarter, he or she shall report without being asked whether and to what extent he or she receives other income. This information must be substantiated upon request.

For each case of violation of the prohibition, the Management Board member undertakes to pay a contractual penalty in the amount of the last contractually agreed fixed monthly salary. In the event of a continuous violation, the contractual penalty shall be newly enforced for each month or part thereof. The company reserves the right to claim damages in excess thereof.

The company may at any time withdraw from the post-contractual non-competition clause by observing a notice period of six months.

The Supervisory Board receives fixed remuneration. No other remuneration is to be paid. Reasonable expenses such as travel expenses are to be reimbursed. This reimbursement also includes any value added tax incurred on these travel expenses or Supervisory Board remuneration.

The Chairman of the Supervisory Board receives EUR 40 thousand. The Deputy Chairman of the Supervisory Board EUR 30 thousand. Each additional member receives EUR 25 thousand. Furthermore, each member of a committee receives additional remuneration of EUR 5 thousand, and the Chairman of the committee receives additional remuneration of EUR 10 thousand. Dr. Edin Hadzic and Mr. Christian Bettinger have waived payment of their Supervisory Board remuneration for as long as Paragon is a shareholder in this company.

Furthermore, the company also provides D&O insurance for the members of the Supervisory Board.

XII. FORECAST REPORT

The ifo Institute expects economic output to decline by 0.1% in 2023%.[4] This is due to supply-side shocks caused by bottlenecks in energy, raw materials and labor. A continuing, albeit lower, inflation trend is expected for 2023. Added to this are the effects of rising interest rates, which will burden investment-intensive sectors in particular, especially the construction industry. Despite these negative pressures, the impact on the job market is expected to be low.

These macroeconomic conditions could lead to Germany falling into a recession in the winter half-year 2022/2023. It is currently assumed that Germany will return to a growth path from the summer of 2023.

Due to APONTIS PHARMA's business model and the indications addressed by the company, the business is largely decoupled from economic developments. This means that both a particularly positive and a negative development of the economic trend will initially have no significant influence on the company's business development. Furthermore, the company assumes that the influence of the pandemic will continue to decrease.

The Single Pills business will continue to grow in 2023. This will be mainly through the current Single Pill portfolio. Furthermore, at least three new launches are expected in 2023. These new launches will contribute significantly to the company's growth from 2024 on.

4) https://www.ifo.de/fakten/2022-12-14/ifo-konjunkturprognose-winter-2022-inflation-und-rezession

This volume growth will be offset by the effects of the tenders issued by the health insurance funds in 2022 for the product Caramlo® and the tenders for the active ingredient group atorvastatin and ezetimibe that will become effective in 2023 (and thus pertain to the APONTIS PHARMA Single Pill Atorimib®). The company expects a decline in sales revenues in this area, as the winner of the tenders will take over the majority of the SHI market for this group of active ingredients based on considerable price discounts.

These tenders have no impact on the business with privately insured persons and the cases in which the doctor explicitly prescribes the product via the classification "aut idem." The effects of not winning the tenders were taken into account by the company in its planning for 2023. The company is taking countermeasures to recover lost revenue from these products. The experience with the product Tonotec® shows that market shares can be regained after a loss of tenders through active product management.

In the cooperation business, there will be three effects on the company's business performance in 2023. The marketing of the Jalra®/Icandra® products was stopped at the end of September 2022 due to patent expiry. This will result in a shortfall of around EUR 6,000 thousand in sales in 2023. In addition, sales of the product Ulunar® will continue to decline in 2023. The marketing of this product for Novartis was continued in July 2021 under a distribution agreement due to the expiry of the co-marketing agreement. The basis of the distribution agreement is that there are no marketing activities by the company and only incoming orders are filled, therefore only a low margin has been agreed. Therefore, the decline in sales of the product Ulunar® will have only a minor impact on the 2023 result. By contrast, the co-promotion agreement for the product Trixeo® will provide further growth in 2023. In total, the growth of the Single Pill business can only partially compensate for the decline in the cooperation business.

As described in APONTIS PHARMA AG's IPO prospectus, the company is seeking to grow by investing in the Single Pill portfolio. To this end, the company had concluded a total of eleven agreements for both contract developments and in-licensing for Single Pills by the end of 2022. The company is in contact with several contract developers for further developments and in-licensing and thus has an extensive pipeline. At least three new Single Pills are to be launched in 2023. These are already included in the planning for 2023. Acquisition opportunities, for example, of Single Pills already on the market or medicinal products that fit the target audience-specific physician groups visited by the sales force of APONTIS PHARMA are monitored and evaluated regularly.

The basis of APONTIS PHARMA's growth strategy is making doctors aware of the results of the START and SECURE Studies, which have scientifically confirmed the superiority of Single Pills as a therapeutic concept in the treatment of chronically ill patients in long-term therapy. APONTIS PHARMA has thus already grown successfully in 2021 and 2022. In fiscal year 2022, APONTIS PHARMA therefore increased the number of sales representatives by 7 positions. Due to vacancies in fiscal year 2022, the company is assuming an increase in the average number of sales representatives employed in fiscal year 2023.

The strategic advantage of the Single Pill product portfolio is that it is not obsolete and can continue to operate long-term. The latest product innovations in the cardiovascular area took place more than ten years ago, and there are no new active agents in research for hypertension treatment. Therefore, intensifying physician prescriptions of Single Pills based on the announcement of the START and SECURE Study results will have a positive impact on both the current Single Pill portfolio and future product launches.

The following table shows the financial performance indicators of the 2023 budget compared to 2022.

EUR thousand	2023 Budget	2022	Δ TEUR	Δ %
Revenue	51,695	55,727	–4,032	–7.2 %
Gross profit	35,776	34,992	784	2.2 %
Gross profit margin	69.2 %	62.8 %		6.4 %
EBITDA	3,256	5,569	–2,313	–41.5 %
EBITDA margin	6.3 %	10.0 %		–3.7 %
EBIT	953	616	337	54.7 %
EBIT margin	1.8 %	1.2 %		0.6 %

Based on the information that is currently available, the company expects a decline in sales of 7.2% in 2023. This decline is due to the above-mentioned decrease in the cooperation business, which can only be partially compensated for by growth with Single Pills.

The company expects EBITDA of EUR 3,256 thousand and EBIT of EUR 953 thousand for 2023. In addition to the development of sales, EBITDA and also the development of EBIT are primarily characterized by the investments in sales and marketing necessary for medium and long-term growth. APONTIS PHARMA has a higher cost base due to the establishment of the sales force organization in fiscal year 2022. The company considers these investments to be necessary in order to communicate the results of the START as well as SECURE Studies to the German medical profession and to lay the foundation for the long-term growth of the current and future Single Pills.

The statements made in the Forecast Report on future developments are based on assumptions and estimates that APONTIS PHARMA had at its disposal from information available at the time the report was prepared. These statements are subject to risks and uncertainties. Therefore, the actual results can deviate from the expected results.

XIII. DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and the Supervisory Board voluntarily declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that APONTIS PHARMA AG complies with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on April 28, 2022, and published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on June 27, 2022, as of today's date and will continue to comply with them in the future with the following exceptions:

B.1: DIVERSITY OF THE MANAGEMENT BOARD

The company's Management Board consists of two men. The composition of the Management Board resulted from the long-standing affiliation of the two persons with the management of the Group's main company, APONTIS PHARMA Deutschland GmbH & Co KG. In this respect, the company declares a deviation from recommendation B.1 that diversity should be taken into account in its composition.

B.3: DURATION OF MANAGEMENT BOARD CONTRACTS

In deviation from recommendation B.3, the initial appointment of the first Management Board of the AG is five years instead of three. The Supervisory Board decided on the longer appointment period in connection with the conversion of the company into the legal form of an AG and the subsequent IPO in order to show shareholders and other stakeholders that the successful continuation of the company is secured in the long term. According to the Supervisory Board's assessment, a corresponding signal of continuity was desired by the investors.

B.5: AGE LIMIT FOR THE MANAGEMENT BOARD

There is currently no age limit for the Management Board. Here, the company reports a deviation from recommendation B.5 that an age limit should be set for members of the Management Board. The company does not agree with the content of this proposal. In an ageing society, age should not be a criterion, but rather the individual ability of a Management Board member. Here the company relies on the individual responsibility of the Management Board and the assessment of the Supervisory Board. The Supervisory Board and the Management Board are of the opinion that a company cannot afford the compulsive early retirement of persons with a high level of experience and passion for the office.

C.2: AGE LIMIT FOR THE SUPERVISORY BOARD

The Articles of Association do not currently provide for an age limit. The members of the Supervisory Board are significantly younger than the statutory retirement age.

Here, the company reports a deviation from recommendation C.2 that an age limit be set. Furthermore, the Supervisory Board does not agree with the content of this recommendation. In an ageing society, age should not be a criterion, but rather the individual performance of a Supervisory Board member. Here, the board relies on the personal responsibility of the Supervisory Board and the assessment of the Supervisory Board collegium.

Since issuing the last Declaration of Compliance on March 9, 2022, APONTIS PHARMA AG has complied with all recommendations of the "Government Commission on the German Corporate Governance Code" in the version of December 16, 2019, published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on March 20, 2020, with the exceptions listed above.

Monheim/Rhine, March 13, 2023

APONTIS PHARMA AG

For the Supervisory Board:
Dr. Matthias Wiedenfels
(Chairman of the Supervisory Board)

For the Management Board:
Karlheinz Gast
(CEO/Spokesman of the Management Board)

RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements provide a true and fair view of the asset, financial and earnings position of the company, and the Group Management Report presents a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Monheim/Rhine, March 13, 2023

The Management Board

Karlheinz Gast
CEO/Spokesman of the Management Board

Thomas Milz
CPO/Chief Product Officer

DECLARATION OF COMPLIANCE

in accordance with Sections 289f, 315d HGB for financial year 2022

In this declaration, the Management Board and Supervisory Board report on the company's corporate governance in accordance with Sections 289f, 315d of the German Commercial Code (HGB) and in compliance with Principle 23 of the German Corporate Governance Code (hereinafter also referred to as the "GCGC" or "Code").

The Management Board and Supervisory Board of APONTIS PHARMA AG ("APONTIS PHARMA") are committed to Corporate Governance based on sustainability. The business model is designed for the long term and all measures are geared towards the goal of a sustainable positive development. The Management Board and Supervisory Board of APONTIS PHARMA identify with the Code's objective of promoting good Corporate Governance based on trust and oriented towards the benefit of shareholders, employees and customers. Section 161 of the German Stock Corporation Act (AktG) requires an annual declaration of conformity for listed companies with regard to compliance with the recommendations of the Code. The possibility of a justified deviation from Code recommendations is expressly provided for in the preamble to the Code. It is intended to enable companies to take into account sector- or company-specific peculiarities. Accordingly, deviations from the Code should not be seen as negative per se, but can be in the interest of good Corporate Governance, especially for smaller companies. In March 2022, the Management Board and Supervisory Board voluntarily issued a Declaration of Conformity for the first time and made it permanently available to shareholders on the company's website https://apontis-pharma.de/corporate-governance. This Declaration is now based on the version of the Code dated 16 December 2019 and the currently valid version dated 28 April 2022.

The Declaration of Conformity of March 2023 is part of this Corporate Governance Declaration. Historical declarations of conformity must also be made available to shareholders and interested parties. Furthermore, we have also published the latest version of the Articles of Association of APONTIS PHARMA on our website.

COMPLIANCE MANAGEMENT SYSTEM

Due to its activities as a pharmaceutical company, APONTIS PHARMA operates in a very strict legal environment that is regulated by many laws specifically applicable to the pharmaceutical and healthcare sector as well as government and private regulations. The following laws, among others, are worth mentioning here:

Medicinal Products Act (Arzneimittelgesetz)
Ordinance for the Manufacture of Medicinal Products and Active Pharmaceutical ingredients (Arzneimittel- und Wirkstoffherstellungsverordnung)
Ordinance on Trade with Medicinal Products (Arzneimittelhandelsverordnung)
Act on Advertising in the Field of Health (Heilmittelwerbegesetz)

Furthermore, pharmaceutical companies must also comply with the respective EU guidelines on the following obligations (GxP):

Good Manufacturing Practice
Good Distribution Practice
Good Pharmacovigilance Practice

Due to these diverse and very strict regulations, the topic of compliance is at the forefront for APONTIS PHARMA in every decision the company makes and in its everyday work.

We counter the compliance risks that exist in our industry by taking the following measures in particular:

We impose a code of conduct on ourselves that is customary in the industry ("Code of Conduct").
We do not tolerate corruption (see our Anti-Bribery/Anti-Corruption Policy).
We adhere to our Conflict of Interests Policy.
We monitor processes with a binding legal effect through our Transaction and Signature policy.
We are committed to appropriate treatment of healthcare professionals ("HCPs") by way of various compliance policies.
We offer whistleblowers protection via an externalised whistleblower hotline.
We give understandable, appropriate, and practicable work instructions.

The guidelines, instructions and Code of Conduct are reviewed constantly and kept up to date; our employees are trained regularly on how to put these to use. Training is organised in such a way that monitoring of the successful participation in the training courses held is insured. Depending on the content of the training, our employees must answer control questions in order to successfully complete their training. Compliance with training deadlines is ensured through a reminder process.

The Code of Conduct for the employees of the APONTIS Group can be viewed on the website www.apontis-pharma.de under the heading "Corporate Governance."

SUSTAINABILITY

APONTIS PHARMA's business model is sustainable and pays tribute to the UN goals on the topic of ESG. We are convinced that, in the sense of "impact investing," we achieve a measurable positive social and environmental impact with our Single Pill concept in addition to a financial return: Our Single Pills demonstrably lead to higher compliance in taking medication and thus counteract the conscious or unconscious refusal of therapy. The higher compliance leads to a significant reduction in cardio-vascular events and thus also a significant reduction in deaths of up to 49%. In addition to the individual benefits for the patient, the impact on the UN's societal goals is also high. The number of hospital admissions can be reduced by up to 55%

by using Single Pills. The costs of treating hypertension and/or dyslipidaemia are significantly reduced per year and per patient by the Single Pill concept. At the same time, our medicines are also very affordable compared to patent-protected products.

Combining two to three active ingredients per medicine also reduces the number of packages.

We also want to become more sustainable with regard to our company car fleet: Wherever the range permits, we are consistently switching to purely electrically powered vehicles.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The Annual General Meeting is the body in which the shareholders exercise their rights under stock corporation law by exercising their voting rights. Each APONTIS PHARMA share grants one vote.

We already ask our shareholders to actively exercise their voting rights in the invitation to attend the Annual General Meeting. We assist our shareholders with this by providing an online portal. This is an easy and secure way to order admission tickets, authorise a proxy and conduct postal voting. The agenda items and the documents required for them are published well in advance on our website www.apontis-pharma.de together with the invitation to the Annual General Meeting. The proxy appointed by us votes in accordance with the shareholders' instructions. The invitation to the Annual General Meeting is issued in accordance with the provisions of stock corporation law. Because the conditions of participation are in part not required by law for companies that are not listed on the stock exchange within the meaning of the German Stock Corporation Act, APONTIS PHARMA voluntarily provides all the information required for the comprehensive exercise of shareholders' rights and a smooth process, thus complying with the standard of a listed public limited company. APONTIS PHARMA also supports shareholder democracy and thus unanimously promotes the highest possible attendance at the Annual General Meeting. We publish the results of the voting on the individual items of the Annual General Meeting on our website.

The Annual General Meeting 2023 will be held virtually on May 12, 2023 in accordance with Section 118a para. 1 sentence 1 AktG.

MANAGEMENT BOARD AND SUPERVISORY BOARD

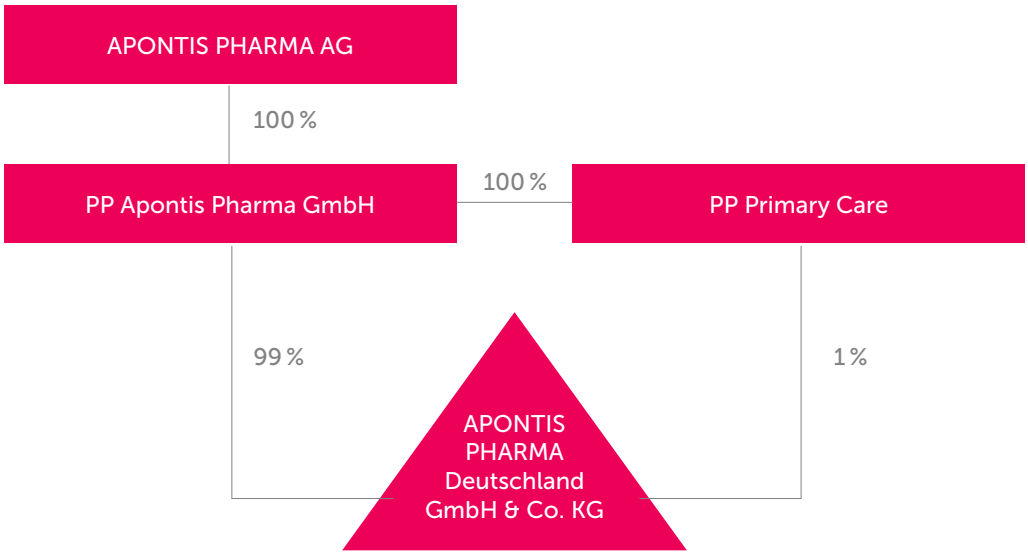
The Management Board is responsible for managing the company. The Management Board and the Supervisory Board work together closely and in a spirit of trust within the framework of their legally defined duties. In doing so, the Supervisory Board monitors and advises the Management Board.

The Management Board informs the Supervisory Board regularly, promptly and comprehensively about the details of company planning, strategy development, the current earnings and financial situation, as well as the findings resulting from the risk management system.

The Rules of Procedure of the Supervisory Board contain a catalogue of transactions requiring the approval of the Supervisory Board. In the past two financial years, no remuneration or benefits were granted to members of the Supervisory Board for services rendered personally. Neither members of the Management Board nor members of the Supervisory Board had any conflicts of interest.

The members of the Management Board of APONTIS PHARMA are also Managing Directors of APONTIS PHARMA Deutschland GmbH & Co. KG and, together with the other Managing Director, Thomas Zimmermann, are responsible for the operational business of the APONTIS companies. APONTIS PHARMA primarily performs holding functions for the APONTIS Group.

Our Group companies are organised as follows.



MANAGEMENT BOARD

The Management Board manages APONTIS PHARMA on its own responsibility. The Management Board manages the business of APONTIS PHARMA. The management of the company's business is carried out in accordance with the law, the Articles of Association of APONTIS PHARMA and the Rules of Procedure issued by the Supervisory Board.

The Management Board is responsible for the strategic development of the company. To this end, it submits proposals to the Supervisory Board and votes on them. As part of the agreed long-term strategy, the Management Board develops and sets annual goals within the framework of an annual plan. Furthermore, the Management Board is responsible for developing, introducing, implementing and monitoring the effectiveness of an internal control system and a risk management system. The Management Board must monitor compliance with these systems and take corrective action in the event of deviations.

In addition, the Management Board prepares the Individual Financial Statements of APONTIS PHARMA and the Consolidated Financial Statements. The Management Board bases its actions and decisions on the interests of the company. The Supervisory Board issues Rules of Procedure in which the responsibilities of the Management Board are regulated, as well as for which business transactions the approval of the Supervisory Board is required and in which cases the Management Board must report to the Supervisory Board.

In the reporting year, the Management Board consisted of Mr. Karlheinz Gast (Spokesman of the Management Board) and Mr. Thomas Milz (Chief Product Officer). Contrary to recommendation B.3 GCGC, a term of five years instead of three years was set for the initial appointment of the members of the Management Board. In the opinion of the Supervisory Board, this deviation is necessary, as both members of the Management Board have been responsible for the APONTIS PHARMA Group for many years and a long-term commitment to the company is desired. The Supervisory Board therefore decided on the longer term of appointment in connection with the conversion of the company into the legal form of an AG and the subsequent IPO in order to demonstrate to the shareholders and other stakeholders that the successful continuation of the company is secured in the long term. The Supervisory Board concluded that a corresponding signal of continuity was desired by the investors.

There was no age limit for the Management Board. Here the company reports a deviation from recommendation B.5, according to which an age limit should be set for Management Board members. We do not agree with the content of this proposal. In an ageing society, age should not be a criterion, but rather the individual health condition of a board member. Here we rely on the personal responsibility of the Management Board and the assessment of the Supervisory Board. We are of the opinion that a society cannot afford the compulsive early retirement of individuals with a high level of experience and passion for the office. Below the Management Board, APONTIS PHARMA has two management levels staffed with highly experienced individuals who support the Management Board with all of its activities.

RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

The members of the Management Board conduct the business of the company with the diligence of a prudent and conscientious business manager in compliance with the legal provisions, the Articles of Association and the Rules of Procedure of the Management Board. In addition, the Code of Conduct contains the basic rules and principles for our actions resulting from our self-image, including our conduct towards customers, business partners, competitors and other third parties and the public. The Code of Conduct has a special focus on supporting sustainable business practices. We have published our Code of Conduct on our website www.apontis-pharma.de under the heading "Corporate Governance."

Besides the Corporate Governance guidelines, APONTIS PHARMA complies with the strict requirements arising from European and German pharmaceutical law. Compliance with these requirements is monitored externally on a regular basis by German government agencies, by business partners and by conducting internal audits as well as self-inspections with regard to GxP-relevant processes. Deviations resulting from these inspections and audits are assessed according to their impact and instructions to rectify them are issued together with a time schedule. The rectification of GxP-relevant deviations must be documented and is in turn subject to a review (so-called CAPA procedure (Corrective and Prevention Action)). Compliance with these regulations is the basis for the wholesale licence we hold as a pharmaceutical company. Furthermore, system-critical IT applications are validated as to whether they comply with the pharmaceutical regulations.

LONG-TERM SUCCESSION PLANNING FOR THE MANAGEMENT BOARD

Together with the Management Board, the Supervisory Board ensures long-term succession planning for the Management Board. The Supervisory Board deals regularly with succession planning for the Management Board, also independently of specific events. The Supervisory Board draws up a profile of requirements with the essential professional and personal qualifications and characteristics of candidates. The department to be filled and the fit with strategic company planning have a particular influence here.

In the event of a necessary new appointment or replacement on the Management Board, the Supervisory Board has provided for a structured selection process with a qualitative and quantitative assessment system.

SUPERVISORY BOARD

The Supervisory Board appoints the Management Board, monitors its management and advises it on managing the company. Detailed information on the work of the

Supervisory Board in the reporting year is contained in the Report by the Supervisory Board. The size and composition of the Supervisory Board takes into account, on the one hand, its affiliation with the regulated pharmaceutical industry. In the reporting year, the members of the Supervisory Board were Dr. Matthias Wiedenfels (Chairman since May 12, 2022 and Deputy Chairman until May 12, 2022), Mr. Olaf Elbracht (Deputy Chairman since May 12, 2022), Dr. Edin Hadzic (Chairman until May 12, 2022 and thereafter an ordinary member), Mr. Christian Bettinger and Dr. Anna-Lisa Picciolo-Lehrke (since May 12, 2022). Dr. Christopher Friedel did not stand for re-election and thus left the Supervisory Board on May 12, 2022. We thank Dr. Friedel for his commitment to the company. In the opinion of the Supervisory Board, Dr. Wiedenfels, Mr. Elbracht and Dr. Picciolo-Lehrke are to be regarded as independent of the company. Four members of the Supervisory Board have the professional qualification as financial experts pursuant to Section 100 para. 5 of the German Stock Corporation Act (AktG). As a whole, the members of the Supervisory Board are familiar with the pharmaceutical industry in which the company operates.

An Audit Committee and a Personnel Committee have been formed. The members of the Audit Committee are Mr. Christian Bettinger and Mr. Olaf Elbracht. Mr. Elbracht is Chairman of the Audit Committee. The Personnel Committee consists of Dr. Wiedenfels and Mr. Christian Bettinger. Dr. Wiedenfels chairs the Personnel Committee.

In accordance with the provisions of the law and the Articles of Association, the Supervisory Board has adopted Rules of Procedure in line with Recommendation D.1 of the German Corporate Governance Code (GCGC) that are published on the website www.apontis-pharma.de under "Investor Relations" in the "Corporate Governance" section. The Chairman coordinates the work of the Supervisory Board, chairs its meetings and represents the interests of the Supervisory Board externally.

Seven Supervisory Board meetings were held in the financial year, which were attended by all members of the Supervisory Board. The two Management Board members also participated in five Supervisory Board meetings.

An efficiency review of the Supervisory Board's work was conducted for the first time on February 15, 2022.

AUDIT COMMITTEE

Mr. Olaf Elbracht has expertise in the fields of accounting and auditing. Mr. Elbracht studied and received his degree in Accounting, Taxes and Controlling in Paderborn. He was Audit Manager at Deloitte GmbH, CFO of Schwarz Pharma, Vice President of Global Business Services Finance at UCB Pharma S.A. as well as a certified public accountant in the US and a tax consultant in Germany.

The Audit Committee met a total of nine times in the reporting year 2022, four of which were together with the auditor.

COMPOSITION OF THE SUPERVISORY BOARD AND DIVERSITY AMONG THE SUPERVISORY BOARD, MANAGEMENT BOARD AND SENIOR MANAGERS

According to recommendation C.1 sentence 1 GCGC, the Supervisory Board specifies concrete objectives for its composition and develops a competence profile for the entire body. In doing so, the Supervisory Board shall pay attention to diversity. The Supervisory Board's competence profile is to also include expertise on sustainability issues that are of importance to the company. The Supervisory Board of APONTIS PHARMA has defined a long-term target quota for the share of women of 50%.

The areas of expertise to be covered by the Supervisory Board of APONTIS PHARMA include, in particular, the pharmaceutical market, pharmaceutical law, pharmaceutical compliance, auditing, accounting and monitoring the effectiveness of the internal control system ("financial expert"), expertise on sustainability, capital market experience, entrepreneurial expertise and experience, as well as broad-based expertise relating to strategic, operational and financial entrepreneurial functions. The Supervisory Board considers these competences to be fully covered in its current composition. The following table provides an overview of the members' areas of expertise and allocates them to the individual Supervisory Board members:

Field of competence	Dr. Wiedenfels	Elbracht	Dr. Picciolo-Lehrke	Dr. Hadzic	Bettinger
Organization of Supervisory Board activities	X			X	X
Corporate Governance	X	X		X	X
Legal	X			X	
Taxes		X			X
Controlling and Risk Management	X	X		X	X
Accounting	X	X		X	X
Auditing		X			
Sustainability		X			
Human Resources	X	X	X	X	X
Finance	X	X		X	X
Capital Markets	X	X	X	X	X
M&A	X	X	X	X	X
Strategy	X	X	X	X	X
Internationalization	X	X	X	X	
Pharmaceuticals Law	X	X	X		
Pharmaceuticals market	X	X	X	X	
Member of the Board since	2021	2021	2022	2021	2021

The Articles of Association and the Rules of Procedure of the Supervisory Board do not currently provide for an age limit. The members of the Supervisory Board are significantly younger than the statutory retirement age. Here, the company declares a deviation from recommendation C.2, according to which an age limit should be set. Furthermore, the Supervisory Board does not concur with the content of this recommendation. In an ageing society, age should not be a criterion, but rather the

individual performance of a Supervisory Board member. Here, the board relies on the personal responsibility of the Supervisory Board and the assessment of the Supervisory Board's members.

The details concerning the election and the term of office of the members of the Supervisory Board, its meetings, the constitution of the Supervisory Board and the passing of resolutions as well as the rights and responsibilities of its members are governed by the Articles of Association of APONTIS PHARMA and the Rules of Procedure for the Supervisory Board. The members were elected for a term of office of five years at the Annual General Meeting on May 12, 2022.

TARGET QUOTAS FOR THE SHARE OF WOMEN

According to the "Act for the Equal Participation of Women and Men in Management Positions in the Private and Public Sector," target quotas for the share of women on the Supervisory Board, Management Board and the top two management levels must be stated, as well as by when these target quotas are to be achieved. The Supervisory Board consists of one woman and four men. It has set a target quota of 50% for its future composition.

The company's Management Board consists of two men. The composition of the Management Board resulted from the long-standing affiliation of the two persons to the management of the Group's main company, APONTIS PHARMA Deutschland GmbH & Co. KG. In this respect, we report a deviation from recommendation B.1 GCGC that diversity should be taken into account in its composition.

Regardless of legal obligations, diversity is a matter of course. The company makes every effort to recruit female applicants and supports receiving applications from female candidates. The Management Board and Supervisory Board are convinced that diversity with regard to criteria such as gender, nationality and migration background, among other factors, is a prerequisite for working successfully and necessary for achieving the fifth United Nations goal for the complex of Gender Equality and Diversity.

Therefore, we are not pursuing this goal due to quota pressure, but out of our own drive. For the first two management levels below the Management Board, including the regional sales managers, we had a quota of 44% women in financial year 2022. In the previous year, the quota was 41%. We set the same personal as well as professional requirements for the genders due to the legal regulations on the subject of the principle of equal treatment. We have never had a problem attracting a sufficient number of qualified women to our company or developing them internally. We are confident that this quota will increase.

COMPREHENSIVE AND TRANSPARENT COMMUNICATION

APONTIS PHARMA informs shareholders, the capital market, the media and the general public about all relevant events and the economic development of the company in a timely manner and with the same content. We make financial reports, announcements, a financial calendar, AGM documents and a variety of other information available on our website under the heading "Investor Relations."

The company is not obliged to publish quarterly reports. In accordance with F.3 GCGC, we provide information in an appropriate form on the development of the business and, where applicable, on significant changes in the business outlook.

SHAREHOLDINGS OF MEMBERS OF GOVERNING BODIES

In accordance with the statutory provisions, APONTIS PHARMA immediately reports the transactions of the persons named therein, in particular the members of the executive bodies and the persons closely related to them, with shares of the company or financial instruments relating thereto, which are subject to reporting in accordance with Article 19 of the Market Abuse Regulation.

If reportable transactions arise, they are reported under the "Investor Relations" section of our website.

REMUNERATION REPORT

The Remuneration Report is part of the Management Report.

ACCOUNTING AND AUDITING

Both the Individual Financial Statements and the Consolidated Financial Statements of APONTIS PHARMA are prepared in accordance with the German Commercial Code. The Individual Financial Statements and the Consolidated Financial Statements were audited by Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Bonn. The responsible auditor is Mrs. Tiefenbach-Yasar.

In accordance with the legal requirements, the auditor is elected by the Annual General Meeting for one financial year at a time. Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Bonn, was elected auditor of the Annual Financial Statements and the Consolidated Financial Statements for financial year 2022 after being proposed by the Supervisory Board at the Annual General Meeting on May 12, 2022.

Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft has audited the Individual and the Consolidated Financial Statements of APONTIS PHARMA AG since 2021 and the Financial Statements of APONTIS PHARMA Deutschland GmbH & Co. KG since 2018.

APONTIS PHARMA AG, MONHEIM
SECURITY IDENTIFICATION NUMBER A3CMGM
ISIN DE000A3CMGM5

DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 AKTG

The Management Board and the Supervisory Board voluntarily declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that APONTIS PHARMA AG complies with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on April 28, 2022 and published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on June 27, 2022 as of today's date and will continue to comply with it in the future with the following exceptions:

B.1: DIVERSITY OF THE MANAGEMENT BOARD

The company's Management Board consists of two men. The composition of the Management Board has resulted from the long-standing affiliation of the two persons with the management of the Group's main company, APONTIS PHARMA Deutschland GmbH & Co. KG. In this respect, the company declares a deviation from recommendation B1 that diversity should be taken into account in the composition of its Management Board.

B.3: DURATION OF THE CONTRACT OF THE MANAGEMENT BOARD

In deviation from recommendation B.3, the initial appointment of the first Management Board member is five years instead of three. The Supervisory Board decided on the longer appointment period in connection with the conversion of the company into the legal form of an AG and the subsequent IPO in order to show shareholders and other stakeholders that the successful continuation of the company is secured in the long term. According to the Supervisory Board's assessment, a corresponding signal of continuity was desired by the investors.

B.5: AGE LIMIT FOR THE MANAGEMENT BOARD

There is currently no age limit for the Management Board. Here the company reports a deviation from recommendation B.5 that an age limit should be set for Management Board members. We do not agree with the content of this recommendation. In an ageing society, age should not be a criterion, but rather the individual ability of a Management Board member. Here we rely on the individual responsibility of the Management Board and the assessment of the Supervisory Board. The Supervisory Board is of the opinion that a society cannot afford the compulsive early retirement of individuals with high experience and a passion for the office.

C.2: AGE LIMIT FOR THE SUPERVISORY BOARD

The Articles of Association do not currently provide for an age limit. The Supervisory Board members are significantly younger than the statutory retirement age. Here, the company reports a deviation from recommendation C.2 that an age limit be set. Furthermore, the Supervisory Board does not agree with the content of this recommendation. In an ageing society, age should not be a criterion, but rather the individual performance of a Supervisory Board member. Here the board relies on the personal responsibility of the Supervisory Board and the assessment of the Supervisory Board members.

Since issuing the last Declaration of Compliance on 9 March 2022, APONTIS PHARMA AG has complied with all recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 16 December 2019 published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on 20 March 2020, with the exceptions listed above.

Monheim am Rhein, March 16, 2023

APONTIS PHARMA AG

For the Supervisory Board:
Dr. Matthias Wiedenfels
(Chairman of the Supervisory Board)

For the Management Board
Karlheinz Gast
(CEO/Speaker of the Management Board)

CONSOLIDATED BALANCE SHEET

Assets

EUR	Dec. 31, 2022	Dec. 31, 2021
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets acquired against payment, as well as licenses to such rights and assets	5,527,442.00	3,894,829.00
2. Advance payments and intangible assets under development	10,620,605.00	10,796,640.84
	16,148,047.00	**14,691,469.84**
II. Property, plant and equipment		
1. Leasehold improvements	21,528.00	0.00
2. Other equipment, factory and office equipment	23,030.00	18,677.00
	44,558.00	**18,677.00**
III. Financial assets		
1. Securities held as fixed assets	743,296.00	690,295.32
2. Other loans	55,900.00	93,561.70
	799,196.00	**783,857.02**
	16,991,801.00	**15,494,003.86**
B. Current assets		
I. Inventories and goods	3,164,412.28	4,597,586.80
II. Receivables and other assets		
1. Trade receivables	2,351,781.44	2,923,408.25
2. Other assets	565,757.88	658,066.72
	2,917,539.32	**3,581,474.97**
III. Cash on hand and bank balances	36,345,022.95	29,840,229.96
	42,426,974.55	**38,019,291.73**
C. Prepaid expenses	**434,523.66**	**443,028.38**
D. Deferred tax assets	**0.00**	**176,000.00**
	59,853,299.21	**54,132,323.97**

CONSOLIDATED BALANCE SHEET

Liabilities

EUR	Dec. 31, 2022	Dec. 31, 2021
A. Equity		
I. Issued capital		
1. Subscribed capital	8,500,000.00	8,500,000.00
2. Less calculated value of treasury shares	–170,000.00	0.00
	8,330,000.00	**8,500,000.00**
II. Capital reserve	**34,612,378.60**	**36,278,000.00**
III. Consolidated net loss		
1. Consolidated loss carried forward	–4,064,996.08	–3,319,759.16
2. Consolidated net income/consolidated net loss	2,688,756.36	–745,236.92
	–1,376,239.72	**–4,064,996.08**
	41,566,138.88	**40,713,003.92**
B. Difference from capital consolidation	**631,233.00**	**700,359.00**
C. Provisions		
1. Provisions for pensions and similar obligations	2,686,211.00	2,422,598.00
2. Tax provisions	1,234,675.00	384,127.00
3. Other provisions	7,568,045.88	6,186,037.53
	11,488,931.88	**8,992,762.53**
D. Liabilities		
1. Trade payables	5,359,137.73	3,002,344.13
2. Other liabilities	733,857.72	723,854.39
– thereof from taxes: EUR 603,260.92 (previous year: EUR 676,952.59)		
– of which social security: EUR 0.00 (previous year: EUR 49.27)		
	6,092,995.45	**3,726,198.52**
E. Deferred tax liabilities	**74,000.00**	**0.00**
	59,853,299.21	**54,132,323.97**

CONSOLIDATED INCOME STATEMENT

EUR	2022	2021
1. Sales revenue	55,726,842.58	51,184,271.90
2. Other operating income	2,644,024.70	3,592,320.13
3. Cost of materials		
Cost of goods purchased	20,735,319.14	17,396,905.13
4. Personnel expenses		
a) Wages and salaries	14,991,098.07	17,147,989.17
b) Social security contributions and expenses for pensions and other employee benefits	2,662,025.80	2,531,756.04
	17,653,123.87	**19,679,745.21**
5. Amortization of intangible assets and depreciation of property, plant and equipment	1,795,342.68	1,746,395.87
6. Other operating expenses	14,375,130.21	15,303,926.70
7. Income from loans of financial assets	0.00	1,333.68
8. Other interest and similar income	63,910.98	3,311.40
9. Interest and similar expenses	47,970.00	405,971.60
10. Income taxes		
a) Income taxes	850,548.00	388,995.76
b) Deferred taxes	250,000.00	571,000.00
	1,100,548.00	**959,995.76**
11. Earnings after taxes	2,727,344.36	–711,703.16
12. Other taxes	38,588.00	33,533.76
13. Consolidated net profit/loss for the year	2,688,756.36	–745,236.92
14. Consolidated loss carried forward	–4,064,996.08	–3,319,759.16
15. Consolidated accumulated loss	**–1,376,239.72**	**–4,064,996.08**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR			2022	2021
1.		Result for the period	2,688,756.36	–745,236.92
2.	+/–	Depreciation/appreciation of fixed assets	1,795,342.68	1,746,395.87
3.	+/–	Increase/decrease in provisions	1,597,651.35	1,448,512.72
4.	+/–	Other non-cash expenses/income	180,874.00	504,670.00
5.	–/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	2,109,387.68	–3,318,098.91
6.	+/–	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	2,366,796.93	–624,410.80
7.	+/–	Interest expenses/interest income	–15,940.98	401,326.52
8.	+/–	Expenses/income of exceptional magnitude or exceptional importance	–550,000.00	3,517,598.64
9.	+/–	Income tax expense/income	850,548.00	388,995.76
10.	–/+	Income tax payments	–3,772.79	113,616.11
11.		**Cash flow from continuing operations**	**11,019,643.23**	**3,433,368.99**
12.	–	Payments for investments in intangible assets	–3,193,245.00	–1,655,000.00
13.	–	Payments for investments in property, plant and equipment	–84,555.84	–4,935.87
14.	+	Proceeds from disposals of financial assets	34,100.00	0.00
15.	+	Payments received in connection with income of exceptional magnitude or exceptional importance	550,000.00	0.00
16.	–	Payments for investments in financial assets	–53,000.68	–121,634.89
17.	+	Interest received	67,472.68	8,137.40
18.		**Cash flow from investing activities**	**–2,679,228.84**	**–1,773,433.36**
19.	+	Proceeds from contributions to equity by shareholders of the parent company	0.00	38,000,000.00
20.	–	Payments from equity capital reductions to shareholders of the parent company	–1,835,621.40	0.00
21.	–	Payments from the redemption of bonds and (financial) loans	0.00	–12,250,000.00
22.	+	Payments received in connection with income of exceptional magnitude or exceptional importance	0.00	1,892,593.46
23.	–	Disbursements in connection with expenses of exceptional magnitude or exceptional importance	0.00	–5,410,192.10
24.	–	Interest paid	0.00	–2,110,908.17
25.		**Cash flow from financing activities**	**–1,835,621.40**	**20,121,493.19**
26.		**Changes in cash and cash equivalents with an effect on payments**	**6,504,792.99**	**21,781,428.82**
27.	+	Cash and cash equivalents at the beginning of the period	29,840,229.96	8,058,801.14
28.		**Cash and cash equivalents at the end of the period**	**36,345,022.95**	**29,840,229.96**
Composition of cash and cash equivalents				
Liquid assets			36,345,022.95	29,840,229.96

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

						Equity of the
	Subscribed capital / Issued capital					
	Share capital	Treasury shares	Total	Capital reserve		
				in accordance with Section 272 para. 2 no.1 HGB	in accordance with Section 272 para. 2 no. 4 HGB	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as of December 31, 2020	25,000.00	0.00	25,000.00	0.00	6,753,000.00	6,753,000.00
Transfer of loss carried forward	0.00	0.00	0.00	0.00	0.00	0.00
Capital increase						
– Capital increase from company funds	6,475,000.00	0.00	6,475,000.00	0.00	–6,475,000.00	–6,475,000.00
– Issue of shares	2,000,000.00	0.00	2,000,000.00	36,000,000.00	0.00	36,000,000.00
Consolidated net loss	0.00	0.00	0,00	0.00	0.00	0.00
Balance as of December 31, 2021	8,500,000.00	0.00	8,500,000.00	36,000,000.00	278,000.00	36,278,000.00
Transfer of loss carried forward	0.00	0.00	0.00	0.00	0.00	0.00
Capital reduction						
– Purchase of treasury shares	0.00	–170,000.00	–170,000.00	–1,387,621.40	–278,000.00	–1,665,621.40
Consolidated net profit	0.00	0.00	0.00	0.00	0.00	0.00
Balance as of December 31, 2022	8,500,000.00	–170,000.00	8,330,000.00	34,612,378.60	0.00	34,612,378.60

parent company							Group equity
Reserves							
Retained earnings			Total	Profit/loss carried forward	Consolidated net loss/ consolidated net profit attributable to the parent company	Total	Total
Statutory reserves	Other revenue reserves	Total					
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
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
0.00	0.00	0.00	0.00	–1,182,915,45	1,182,915.45	0.00	0.00
0.00	0.00	0.00	–6,475,000.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	36,000,000.00	0.00	0.00	0.00	38,000,000.00
0.00	0.00	0.00	0.00	0.00	–745,236.92	–745,236.92	–745,236.92
0.00	0.00	0.00	36,278,000.00	–3,319,759.16	–745,236.92	–4,064,996.08	40,713,003.92
0.00	0.00	0.00	0.00	–745,236.92	745,236.92	0.00	0.00
0.00	0.00	0.00	–1,665,621.40	0.00	0.00	0.00	–1,835,621.40
0.00	0.00	0.00	0.00	0.00	2,688,756.36	2,688,756.36	2,688,756.36
0.00	0.00	0.00	34,612,378.60	–4,064,996.08	2,688,756.36	–1,376,239.72	41,566,138.88

CONSOLIDATED STATEMENT OF ASSETS

	Acquisitions/production costs				
	Balance on Jan 1, 2022 EUR	Additions EUR	Disposals EUR	Repostings EUR	Balance on Dec 31, 2022 EUR
Intangible assets					
Acquired acquisitions, industrial property rights and similar rights and assets , and licenses in such rights and assets	23,006,177.95	865,640.00	246,803.96	2,503,640.84	26,128,654.83
Advance payments and intangible assets under development	10,921,640.84	2,327,605.00	0,00	–2,503,640.84	10,745,605.00
	33,927,818.79	**3,193.245.00**	**246,803.96**	**0.00**	**36,874,259.83**
Property, plant and equipment					
Leasehold fixtures	0.00	24,220.00	0.00	0.00	24,220.00
Other equipment, operating and office equipment	599,384.52	60,335.84	0.00	0.00	659,720.36
	599,384.52	**84,555.84**	**0.00**	**0.00**	**683,940.36**
Financial assets					
Securities held as fixed assets	690,295.32	53,000.68	0.00	0.00	743,296.00
Other loans	93,561.70	0.00	37,661.70	0.00	55,900.00
	783,857.02	**53,000.68**	**37,661.70**	**0.00**	**799,196.00**
	35,311,060.33	**3,330,801.52**	**284,465.66**	**0.00**	**38,357,396.19**

	Cumulative depreciation				Carrying amounts	
	Balance on Jan 1, 2022	Additions	Disposals	Balance on Dec 31, 2022	Balance on Dec 31, 2022	Balance on Dec 31, 2021
	EUR	EUR	EUR	EUR	EUR	EUR
	19,111,348.95	1,736,667.84	–246,803.96	20,601,212.83	5,527,442.00	3,894,829.00
	125,000.00	0.00	0.00	125,000.00	10,620,605.00	10,796,640.84
	19,236,348.95	**1,736,667.84**	**–246,803.96**	**20,726,212.83**	**16,148,047.00**	**14,691,469.84**
	0.00	2,692.00	0.00	2,692.00	21,528.00	0.00
	580,707.52	55,982.84	0.00	636,690.36	23,030.00	18,677.00
	580,707.52	**58,674.84**	**0.00**	**639,382.36**	**44,558.00**	**18,677.00**
	0.00	0.00	0.00	0.00	743,296.00	690,295.32
	0.00	0.00	0.00	0.00	55,900.00	93,561.70
	0.00	**0.00**	**0.00**	**0.00**	**799,196.00**	**783,857.02**
	19,817,056.47	**1,795,342.68**	**–246,803.96**	**21,365,595.19**	**16,991,801.00**	**15,494,003.86**

NOTES

of APONTIS PHARMA AG, Monheim/Rhine,
for the fiscal year from January 1 to December 31, 2022

APONTIS PHARMA AG (APONTIS PHARMA), (Local Court of Düsseldorf, HRB 93162) is required to prepare Consolidated Financial Statements in accordance with Section 290 of the German Commercial Code (HGB). The Consolidated Financial Statements for the fiscal year from January 1 to December 31, 2022, were prepared in accordance with the provisions of the German Commercial Code (HGB) and the relevant provisions of the German Stock Corporation Act (AktG).

The nature of expense method was chosen to prepare the Consolidated Statement of Income.

To improve the clarity of presentation, we have included in these Notes the statements required by law to be included in the individual items of the Consolidated Statement of Financial Position and the Consolidated Statement of Income, as well as the notes that can be included in the Consolidated Statement of Financial Position, the Consolidated Statement of Income and the Notes to the Consolidated Financial Statements. For the same reason, the disclosures on the inclusion of other items in the Consolidated Statement of Financial Position are also made here.

The Notes to the Consolidated Financial Statements are partly presented in EUR thousand.

I. SCOPE OF CONSOLIDATION

Three affiliated companies were included in the Consolidated Financial Statements as fully consolidated companies besides APONTIS PHARMA.

The scope of consolidation was as follow as of December 31, 2022:

1.	APONTIS PHARMA AG, Monheim/Rhine, HRB 93162 at the Local Court of Düsseldorf
2.	PP Apontis Pharma GmbH, Monheim/Rhine, HRB 85556 at the Local Court of Düsseldorf
3.	PP Primary Care GmbH, Monheim/Rhine, HRB 73436 at the Local Court of Düsseldorf
4.	APONTIS PHARMA Deutschland GmbH & Co KG, Monheim/Rhine, 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 set out under 2. and 99.01% of the shares in the affiliated company set out under 4. are held by the affiliated company under 2. and 0.99% of the shares 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 December 31, 2022, pursuant to Section 299 (1) of the German Commercial Code (HGB).

III. CONSOLIDATION PRINCIPLES

The Consolidated Financial Statements are based on the annual financial statements of the companies included in the scope of consolidation.

Otherwise, the Group observed the principle of continuity of the consolidation methods.

1. CAPITAL CONSOLIDATION

Capital consolidation for acquisition transactions is performed according to the revaluation method pursuant to Section 301 (1) sentence 2 of the German Commercial Code (HGB). For acquisition transactions, the value recognized for the shares held by the parent company is offset against the amount of the equity capital of the subsidiaries attributable to these shares. In accordance with the revaluation method, equity is recognized at the amount corresponding to the fair value of the assets, debts, prepaid expenses and deferred income and special items to be included in the Consolidated Financial Statements at the time of initial consolidation. Provisions are to be measured in accordance with Section 253 (1) sentences 2 and 3 and (2) of the German Commercial Code (HGB) and deferred taxes in accordance with Section 274 (2) of the German Commercial Code (HGB). Offsetting is performed pursuant to Section 301 (2) of the German Commercial Code (HGB) at the time the company became a subsidiary.

The profits/losses for the year of the companies included in the scope of consolidation are combined with the effects of consolidation measures that have an impact on net income – insofar as these are not offset within the scope of capital consolidation – and are shown under the item "Consolidated profit/loss for the year."

The negative difference arising from the first-time capital consolidation as of September 28, 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. This resulted in income of EUR 69,000 in fiscal year 2022 (previous year: EUR 66,000), which was reported in the 2022 Consolidated Statement of Income under the item "Other operating income." The negative difference thus amounted to EUR 631 thousand on December 31, 2022 (previous year: EUR 700 thousand).

Subsequent consolidation – and thus the consolidation as of December 31, 2022 – recognizes the Group share of the results generated by the Group companies after the reporting date of their initial consolidation in the consolidated result.

2. DEBT CONSOLIDATION

Mutual receivables and payables between the Group companies were offset against each other as part of debt consolidation.

3. ELIMINATION OF INTERIM RESULTS

Interim results arising from service relationships within the Group are eliminated. No interim results liable for elimination arose in the fiscal year from January 1 to December 31, 2022.

4. CONSOLIDATION OF EXPENSES AND INCOME

In the Consolidated Statement of Income, intercompany sales are offset against the expenses of the receiving companies that relate to them. Intercompany expenses and income are offset against each other. Intra-group income from investments is eliminated through profit or loss.

5. DEFERRED TAXES FROM CONSOLIDATION MEASURES

Deferred taxes from consolidation measures were accrued in accordance with Section 306 of the German Commercial Code (HGB) insofar as the deviating tax expense is offset in later fiscal years. Deferred taxes were calculated on the basis of the future tax burdens or relief of the respective companies. Deferred tax assets and deferred tax liabilities were disclosed netted. There was a surplus of liabilities in fiscal year 2022, while a surplus of assets was reported in the previous year.

IV. ACCOUNTING AND VALUATION METHODS

Items are disclosed in accordance with Section 266 (2), Section 264c and Section 275 (2) of the German Commercial Code (HGB) (total cost method).

The annual financial statements of the companies included in the Consolidated Financial Statements were prepared according to uniform accounting and valuation methods.

The assets and liabilities of the fully consolidated companies are measured in accordance with the valuation regulations stipulated in the German Commercial Code by observing the principles of proper bookkeeping and accounting.

Acquired intangible assets are recognized at acquisition cost and, if subject to wear and tear, reduced by scheduled depreciation (based on the straight-line method) in accordance with their normal useful life. Incidental acquisition costs and reductions in acquisition costs are taken into account in determining the acquisition costs. In addition, unscheduled write-downs to the lower fair value are made where necessary.

Prepayments are recognized at their nominal value and intangible assets under development are recognized at cost of acquisition.

Property, plant and equipment is carried at cost and, if subject to wear and tear, depreciated over its useful life. In addition, unscheduled depreciation is applied to the lower fair value if necessary.

Movable fixed assets are depreciated on a straight-line basis.

Low-value assets up to a net individual value of EUR 250.00 were recorded as expenses in the year of acquisition; their immediate disposal was assumed. For fixed assets with a net individual value of more than EUR 250.00 up to EUR 800.00, as in the previous year, accounting as a low-value asset with immediate depreciation was chosen. For fixed assets already existing before 2019 with a net individual value of more than EUR 250.00 to EUR 1,000.00, the annual collective item to be formed for tax purposes was transferred to the commercial balance sheet for reasons of simplification. Of the annual compound items, the total amount of which is of minor importance, 20% p.a. is depreciated in accordance with the tax regulations in the year for whose additions it was formed and the four following years. Depreciation on additions to property, plant and equipment is also carried out on a pro rata temporis basis.

Securities held as fixed assets are recognized at their cost of acquisition. In the past fiscal year, the asset values were offset against the pension obligations in accordance with Section 246 (2) sentence 2 of the German Commercial Code (HGB). This does not apply to an insurance contract that does not meet the requirements of Section 246 (2) sentence 2 of the German Commercial Code (HGB) since it is not pledged to the beneficiaries and their possible survivors and is therefore not beyond the reach of all other creditors.

Other loans are recognized at their nominal values.

Inventories are recognized at the lower of cost of acquisition or fair value.

Receivables and other assets are recognized at nominal value. All risk-bearing items are taken into account by means of flat-rate discounts.

Cash on hand and bank balances are valued at their nominal values.

Payments made before the balance sheet date are recognized as prepaid expenses if they represent expenses for a certain period after this date.

The subscribed capital of the parent company, APONTIS PHARMA AG, is fully paid up and accounted for at nominal value.

Provisions for pensions are recognized according to actuarial methods and based on an interest rate of 1.79% p.a. (previous year: 1.87%) where the financing starts at

the age of 25 years using the projected unit credit (PUC) method. The interest rate corresponds to the average market interest rate of the past ten years as published by the Deutsche Bundesbank with a remaining term of the pension obligations of 15 years. Expected salary and pension trends of 3.00% and 2.00% were used for the calculation. The corresponding assets were offset against the obligations as far as possible in accordance with the German Commercial Code (HGB). Insofar as expenses and income arise in this connection, they are netted in the financial result. Pension provisions were valued as of December 31, 2022, in accordance with the Heubeck mortality tables 2018 G.

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 %
Over 50 years	0.00 %	0.00 %

The pension plans presented below were taken over from UCB Pharma GmbH in the course of the acquisition of the business operations of the affiliated company APONTIS PHARMA Deutschland GmbH & Co. KG on September 28, 2018, including all contractually defined assets and liabilities.

A new pension plan was introduced in Germany starting on July 1, 2000, in which all employees are eligible to participate, provided they are permanently employed and not terminated and have worked for the company for at least six months. The new plan grants occupational pension benefits through a group provident fund, which is an independent company. This fund is obliged to take out individual reinsurance policies for each beneficiary employee in order to secure future pension payments.

There has thus been an indirect obligation for pensions and entitlements since July 1, 2000. Claims under the previous pension scheme were fixed on a pro rata basis as of June 30, 2000.

The company pension scheme "Deferred Compensation" was launched in Germany on January 1, 2002. All employees who are employed for an indefinite period of time and have not given notice of termination and whose remuneration after conversion of remuneration in a calendar year exceeds the contribution ceiling for statutory pension insurance are eligible for benefits. Part of the gross fixed salary or variable remuneration of the employees participating in this program is not paid out directly, but rather paid into a company pension. The capital contributions rendered by the employees are currently paid into a stock fund and a pension fund. The company's pension commitment guarantees employees that they will receive the nominal pension contributions that they have paid in.

The fund assets used to reinsure the pension commitments from the deferred compensation program, which mainly come from the employees' capital contributions, were transferred to a so-called Contractual Trust Arrangement (CTA) in fiscal year 2004. More specifically, the assets were transferred to Mercer Treuhand GmbH, which acts as trustee for APONTIS PHARMA Deutschland GmbH & Co KG. The assets were transferred under the condition that they may only be used for the purpose of financing the direct pension obligations of the affiliated sponsoring companies resulting from the deferred compensation program. The employees who are beneficiaries retain their direct claim against APONTIS PHARMA Deutschland GmbH & Co. KG in the event of benefits being paid, even after the CTA model has been implemented.

The obligations arising from the pension program were taken into account on the balance sheet date by allocating corresponding pension provisions.

Obligations from pensions and similar obligations are offset against assets that serve exclusively to fulfil pension obligations and similar obligations and are not accessible to all other creditors (so-called cover assets). Insofar as expenses and income are incurred in this connection, they are netted. The cover assets are valued at the fair value.

Provisions for anniversaries are calculated according to actuarial principles using an interest rate of 1.45% (previous year: 1.35%) and taking the 2018 G mortality tables by Prof. Dr. Klaus Heubeck into account.

Other provisions are reported at the settlement amount that is to be recognized by observing the principle of prudence based on reasonable commercial judgement. They take all recognizable risks and uncertain liabilities into account. With the exception

of the provisions for anniversary expenses, long-term incentives (LTI provisions) and post-launch milestone payments, the other provisions are exclusively current provisions.

Liabilities are measured at their respective settlement amounts.

V. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. FIXED ASSETS

The development of the individual items of the Group's fixed assets is shown in the Consolidated Statement of Changes in Fixed Assets (Annex 4), including information on the depreciation and amortization made in fiscal year 2022.

2. SECURITIES HELD AS FIXED ASSETS

APONTIS PHARMA AG accounts for the assets transferred to Mercer Treuhand GmbH as trustor pursuant to Section 246 (1) of the German Commercial Code (HGB) in the Consolidated Financial Statements as of December 31, 2022. These are the coverage capital of the reinsurance policies for part of the pension obligations of the of the pension obligations of the subsidiary APONTIS PHARMA Deutschland GmbH & Co. KG included in the Consolidated Financial Statements.

3. OTHER LOANS

Other loans include EUR 56 thousand (previous year: EUR 70 thousand) in employee loans and EUR 0 thousand (previous year: EUR 24 thousand) in other loans.

4. INVENTORIES

Inventories comprise merchandise valued at EUR 3,164 thousand (previous year: EUR 4,598 thousand).

5. ACCOUNTS RECEIVABLE AND OTHER ASSETS

All trade receivables have a remaining term of up to one year.

Other assets are recognized at their nominal value and mainly include advance payments to suppliers of EUR 481 thousand (previous year: EUR 559 thousand), and creditors with a debit balance of EUR 26 thousand (previous year: EUR 66 thousand).

Other assets amounting to EUR 253 thousand (previous year: EUR 253 thousand) have a term of more than one year.

6. PREPAID EXPENSES

Prepaid expenses amounted to EUR 435 thousand (previous year: EUR 443 thousand) as of the balance sheet date and include payments for expenses relating to the following period. They do not include any amounts for discounts.

7. DEFERRED TAXES

The calculation of deferred taxes from valuation differences between the commercial and tax balance sheets pursuant to Section 274 of the German Commercial Code (HGB) resulted in tax relief, which was offset against deferred tax liabilities arising from consolidation measures in the Consolidated Statement of Financial Position. In addition, there were deferred tax assets on tax loss carryforwards that will lead to tax relief in future periods. These were also offset against the other deferred taxes. As of the balance sheet date, deferred tax liabilities amounted to EUR 74 thousand (previous year: deferred tax assets of EUR 176 thousand). The calculation of deferred taxes was based on the individual tax rates of the companies. The tax rate for the incorporated companies is 24.575% and includes corporation tax, the solidarity surcharge and trade tax. The income tax rate for the included partnership is 8.75% and includes trade tax.

8. EQUITY

The issued capital of the company (previous year: subscribed capital) amounted to EUR 8,330 thousand (previous year: EUR 8,500 thousand) and is fully paid in.

By resolution of the Annual General Meeting of April 19, 2021, the Management Board was authorized until April 18, 2026, to acquire treasury shares for any permissible purpose up to an amount of 10% of the share capital existing at the time of the resolution of the Annual General Meeting or – if this amount is lower – of the share capital existing at the time of the exercise of the authorization and to use them for all legally permissible purposes.

The company acquired a total of 170,000 treasury shares at a purchase price of EUR 1,836,000 in the reporting year in the period from March 21, 2022, to September 29, 2022, in connection with the variable remuneration scheme it set up for its employees. The arithmetical value of EUR 1.00 per share (a total of EUR 170,000, 2.0% of the share capital) was openly deducted from the item "Subscribed capital" in the preliminary column in accordance with Section 272 (1a) of the German Commercial Code (HGB). The share of the purchase price that exceeds the calculated value was offset against the capital reserve in the amount of EUR 278 thousand according to Section 272 (2) 4 of the German Commercial Code (HGB) and in the amount of EUR 1,388 thousand against the capital reserve according to Section 272 (2) 1 HGB.

9. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions and similar obligations are generally assessed in accordance with Section 253 of the German Commercial Code (HGB). For further information, please refer to the notes on the valuation of pension obligations.

The difference between the recognition of pension provisions pursuant to the corresponding average market interest rate from the past ten fiscal years and the valuation of the pension provision according to the corresponding average market interest rate from the past seven fiscal years in accordance with Section 253 (6) of the German Commercial Code (HGB) amounted to EUR 151 thousand (previous year: EUR 225 thousand).

Assets were offset against the pension obligations to the extent possible. The offset values of securities held as fixed assets in accordance with Section 246 (2) sentence 2 of the German Commercial Code (HGB) are as follows:

	Dec 31, 2022 EUR thousand	Dec 31, 2021 EUR thousand
Pensions and similar obligations	3,837	3,682
Asset values offset (acquisition costs = fair value)	–1,151	–1,259
Balance sheet value on December 31	**2,686**	**2,423**

10. OTHER PROVISIONS

	Dec 31, 2022 EUR thousand	Dec 31, 2021 EUR thousand
Personnel provisions	2,449	2,661
Provisions for discounts granted	3,338	2,097
Outstanding invoices	1,015	1,162
Other	766	266
	7,568	**6,186**

11. LIABILITIES

		Of which with a remaining term of			
	Total Dec 31, 2022 EUR thousand	Up to 1 year EUR thousand	More than 1 year EUR thousand	More than 5 years EUR thousand	Total Dec 31, 2021 EUR thousand
Trade payables	5,359	5,359	0	0	3,002
Other liabilities	734	734	0	0	724
– of which from taxes	603	603	0	0	677
– of which from social security	0	0	0	0	0
	6,093	**6,093**	**0**	**0**	**3,726**

All liabilities shown in the Consolidated Statement of Financial Position are unsecured.

The liabilities reported as of December 31, 2021, totaling EUR 3,726 thousand had a term of up to one year in their entirety.

VI. NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

1. SALES REVENUE

Revenue broken down according to areas of activity and applications

	2022		2021	
	EUR thousand	%	EUR thousand	%
Hypertension = Single Pills	**36,542**	**65.5**	**31,459**	**61.5**
Vascular	–7	0.0	14	0.0
Gynaecology	263	0.5	597	1.2
Other	2,119	3.8	1,971	3.8
Own brands (excluding Single Pills	**2,375**	**4.3**	**2,582**	**5.0**
COPD (respiratory diseases)	9,981	17.9	9,530	18.6
Diabetes	6,829	12.3	7,613	14.9
Co-Marketing	**16,810**	**30.2**	**17,143**	**33.5**
	55,727	100.0	51,184	100.0

All revenue was generated in Germany, as in the previous year.

2. OTHER OPERATING INCOME

Other operating income in the fiscal year amounted to EUR 2,644 thousand (previous year: EUR 3,592 thousand) and includes extraordinary income from the sale of licensing rights of intangible assets amounting to EUR 550 thousand (previous year: EUR 0 thousand). In the previous year, other operating income included extraordinary income from cost recharges to shareholders in connection with the IPO in the amount of EUR 1,893 thousand. Furthermore, the company generated income from the release of provisions amounting to EUR 1,024 thousand (previous year: EUR 781 thousand) and income from payments in kind for the provision of vehicles amounting to EUR 742 thousand (previous year: EUR 607 thousand). The release of provisions included a release of bonus provisions for the LTI in the amount of EUR 442 thousand (previous year: EUR 550 thousand).

3. PERSONNEL EXPENSES

	2022	2021
	EUR thousand	EUR thousand
Wages and salaries	14,991	17,148
Social security contributions and expenses for old-age provisions and assistance	2,662	2,532
– of which expenses for old-age provisions	(369)	(244)
	17,653	19,680

In the previous year, wages and salaries included extraordinary expenses in the form of special payments as part of the IPO in the amount of EUR 2,500 thousand.

4. AMORTIZATION OF INTANGIBLE FIXED ASSETS AND DEPRECIATION OF TANGIBLE FIXED ASSETS

	2022	2021
	EUR thousand	EUR thousand
Intangible assets	1,737	1,719
– of which unscheduled	0	222
Property, plant and equipment	10	9
Low-value assets	48	18
	58	27
	1,795	1,746

5. OTHER OPERATING EXPENSES

Other operating expenses in the past fiscal year amounted to EUR 14,375 thousand compared to EUR 15,304 thousand in the previous year. These mainly consisted of marketing expenses of EUR 2,533 thousand (previous year: EUR 2,498 thousand), expenses for distribution costs of EUR 2,534 thousand (previous year: EUR 2,105 thousand), vehicle costs of EUR 1,825 thousand (previous year: EUR 1,640 thousand) and temporary employees of EUR 2,583 thousand (previous year: EUR 1,467 thousand). Other operating expenses in the previous year included extraordinary expenses for the IPO in the amount of EUR 2,910 thousand.

6. FINANCIAL RESULT

	2022	2021
	EUR thousand	EUR thousand
Income from loans of financial assets	0	1
	0	1

OTHER INTEREST AND SIMILAR INCOME

	2022	2021
	EUR thousand	EUR thousand
Other	64	3
	64	3

INTEREST AND SIMILAR EXPENSES

	2022	2021
	EUR thousand	EUR thousand
Accrued interest on provisions (pensions/anniversaries)	48	56
Interest from shareholder loans	0	350
	48	406

Disclosures on the offsetting of cover assets in accordance with Section 246 para. 2 of the German Commercial Code (HGB) in the income statement:

	2022
	EUR thousand
Interest expense from pension obligations	188
Income from cover assets	143
Interest expense	**45**

7. TAXES ON INCOME AND EARNINGS

Taxes on income and earnings in the past fiscal year are attributable in the amount of EUR 504 thousand (previous year: EUR 207 thousand) to corporate income tax and the solidarity surcharge and EUR 347 thousand (previous year: EUR 182 thousand) to trade tax. Deferred taxes in the past fiscal year amounted to EUR 250 thousand (previous year: EUR 571 thousand).

VII. OTHER DISCLOSURES

1. OTHER FINANCIAL OBLIGATIONS

Other financial obligations are recognized at their nominal values and are as follows as of December 31, 2022:

	EUR thousand
Payment obligations under rental and leasing contracts	
in 2023	957
from 2024 to 2027	2,664
	3,621

The advantage of these contracts is the lower capital commitment compared to an acquisition and the elimination of the utilization risk. Risks could arise from the term of the contract if the assets can no longer be used in full. There are currently no indications of this, however.

No other financial obligations to affiliated companies existed as of the balance sheet date.

The company is a contractual partner in various development collaborations. Depending on the progress of development, certain "milestone" payments are to be made. The contracts contain exit clauses in the event that projects do not develop as planned. The contracts existing as of December 31, 2022, contain contractual objectives to be met by the end of 2027 that include financial obligations of approximately EUR 14,237 thousand. In addition, outstanding other financial obligations from development contracts amount to EUR 2,750 thousand. Insofar as the development progress has been sufficiently substantiated by the balance sheet date, the obligations resulting from these contracts have been recognized as liabilities in the Consolidated Statement of Financial Position.

2. AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

The average number of employees during the financial year was:

	2022	2021
Management personnel	4	4
Employees	170	170
	174	174

The previous year's comparative figure for management personnel has been adjusted.

3. MANAGEMENT BOARD

APONTIS PHARMA AG, Monheim/Rhine, was managed and represented by the members of the Management Board, who had sole power of representation and were exempt from the restrictions of Section 181 of the German Civil Code (BGB):

Karlheinz Gast, business graduate, Dörentrup
Thomas Milz, business graduate, Hilden

With regard to the remuneration of the Management Board members, we refer to the voluntary Remuneration Report included in the Management Report in accordance with Section 314 of the German Commercial Code (HGB) (old version).

4. SUPERVISORY BOARD

The Supervisory Board of the company consists of the following members:

Dr. Edin Hadzic, Munich, investor
Dr. Matthias Wiedenfels, Frankfurt/Main, lawyer
Christian Bettinger, Polling, investor
Dr. Anna Lisa Picciolo-Lehrke, Cologne, biologist
Olaf Elbracht, Ostseebad Boltenhagen, management consultant

Dr. Wiedenfels is the Chairman of the Supervisory Board. With regard to the remuneration of the members of the Supervisory Board, we refer to the voluntary Remuneration Report included in the Management Report in accordance with Section 314 of the German Commercial Code (HGB) (old version).

5. FEE FOR SERVICES RENDERED BY THE AUDITOR

The fees for services rendered by the auditor relate to auditing services in the amount of EUR 230 thousand and tax consulting services in the amount of EUR 4 thousand.

6. SUPPLEMENTARY REPORT

There were no events of special significance after the end of the fiscal year that would have to be reported here.

Monheim/Rhine, March 13, 2023

APONTIS PHARMA AG
Management Board

Karlheinz Gast
CEO / Speaker of the Management Board

Thomas Milz
CPO / Chief Product Officer

CERTIFICATE OF THE INDEPENDENT AUDITOR

To APONTIS PHARMA AG, Monheim am Rhein

AUDIT OPINIONS

We audited the Consolidated Financial Statements of APONTIS PHARMA AG, Monheim am Rhein, and its subsidiaries (the Group) – consisting of Consolidated Balance Sheet as of 31 December 2022, Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the financial year from 1 January to 31 December 2022 and the Group Notes, including the presentation of the accounting and valuation methods. Furthermore, we audited the Group Management Report of APONTIS PHARMA AG, Monheim am Rhein), for the financial year from 1 January to 31 December 2022.

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 2022 as well as of its result of operations for the financial year from 1 January to 31 December 2022; 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 profes-

sion 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 AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP 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 misstatements whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) 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.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Our objective is to obtain reasonable assurances as to whether the Consolidated Financial Statements are, as a whole, free of essential misstatements – 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 misstatements. Misstatements might arise from fraud or error 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 misstatement of the Consolidated Financial Statements and the Group Management Report, wether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting an essential misstatement resulting from fraud is higher than the risk of not detecting an essential misstatement resulting from error because fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal control.
- obtain 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 design audit procedures 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.

- evaluate 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.
- conclude 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.
- 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.
- 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 and on the Group Management Report. We bear the sole responsibility for our audit opinion.
- 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.
- perform audit procedures 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 substantial 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 significant deficiencies in the internal control system which we detect during our audit.

Bonn, March 13, 2023

Ebner Stolz GmbH & Co. KG
Auditing Company Tax Consultancy

Torsten Janßen
Auditor

Barbara Tiefenbach-Yasar
Auditor

LEGAL DISCLAIMER

This Annual Report has been translated into English. It is available for download in both languages at ir.apontis-pharma.de. If there are variances, the German version has priority over the English translation.

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