APONTIS PHARMA

ANNUAL REPORT 2023

CONTENT

NEW STRATEGY: KEY PREPARATIONS INSTEAD OF UMBRELLA BRAND

Bruno Wohlschlegel was named CEO of APONTIS PHARMA AG in September 2023. His professional background is characterized by leading positions at Merck KGaA, including Senior VP Europe and General Manager Germany. Wohlschlegel combines practical management experience with a solid scientific foundation. His academic background in chemistry and tumor biology, complemented by business studies, forms the basis for his impressive career path.

MR. WOHLSCHLEGEL, WHAT PROMPTED YOU TO ACCEPT THE POSITION OF CEO AT APONTIS PHARMA?

At the beginning of 2022, I set up my own boutique consultancy for top executives. When I was offered the position of CEO at APONTIS PHARMA in the summer of 2023, I first looked at the company's data. I realized that APONTIS PHARMA's Single Pill portfolio addresses a huge medical need. I was impressed by the fact that replacing the current standard of care with Single Pills has been proven to save thousands of lives.

However, there was obviously a problem on the sales side in the past when it came to clearly positioning the products on the market. Such challenges have always appealed to me. I accepted the position because I was convinced by the portfolio and because I think I can make a major contribution to the *turnaround* with my many years of experience.

WHAT EXPERIENCE FROM YOUR PREVIOUS ROLES WILL HELP YOU IN YOUR NEW POSITION?

Many of the roles I have held in the pharmaceutical industry over more than 25 years have taught me a lot for my current role. My first position in the sales force was certainly important, when I discussed cardiovascular products myself. These included the first simple Single Pills on the market, beta blockers or ACE inhibitors plus diuretics. Even back then, many physicians were enthusiastic about this simplification of therapy.

»Processes should be viewed holistically so that objectives, strategy and implementation ultimately form a consistent line.«

Managing various business units was also a formative experience for me. Here I learned what traps you can fall into if you don't analyze closely what is actually happening or if you follow the wrong analytical approaches. I acquired marketing know-how in practice in both local and global functions. I received the finishing touches in the area of strategic marketing through further training at renowned business schools. There, I understood that it is not expedient to pick up the first idea that might deliver the desired results in the short term, but to always focus on what will lead to success in the medium and long term. My particular strength lies in quickly drawing the right conclusions from complex situations and then putting them into practice in a timely manner.

I always start from scratch with every task, as if everything were new. Instead of relying on standard recipes, I take a close look at the situation before I act. However, important decisions should not be put on the back burner. Once you have identified a problem or perhaps even a business opportunity, you should quickly remedy it or seize it. Each of my roles has resulted in new insights and findings. Many of these have also been confirmed in other contexts, especially when it comes to working with people and the dynamics of groups or organizations. I always try to take a holistic view of processes so that objectives, strategy and implementation ultimately form a consistent line.

WHAT IS IMPORTANT TO YOU IN LEADING EMPLOYEES?

I try to lead the way I always wanted to be led. It is very important to me that people can trust me right from the start. This includes clearly articulating what my expectations are, discussing the common goal in the team and how our employees can achieve this goal with their resources or their team. So, on the one hand, clarity about the goals to be achieved and, on the other hand, trust that doesn't have to be earned, but is already there per se. I rarely check the details. When I do, I do so in order to understand something better. I think that is important for a shared understanding of what it's actually about. It also has a lot to do with appreciation if you recognize the individual employee and their performance and also express this.

WHAT DRIVES YOU?

I am driven by the impact I can have through my actions. In the pharmaceutical industry, we need a clear idea and a clear compass as to why we are here. We need an overarching sense of purpose for our entrepreneurial activities. Without this, a lot of things are disoriented actionism. But this is initially just a statement that we as a company have to fill with new content every day.

We must be able to have an impact on the market, which means that patients who are treated with our medicines must feel better afterwards. Physicians must see the benefits of our products for their patients and experience that they can use them to carry out their therapy more successfully. If something we do is not anchored in our purpose, then we won't do it. However, if it pays off by helping to save lives by improving treatment adherence and prognosis, then we have a right to exist, a license to operate.

WHAT SHOULD A COMPANY CULTURE LOOK LIKE THAT ENABLES YOU TO ACHIEVE THIS GOAL?

Our company culture is based on the conviction that we are continuously improving in order to achieve our common strategic goal more quickly. This requires that everyone in the company understands the strategy and that we make it clear why we are proceeding as we are. Every employee at APONTIS PHARMA should be guided by the common strategy. This will also lead to a greater awareness of how unnecessary things can be omitted and necessary things can be done even better.

Transparency in our actions and flat hierarchies are extremely important. We encourage all our employees to share their ideas and suggestions, which are collected and checked for their usefulness. We need the commitment and creativity of everyone and this is only possible if people are willing to speak openly, even if their idea is not implemented immediately.

In this respect, a functioning error culture is extremely important. This includes working with an open mind, leaving things a corridor in which they can develop. All of this is incredibly powerful and saves a lot of time and energy. Every employee can take on as much responsibility as this company has to offer. And we offer a lot of responsibility – both for individuals and for groups that work things out together. If we do our job well, around five million patients in Germany who are eligible for a change in therapy could receive Single Pills instead of loose combinations. This would have the potential to save around one hundred thousand lives a year – roughly equivalent to the population of a large district town.

»Our *license to operate*: helping to save lives by improving treatment adherence and prognosis.«

»In Germany, we have the potential to save around one hundred thousand lives a year with Single Pills – that's roughly equivalent to the population of a large district town.«

AFTER LAST YEAR WAS DOMINATED BY TRANSFORMATION, YOU WANT TO RETURN TO GROWTH IN 2024. HOW WILL YOU GO ABOUT THIS?

Our most important goal is to achieve sustainable, profitable growth with our Single Pill portfolio. As we now have a larger portfolio, we also want to expand our sales accordingly. We also want to generate the largest possible market share in every indication area in which we operate and in every patient group for which our Single Pills are suitable. The cooperation business can also grow, but it is not in our strategic interest to build an organization that is specifically geared towards entering into partnerships.

In the past, the company became somewhat dependent on the cooperation business because it financed a large sales force. The problem with this was that you could neither shut down the cooperation business when necessary nor concentrate fully on your core business. This will no longer be the case under my leadership. We will concentrate on our core Single Pill business and at the same time we will become an even more attractive partner for cooperation. Our sales model will be redesigned and will be scalable in the future. In the future, this will no longer work solely via the sales force, which only has limited capacities and cannot serve every channel as an instrument.

We will continue to advance our Single Pill portfolio both operationally and strategically. We will operate our cooperation business under the premise that we create real added value for our cooperation partners without compromising our core business. After all, companies are rightly judged by their core business and whether they are in a position to grow profitably. This will enable us as a company to create the greatest benefit for patients.

INSTEAD OF FOCUSING ON THE SALES FORCE, A MULTI-CHANNEL APPROACH IS NOW TO BE ADOPTED. WHAT CHANNELS DO YOU WANT TO STRENGTHEN OR SET UP IN THE FUTURE?

In addition to our field service, we use three other approaches that complement each other. Firstly, we will focus more on telephony and video calls with pyhsicians in the future. Secondly, we will strengthen our direct marketing activities. Last, but not least, we will expand our resources in the area of medical marketing, where we are currently building up a small team that is better able to place the excellent scientific evidence documented in the studies in the medical-scientific community. We want to make physicians aware of the consequences of continuing to prescribe loose combinations on a large scale and treating their patients with outdated standards. There is a danger that they will increase the risk of their patients dying from a cardiovascular event. Our goal is to protect patients from cardiovascular events

and to encourage physicians to openly discuss the pros and cons of the two treatment standards with each other.

These discussions within the medical profession are extremely important, as necessary changes to treatment standards are only successful on a broad scale if they are sufficiently reflected upon among colleagues. This could be a cardiologist, for example, who communicates the medical evidence to general practitioners as part of a scientific online training course. Another option is for physicians who have had good experiences with Single Pills to share them with their colleagues. This is perhaps even the most effective method of communicating scientific findings so that they can then be put into practice. A third option is co-development with physicians. This can help us to update our medical-scientific information and sharpen our arguments in favor of a change in therapy.

Last, but not least, we will further expand our partnerships with health insurance companies in 2024. This is because health insurance companies have now recognized that long-term therapy with Single Pills is not necessary to sustainably improve the prognosis of patients. The positive effect can already be seen within the first year of switching to Single Pill therapy: not only in fewer hospital admissions and lower administrative costs, but also in terms of significant cost reductions. We were able to conclude selective discount agreements with BARMER and the GWQ+ umbrella organization, two very important statutory health insurance funds, last year. Both health insurance funds represent around 24 percent of those with statutory health insurance in Germany.

Our contractual partners are convinced of the benefits of Single Pill therapy for their policyholders and have recognized the direct effect of Single Pills on reducing healthcare costs. The fact that statutory health insurance funds are so clearly in favor of Single Pills is a new development. Both health insurance funds have written to the prescribers in question and advised them to switch to the respective Single Pills. We will now consistently pursue this promising strategy.

»We were able to cover **24** percent of people with statutory health insurance by concluding selective discount agreements with two major German health insurance companies.«

WHAT CHANGES WILL YOU MAKE TO THE PREVIOUS UMBRELLA BRAND STRATEGY?

Nearly every prescription decision made by a physician relates to a single product. If, on the other hand, an umbrella brand concept is marketed, as was the case with APONTIS PHARMA in the past, this is often too abstract for the treating physician. It is also very challenging for a sales force to penetrate the target audience without integrated interaction with other channels.

Instead of focusing on an umbrella brand, we are now creating specific reasons for prescribers to change their behavior. The pivotal point of the sales force's discussions is the individual preparations, their benefits and their areas of application, supported by sound medical information. After all, these are our growth drivers. This is why we are now taking greater account of the various phases in the product life cycle and deriving appropriate marketing measures from this. Agility is the decisive factor, especially when it comes to market launches, in order to address physicians with high prescription potential and familiarize them with our new Single Pills as quickly as possible.

Our new strategy makes this possible. It is based on a holistic system of sales force, direct marketing, medical marketing and peer-to-peer activities in which the channels are closely coordinated. The most important thing, however, is to keep reminding physicians that there are now Single Pills that improve the prognosis with the same active ingredients in addition to the loose combinations they have been using for a long time. Accordingly, we have reorganized and downsized our sales force.

HOW DO YOU INTEND TO GENERATE MORE PRESCRIPTIONS WITH A SMALLER SALES FORCE?

By focusing on those products that offer the greatest growth potential. We will also concentrate on medical practices and medical care centers with a high prescription potential. This will be supported by a significantly improved potential analysis and practical activity planning tools. We are aiming for an effective frequency of 8 to 16 physician contacts per year, which can take place not only via the sales force but also via different channels. The sales force will continue to be the most important single instrument in our communication mix. The only difference is that we now look at the physician against the backdrop of their customer journey and analyze which trigger points are decisive for their prescription decision. We then align our sales concept accordingly.

»By focusing on individual growth drivers, we can expand the required channels at short notice and scale them down again, if necessary.«

We will have 18 different Single Pills on the market by the end of 2024. We have made our sales model scalable in order to remain agile. In the future, we will adapt it to current requirements and react flexibly to opportunities or emerging challenges. By focusing on individual growth drivers, we can expand the required channels at short notice and scale them down again, if necessary, in order to save costs. In this way, the system can be adapted quickly and effectively to the needs of the market.

It is important that we tackle this now because we want to give as many patients as possible the chance of better treatment. The team is highly motivated and I am very confident that we will quickly achieve very good results with the speed and quality that we are currently demonstrating.

SINGLE PILL COMBINATIONS FOR A BETTER PROGNOSIS

Broad study evidence confirms the benefits of the Single Pill combination therapy concept

The prevalence of high blood pressure and dyslipidemia remains high.[1,2] With drastic consequences: According to the German Federal Statistical Office, for example, a good third of all deaths in 2022 were due to cardiovascular diseases.[3] 270,000 patients[4] in Germany suffer a stroke – often as a result of high blood pressure and dyslipidemia. The combination of both diseases has a particularly negative impact on cardiovascular health: if hypertension occurs together with dyslipidemia, the cardiovascular risk increases significantly.[5]

RELEVANT GUIDELINES CALL FOR THE USE OF THE SINGLE PILL L

While sequential monotherapy was long regarded as the standard in hypertension therapy, combination therapy is now considered the standard of care for the majority of patients. As early as 2018, the European Society of Cardiology (ESC) and the European Society of Hypertension (ESH) recommended therapy with Single Pill combinations for the majority of patients in the initial treatment in their joint guideline on the management of high blood pressure[6].

Three further important guidelines were published last year. The guidelines presented at the ESH Congress in June 2023 once again emphasize the medical necessity for the use of the Single Pill combination and its high relevance for better patient protection.[7] The guideline commission recommends that, regardless of the initial form of therapy, all patients should ultimately receive their therapy in the form of a Single Pill combination. In addition, the European Society of Hypertension (ESH) recommends considering the use of a Single Pill combination (Polypill) that contains two antihypertensive drugs and a statin to lower LDL cholesterol for primary prevention in hypertensive patients and the use of a Polypill with low-dose aspirin for secondary prevention in hypertensive patients. By recommending the Single Pill combination for all patients with poor adherence even independent of their initial therapy, the ESH gives a strong vote in favor of the Single Pill combination therapy concept.

In Germany, the new national health care guideline (NVL) on arterial hypertension was published in 2023.[8] Under the authorship of the German Medical Association (BAK), the National Association of Statutory Health Insurance Physicians (KBV) and the Association of the Scientific Medical Societies in Germany (AWMF), the use of fixed combinations (Single Pill combinations) in antihypertensive therapy was included in the guideline.

The European Society of Cardiology (ESC) guidelines on acute coronary syndrome published in 2023 also clearly advocate Single Pill combination therapy – this time for secondary prophylaxis.[9] This recommendation is based on the results of the SECURE Study, in which mortality, stroke and myocardial infarction occurred significantly less frequently in over 65-year-olds after myocardial infarction under a Single Pill combination regimen of Ramipril, Atorvastatin and Acetylsalicylic Acid compared to standard therapy.[10] Due to the good study situation, the WHO added this Single Pill combination to the list of vital medicines in 2023.[11] In the current guidelines, consideration of individual patient adherence is becoming increasingly important in therapeutic action.

However, as a recent survey of German general practitioners has shown, guideline-recommended combinations for blood pressure control have been significantly underrepresented thus far. The achievement of the target values recommended by the guidelines is also suboptimal for both blood pressure and LDL cholesterol (LDL-C). According to the authors of the study, targeted training programs for physicians are therefore required, not only to increase the acceptance and implementation of the guideline recommendations, but also to clarify the prognostic significance of target value achievement.[12]

FEWER TABLETS CAN RESULT IN HIGHER ADHERENCE AND A BETTER PROGNOSIS[13]

The key factor for the use of Single Pill combinations instead of loose combinations was the realization that adherence to treatment decreases with an increasing number of prescribed tablets.[14] Patients who had previously taken their tablets in two or three individual active ingredients were able to increase their adherence by taking just one tablet. As a result, their prognosis improves significantly. This has been clearly demonstrated in many studies. In early 2022, the full publication of the START Study[15] was published in the Journal of Comparative Effectiveness Research – a retrospective healthcare research study conducted by German healt insurance AOK PLUS

»The SECURE Study has shown that three substances in one tablet reduce the risk of mortality. The conclusion can only be that Single Pill combinations should be the standard therapy: statin, ACE inhibitor plus ASA. It should be the normal case that we administer this in one tablet.«

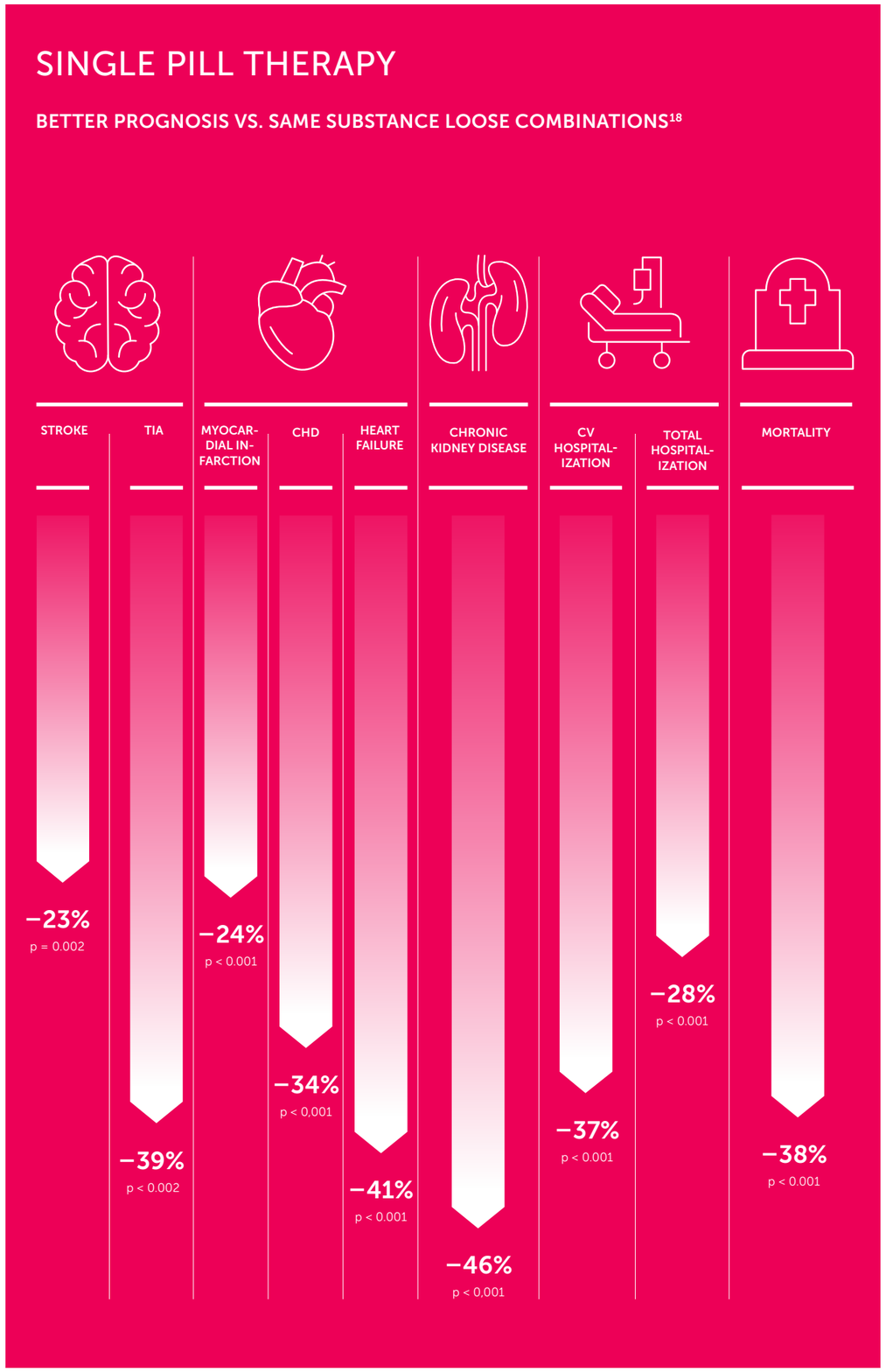
PROF. DR. BURKHARD WEISSER[17]

that used data from 59,336 patients with hypertension, hyperlipidemia, CHD or cardiovascular secondary prevention. In this study, it was shown for the first time that the use of the Single Pill combination increased patient adherence to treatment. At the same time, the number of cardiovascular events was significantly lower compared to the identical substance in a loose combination.

SINGLE PILL COMBINATION CONCEPT UNDERPINNED BY SCIENTIFIC STUDIES

In 2022, the SECURE Study with a prospective, randomized design was presented at the European Congress of Cardiology (ESC) in Barcelona. The results of SECURE were published in the renowned "New England Journal of Medicine."[16] Here, 2,499 patients who had suffered a myocardial infarction in the previous six months and had at least one other risk factor were prospectively observed over three years. After three years, the Single Pill combination therapy showed a relative risk reduction of 24% in terms of cardiovascular events. In terms of cardiovascular mortality, the Single Pill combination therapy achieved a reduction of 33% compared to the usual standard treatment with a loose combination therapy.

An additional analysis of the START Study was also presented in Barcelona by Prof. Dr. Burkhard Weisser, Kiel.[18] The question was whether one can speak of a superiority of the Single Pill combination concept independent of substances or dosages. Here, the Single Pill combination concept was compared with identical loose combinations in terms of treatment adherence and the frequency of cardiovascular events by forming a comparison group. Based on more than 50,000 insured persons' data from AOK PLUS, it was investigated whether fewer events occur in cardiovascular patients when a combination of active ingredients is administered as a Single Pill combination than when the identical single active ingredients are administered. The results impressively demonstrated that significantly fewer heart attacks, strokes, transient ischemic attacks, coronary heart disease, heart failure and acute and chronic kidney disease occurred during treatment with a Single Pill combination. Patients in the Single Pill combination group were not only event-free for longer, they also had lower overall mortality.



»It's time to widely deploy the Single Pill to save millions of lives every year«

PROF. YUSUF AND PROF. PINTO FROM "THE LANCET"

Prof. Yusuf and Prof. Pinto, even if only 50% of the Single Pill combination strategy were implemented, around two million deaths from cardiovascular disease and four million cardiovascular events could be avoided each year.

PATIENT COMPLIANCE WITH TREATMENT IS OFTEN OVERESTIMATED

In view of the fact that the Single Pill combination therapy approach is still not being implemented in practice, Prof. Weisser believes that the current evidence calls for a rethink on the part of treating physicians. This is because they often rate their patients' adherence to loose combinations more positively than they actually do. Based on the latest evidence, Weisser advocates not only prescribing Single Pill combination regimens to patients who are newly prescribed cardiovascular or antihypertensive medication. With a view to optimizing compliance and prognosis in the longer term, patients undergoing long-term therapy should also have their loose combinations consistently replaced by appropriate Single Pill combinations.

A further sub-analysis of START was devoted to answering the question of whether Single Pill combinations in particular would be superior to identical loose combinations in the treatment of arterial hypertension in terms of treatment adherence, cardiovascular event rates and overall mortality. The result was clear: in practice, treatment adherence was significantly better with the combination therapy of up to three antihypertensive agents in a single tablet than with the loose combinations. Cardiovascular events and all-cause mortality also occurred less frequently compared to treatment with several tablets of the same active ingredient.[19]

As early as 2022, the two renowned cardiologists Prof. Salim Yusuf and Prof. Fausto J Pinto called for broader use of the Single Pill combination in a commentary published in the international journal "The Lancet."[20] Although the scientific evidence of the Single Pill combination for improving adherence and prognosis in cardiovascular patients is beyond question and has been sufficiently documented by the inclusion of the Single Pill combination therapy approach in the relevant guidelines, its application in practice is anything but satisfactory. According to

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SIMPLIFIED THERAPY WITH THE SINGLE PILL FINDER

Dr. Durda Kratochwil, General practice Laudenbach

WHAT CHALLENGES HAVE YOU FACED IN THE PAST WHEN USING SINGLE PILL COMBINATIONS IN YOUR PRACTICE?

DR. DURDA KRATOCHWIL: If patients only collect prescriptions and don't come to speak with me in the consultation, I can't keep an eye on them and they slip through my fingers, so to speak. In the past, it was also very difficult for my healthcare assistants ("HCA") to keep track of what could be put into one tablet. With 1,400 to 1,500 slips with many chronically ill patients per quarter, who make up the vast majority of follow-up prescriptions, this was simply not possible in view of the many other tasks. I also often lacked the time to think about the possibility of simplifying therapy as part of a disease management program ("DMP") or as part of a health check-up and to find out which active ingredients and dosages could be substituted by a Single Pill combination. When looking at the medication plan, I did think of one or two Single Pill combinations, but it is impossible to have all possible Single Pill combinations in mind. New Single Pill combinations in particular are often not immediately thought of.

WHAT ARE THE ADVANTAGES OF THE SINGLE PILL FINDER COMPARED TO THE PREVIOUS SUBSTITUTION PRACTICE?

DR. DURDA KRATOCHWIL: It is much easier and also much faster than before. With the SINGLE PILL FINDER, we can routinely check the medication plans and get an overview of whether therapy simplification is possible for each patient. As a result, we can now apply the Single Pill combination therapy principle to many more patients.

HOW DID YOU INTRODUCE THE SINGLE PILL FINDER IN YOUR PRACTICE?

DR. DURDA KRATOCHWIL: After a brief introduction to the SINGLE PILL FINDER, I realized that I could use it routinely in my examinations without it costing me a lot of time. After using it a few times, I have already noticed that routine use makes my day-to-day work much easier. I find the application via smartphone the most practical and have created a quick access right away. I immediately showed my colleague the SINGLE PILL FINDER and I also trained my practice staff on it during a team meeting. It was important to me that we get our four HCAs involved at an early stage, as this also takes the pressure off my colleague and me.

WHAT PROCESS STEP DID YOU TRANSFER TO THE HCAS?

DR. DURDA KRATOCHWIL: Our many chronically ill DMP patients are particularly well suited for therapy simplification. We have a HCA in the team who arranges appointments with these DMP patients and enters the respective numbers into the system. I assigned this employee the task of checking the possibility of substitution for Single Pill combinations using the SINGLE PILL FINDER. She then created a note in the patient file so that the substitution note is immediately visible the next time the file is opened.

HOW DO YOUR PATIENTS EXPERIENCE THE SIMPLIFICATION OF THERAPY?

DR. DURDA KRATOCHWIL: First, I explain my procedure to the patients. I explain to them that I am currently looking at their medication plan and checking whether something can be combined to make it clearer and easier for them. This goes down well with most patients: they are happy when they have to take fewer individual medications. One convincing argument is that this improves their adherence to therapy and the overall therapy setting. Even patients who are skeptical to start with can be won over.

SIMPLE SUBSTITUTION AT THE CLICK OF A MOUSE

FINDING THE RIGHT SINGLE PILL COMBINATIONS IN SECONDS WITH THE SINGLE PILL FINDER

When treating cardiovascular risk patients, physicians have to deal with a wide variety of active ingredients and dosages on a daily basis. APONTIS PHARMA's Single Pill combination portfolio currently comprises 15 Single Pill combinations that come in 59 dosages – with more to follow. With the continuous expansion of the Single Pill combination portfolio, more and more combination options are being created. This leads to greater flexibility in treating cardiovascular patients.

Identifying the right Single Pill combination for patients right away is no easy task given the many medications that patients often have to take and the increasing range of Single Pill combinations available in everyday practice. This is where the innovative, digital assistant SINGLE PILL FINDER, which APONTIS PHARMA has developed together with physicians, can help. The innovative tool analyzes all active ingredients and dosages based on the medication plan in a matter of seconds and identifies the appropriate Single Pill combination options from APONTIS PHARMA.

To use the SINGLE PILL FINDER, the physician calls up the standardized medication plan from the patient file during the patient consultation. At the same time, he opens the SINGLE PILL FINDER via www.single-pill-finder.de in the browser of his computer. After selecting the "Scan medication plan" function, he can mark the patient's individual medication plan in the patient file. The SINGLE PILL FINDER then does the rest and suggests the appropriate Single Pill combination options for maximum pill reduction for his patient in a matter of seconds. As the digital assistance system can also be used conveniently with a smartphone or tablet as well as a computer and is intuitive for the user, there is nothing to stop it from being used widely. The digital tool thus enables physicians to implement the recommendations of the guidelines in everyday practice in a time-saving manner.

SCAN THE QR CODE NOW AND TEST SINGLE PILL FINDER!

DEAR SHAREHOLDERS,

2023 was a difficult and decisive year for APONTIS PHARMA in several respects. Firstly, the overall business, which was still profitable in 2022, came under severe pressure and the company closed the financial year with a high loss. For our investors, this meant significant value corrections and a loss of confidence, as the unchanged high potential of our Single Pill portfolio was not reflected in the results for 2023.

Secondly, the change of CEO and parts of the management team heralded a transformation to put APONTIS PHARMA on course for profitable growth as early as 2024. Our first priority in the fourth quarter of last year was therefore to analyze whether the potential of our core business can meet the high expectations and what needs to change in order to prevent or fully or partially compensate for the negative effects from 2023 in the future. We paid particular attention to the reassessment of the Single Pill portfolio, the effectiveness of the sales concept, the importance of the cooperation business and the cost structure.

Our review of the portfolio confirmed the high potential of the core business with Single Pill combinations in terms of patient numbers in Germany as well as the growth potential in the indication areas of hypertension, secondary prophylaxis and lipid metabolism disorders. Additional potential will arise from the six development products that will expand APONTIS PHARMA's portfolio starting at the end of 2026 and in 2027, in addition to the 20 Single Pills already available. Furthermore, the situation of the data on the benefits of Single Pill combinations has continued to improve. Nevertheless, although we had a strong tailwind with the publication of the SECURE Study and the increase in rank of Single Pill therapy in both the European guideline and the German national care guideline on hypertension, introduced our digital sales tools and major German statutory health insurance companies are also actively supporting Single Pill therapy, APONTIS PHARMA clearly missed the targets set for 2023.

On the one hand, this was due to developments in the cooperation business. Due to the expiry of the marketing agreement with Novartis for the products Jalra and Icandra on September 30, 2022, which was already known at the time of the IPO, sales declined by EUR 6.0 million. Since the beginning of 2022, this group of active ingredients has been subject to tenders by health insurance funds, which were won by the company's competitors. As expected, the negative effects were not fully felt until financial year 2023. The tenders for the group of active ingredients to which our product Atorimib belongs also mainly took effect in the course of 2023. The company had taken the effects of these tenders into account in its planning. Unfortunately, our supplier has been unable to produce Atorimib in the required quantities since the first quarter of 2023, which means that we were confronted with recurring supply shortfalls in the first ten months. Even though the ability to supply Atorimib has been guaranteed again since November, this led to an additional decline in sales in 2023.

Overall, the growth of the other Single Pill combinations was not able to compensate for the decline in sales of Caramlo and Atorimib, as planned.

Bruno Wohlschlegel
CEO / Chairman of the Management Board

Thomas Milz
CPO / Chief Product Officer

In our opinion, one key reason for the lack of an additional growth spurt for the Single Pill portfolio was the original decision to market the product portfolio exclusively as an umbrella concept. As a result, the focus on individual Single Pill combinations and launch products in particular was lost. Secondly, there were high scatter losses in marketing in access to physicians at the sales level in 2023. Difficult access to physicians' practices as a result of the pandemic and an excessively large target audience meant that the effective number of contacts per physician was not achieved in many cases. Marketing of the umbrella concept for Single Pills has clearly led to an increase in awareness of the therapeutic superiority of Single Pill therapy. However, due to the scattering losses referred to above, this has not been reflected in higher prescription figures to the desired extent.

Due to the company's focus on the sales force as the only significant marketing channel, other forms of marketing commonly used in the market remained underrepresented, which means that the decline in the effectiveness of sales had a direct impact on earnings.

Overall, APONTIS PHARMA suffered a 33.7% decline in sales to EUR 37.0 million in financial year 2023, with Single Pill sales affected by a reduction of 29.8% to EUR 25.6 million. As expected, revenue from co-marketing, co-promotion and distribution fell by 44.8% to EUR 9.3 million because, as mentioned above, our cooperation with Novartis for the products Jalra® and Icandra® ended at the end of September 2022 with the expiry of the patent for the active ingredient Vildagliptin contained in these products.

Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased from EUR 5.6 million in 2022 to EUR -13.3 million in financial year 2023 due to the decline in sales and restructuring expenses. Restructuring expenses of EUR 5.6 million and the severance payments for the former CEO contributed to the negative result.

With an equity ratio of 52.7% and net liquidity of EUR 20.2 million, APONTIS PHARMA continues to have a solid asset and financial position.

In order to grow profitably from 2024 on, the company has implemented an efficiency and performance improvement program. The sales force is now focusing on physicians and practices with high to very high prescription potential. Additional activities in the area of medical-scientific training and omni-channel measures supplement the sales force activities in a targeted manner. In addition to increased effectiveness, the implementation of this model has also led to a significant reduction in costs, as surplus field and office staff have been eliminated. As a result, the company now has a scalable business model with a significantly lower cost base. This enables new forms of marketing that can be employed flexibly and in line with demand, without having to maintain an excessively high fixed cost base in the long term. At the same time, the model represents an attractive option for potential cooperation partners.

In addition to the adjusted organizational structure, we have also changed the content of our sales work. As the benefit of a specific medication is always the main focus for physicians, individual Single Pill combinations are now discussed periodically. The discussion will continue to focus on the superior medical evidence of the Single Pill combinations and their possible use in therapeutic practice. Targeted cooperation with health insurance companies offers further leverage. At the end of 2023, we were able to conclude cooperation agreements with both BARMER and the leading service company of the company health insurance funds (GWQ+) for individual Single Pill combinations in our portfolio. Together, these health insurance funds cover around 24% of the statutory health insurance population in Germany. In various letters, BARMER and GWQ+ have informed prescribers about the therapeutic benefits of Single Pill combinations and recommended the prescription of the contract products.

Dear shareholders, we share your disappointment over the poor results we achieved in 2023. The analysis of the causes has clearly shown us what needs to change in order to make APONTIS PHARMA a profitable and growing company. What drives us is our ambition to improve the disease prognosis of as many people as possible through the use of Single Pill combinations.

The fact that we are implementing the necessary transformation quickly and consistently is in line with our commitment to developing your investment in APONTIS PHARMA to be profitable.

We would like to thank all of our employees at APONTIS PHARMA, who work hard every day to lay the foundation for greater success and profitable growth.

We thank you for your confidence in remaining invested or investing in APONTIS PHARMA and look forward to a positive development together with you for financial year 2024.

Sincerely yours,

Bruno Wohlschlegel
CEO / Chairman of the Management Board

Thomas Milz
CPO / Chief Product Officer

DEAR SHAREHOLDERS,

Financial year 2023 was characterized by a sharp decline in sales and a high loss and failed to meet expectations. The former CEO Karlheinz Gast resigned from office in the middle of 2023 and left the company. With Mr. Bruno Wohlschlegel as his successor, we have been able to recruit an internationally experienced manager from the pharmaceutical industry for the company since September 1, 2023. Together with Mr. Milz, Mr. Wohlschlegel has implemented a comprehensive restructuring concept in order to return to a successful growth path with a scalable business model in the future. In financial year 2023, the Supervisory Board duly performed the duties incumbent upon it in accordance with the law, the Articles of Association and the Rules of Procedure. 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.

At the Annual General Meeting on May 12, 2022, Mr. Christian Bettinger, Mr. Olaf Elbracht, Dr. Edin Hadzic, Dr. Anna-Lisa Picciolo-Lehrke and Dr. Matthias Wiedenfels were elected Supervisory Board members by the shareholders.

Dr. Matthias Wiedenfels is Chairman of the Supervisory Board and Mr. Olaf Elbracht is Deputy Chairman. The Supervisory Board has both an Audit Committee and a Personnel Committee. The members of the Personnel Committee are Dr. Matthias Wiedenfels and Mr. Christian Bettinger. The Audit Committee consists of Mr. Olaf Elbracht and Mr. Christian Bettinger. There are no other committees.

WORK ON THE SUPERVISORY BOARD

The Supervisory Board held a total of 7 meetings in financial year 2023. The meetings were mainly held virtually in financial year 2023. 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
February 16, 2023	X; L	X	X	X	X
March 16, 2023	X; L	X	prevented	X	X
May 11, 2023	X; L	X	X	X	X
July 10, 2023	X; L	X	prevented	X	X
July 21, 2023	X; L	X	X	X	X
October 30, 2023	X; L	X	X	X	X
December 15, 2023	X; L	X	X	X	X
Board Member since	2021	2021	2022	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:

FEBRUARY 16, 2023 (VIRTUAL):

- Efficiency review of Supervisory Board work and report from the committees
- Resolution to propose Ebner Stolz Wirtschaftsprüfungsgesellschaft as the auditor to the Annual General Meeting
- Report of the Management Board on the preliminary financial statements for 2022
- Business development update
- Approval of the budget and guidance for financial year 2023
- Presentation of the Ernst & Young sustainability study on the benefits of Single Pill combinations
- Financial calendar of the company

MARCH 16, 2023 (MIXED VIRTUAL):

- Audit of the 2022 Annual Financial Statements and Consolidated Financial Statements and discussion with the auditor, Ebner Stolz
- Approval of the Annual Financial Statements, Consolidated Financial Statements and the Dependent Company Report 2022
- Resolution to propose Ebner Stolz Wirtschaftsprüfungsgesellschaft to the Annual General Meeting as the auditor for 2023
- Resolution on the Declaration of Compliance as part of the Declaration on Corporate Governance
- Preparation of the Annual General Meeting
- Business development update
- Presentation of CAPEX medium-term planning

MAY 11, 2023 (HYBRID AT THE SITE OF MCDERMOTT IN DÜSSELDORF):
- Discussion of the company's ad hoc announcement
- Proceedings of the Annual General Meeting the next day
- Presentation of the sales strategy by the Head of Marketing and the Head of Sales

JULY 10, 2023 (VIRTUAL):
- Report by the Chairman of the Supervisory Board on the resignation of Mr. Karlheinz Gast as Chairman of the Management Board
- Resolution to appoint Mr. Bruno Wohlschlegel to the Management Board and Chairman of the company's Management Board

JULY 21, 2023 (VIRTUAL):
- Report from the committees and report by the Chairman of the Supervisory Board on Corporate Governance trends
- Report of the Management Board on the package of measures to improve the situation with sales and earnings
- Report by the Management Board on the half-year financial statements and business development
- Business development update
- Review of the risk management system
- Adoption of new approval requirements for the Supervisory Board

OCTOBER 30, 2023 (VIRTUAL):
- Report by the Management Board on the Q3 financial statements and business development
- Update on the APONTIS PHARMA status analysis
- Report on the reorganization of the management team
- Presentation and adoption of the new "go-to-market" model
- Presentation and approval of the recapitalization of APONTIS PHARMA Deutschland GmbH & Co. KG

DECEMBER 15, 2023 (VIRTUAL):
- Report by the Management Board on the November financial statements and business development
- Update on status analysis with activity plan, pre-budget 2024 and opportunities and risks
- Approval of audit fees for the 2023 Annual Financial Statements
- Discussion of dates for 2024 including the Annual General Meeting

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 2023 and presented the planning for financial year 2023. A special focus was on the negative deviation from plan and the discussion of opportunities to leverage sales potential with countermeasures and establish an organization with a sustainable cost structure.

Despite the negative economic development and the announced restructuring, the employee survey once again showed a high level of satisfaction among the workforce and a high degree of identification with the vision of APONTIS PHARMA.

STRATEGIC ORIENTATION

The Supervisory Board dealt extensively and repeatedly with the strategic orientation of the APONTIS PHARMA Group.

One particular focus of the strategic evaluation is the pipeline of development and licensed products. In particular, the focus was on the market launches of four Single Pill combinations in 2023 as well as the medium and long-term Single Pill launches in the following years. Factors influencing the decision on development and licensed products include the market size, number of patients and sales volume of the relevant drug combinations as well as the competitive situation for each drug combination.

Another focus is the cooperation business with other pharmaceutical companies. The discontinuation of the cooperation with AstraZeneca meant the loss of an important revenue driver at the end of 2023. Furthermore, the cooperation with Novartis for the two products Jalra and Icandra expired at the end of September 2022 due to patent expiry. This could only be partially compensated for in the financial year with the new cooperation with Puren Pharma GmbH. The company therefore evaluated inquiries from various companies.

APONTIS PHARMA AG currently focuses on Germany. However, as part of its growth strategy, the Group is gradually building up intellectual property at the European level in order to market the underlying products in some of the 27 EU countries in the medium term.

Due to the risk of supply shortfalls, particularly for the important product Atorimib, a special focus was put on the dependency on suppliers and the legal position of the supply contracts, which are currently being revised. The supplier of the product Atorimib established a second supply site in 2023 and is currently in the process of setting up a third supply site.

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 regularly in particular with the compliance and compliance management system implemented by the Management Board. The system introduced is intended to avoid compliance violations through preventive measures and to identify any misconduct at an early stage. This system is intended to respond quickly to confirmed violations and consistently punish misconduct. No breaches have been identified or reported to date.

The company's compliance system includes, in particular, specific capital market compliance, corruption prevention and adherence to the pharma-related compliance system. The company also has its own electronic training system that ensures the completeness of the training. The company set up a whistleblower hotline with an external lawyer in financial year 2022 that is available to both employees and external persons. The compliance targets set by the Management Board were achieved in the course of financial year 2023 and discussed in detail with the Supervisory Board. The compliance reporting structure did not show any indications of a compliance violation in financial year 2023. In addition, the risk management system was developed further.

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 analyze 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. Furthermore, findings from the use of purely electric vehicles in the fleet are collected in order to draw conclusions about future vehicle procurement.

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 the mortality rate could be reduced by up to 49% and hospital admissions by up to 55% when using Single Pills. This resulted in average savings per insured person of around EUR 1,500 per year per patient. 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 combinations only come in one package. In addition, the use of Single Pill combinations reduces the amount of medication that is prescribed but not taken and is therefore subsequently destroyed. 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 2023.

AUDIT COMMITTEE

The Audit Committee consists of two members, Mr. Olaf Elbracht (Chairman) and Mr. Christian Bettinger. The Audit Committee held 7 meetings in financial year 2023. 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, discussion of Ebner Stolz's offer to take on the audit assignment for financial year 2023, the forecasts for the current financial year, the budget for 2024 and the liquidity planning through 2027 were discussed. Other individual topics also included fundamental balance sheet matters.

The Chairman of the Audit Committee reports regularly to the entire 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 eight (8) meetings in financial year 2023. 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 December 16, 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 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 13, 2024. The Declaration is available on the APONTIS PHARMA AG website at www.apontis-pharma.de/en/home under the heading Corporate Governance.

AUDIT OF THE ANNUAL AND 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, 2023, 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, Steuerberatunggesellschaft, 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 opinion was issued on March 5, 2024 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 1, 2024, and March 13, 2024, 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 13, 2024, the auditor reported on the results of the audit and was available to provide additional information. In its meeting on March 13, 2024, 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 an economically challenging year, which resulted in a comprehensive restructuring of the business and a necessary reduction in staff. This demanded a great deal from our employees.

We are aware of the disappointment caused by the capital market's failed expectations and want to regain the trust placed in us by returning to a profitable growth path.

Monheim/Rhine, March 13, 2024

The Supervisory Board of APONTIS PHARMA AG

Dr. Matthias Wiedenfels
Chairman of the Supervisory Board

APONTIS PHARMA AG ON THE CAPITAL MARKET

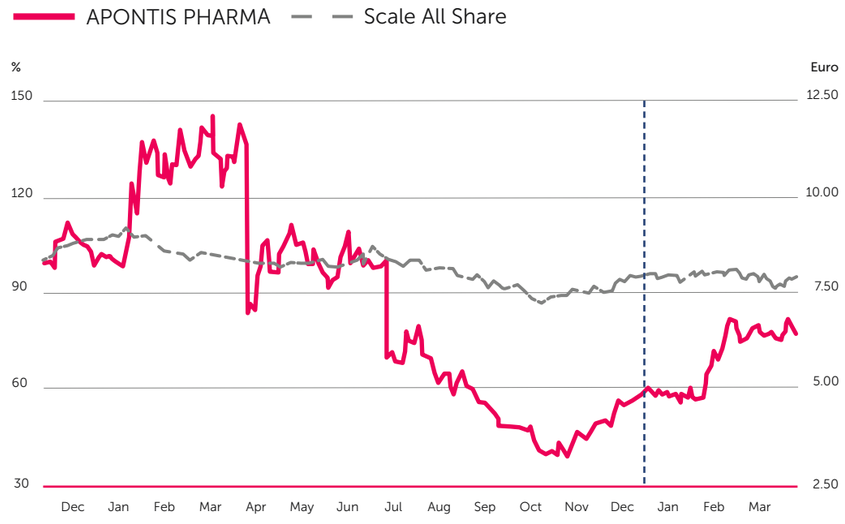
APONTIS PHARMA SHARE INFORMATION

Ticker symbol	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 AG

CAPITAL MARKETS SHOW POSITIVE DEVELOPMENT IN A VOLATILE ENVIRONMENT

The positive performance of the international stock markets in 2023 was characterized by significant price fluctuations. This was mainly due to the central banks' interest rate and monetary policies as well as inflation trends. After positive economic data in all economic regions at the start of the year, the global economy developed unevenly as the year progressed. China and Europe already showed signs of economic weakness in the second quarter, while the US stock markets benefited from surprisingly good economic data. Nevertheless, the global equity markets performed well overall in the first half of the year in the face of falling inflation. In the third quarter, uncertainties about economic growth in the US and rising inflation led to price losses, while the outbreak of the Middle East conflict weighed on prices at the beginning of the fourth quarter. Nevertheless, the international stock markets proved resistant to the many disruptive factors. From November onwards, falling inflation figures in Europe and the USA and repeated signals from central banks to change their interest rate policy led to a year-end rally. The DAX price index recorded an overall increase of around 16% in 2023. The Scale All Share Index, which also includes the shares of APONTIS PHARMA, recorded a loss of 5% over the same period.

SHARE: PRICE PERFORMANCE 2023/2024



Small caps performed significantly worse than blue chips in 2023 after the interest rate hike cycle drove borrowing costs to their highest level in decades. In addition, fears of recession after the interest rate hikes weighed on performance, particularly due to the greater vulnerability of small caps during downturns. The APONTIS PHARMA share opened the trading year on January 3, 2023, at a price of EUR 8.16 and reached its high for the reporting period of EUR 12.12 on April 11 following a still successful company performance in the first quarter. The share price subsequently fell to a low for the year of EUR 3.03 on November 9, 2023. This development was primarily due to the lowered forecast for financial year 2023 and the withdrawal of the medium-term plan for financial year 2026 due to slower growth in the Single Pill business than originally assumed. Following the presentation of a restructuring and efficiency program with a realignment of the marketing and sales concept by the new CEO of APONTIS PHARMA, Bruno Wohlschlegel, the APONTIS PHARMA share price recovered significantly from its low by the end of the year. The APONTIS PHARMA share ended the reporting year on December 29 at a closing price of EUR 4.75. Overall, the APONTIS PHARMA AG share price recorded a decline of 42% in 2023.

At the beginning of 2024, the APONTIS PHARMA share price continued to recover, recording an increase of around 31% by March 26, 2024, compared to the closing price on December 29, 2023.

SHARE PRICE DEVELOPMENT IN 2023

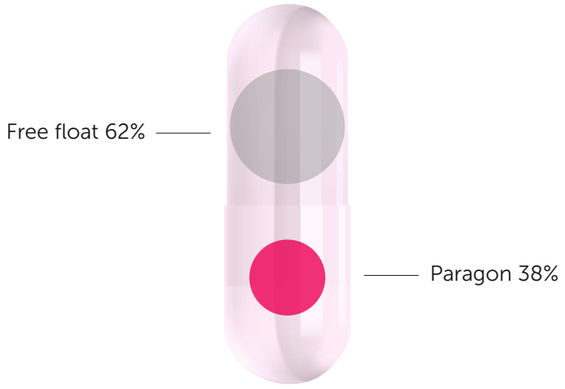
Opening price	January 3, 2023	EUR 8.16
Low	November 9, 2023	EUR 3.03
High	April 11, 2023	EUR 12.15
Closing	December 29, 2023	EUR 4.75
Performance		– 42.1%
Market capitalization		EUR 40.4 Mio.

The average daily trading volume in APONTIS PHARMA shares amounted to 18,500 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 15,807 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.

SHAREHOLDER STRUCTURE

As of December 31, 2023, APONTIS PHARMA AG is aware of the shares in the share capital with voting rights that must be disclosed to the company in accordance with Section 20 (5) of the German Stock Corporation Act (AktG) or 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 December 31, 2023. 62% 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 analyzed 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 18.00 and emphasize the experience of the new CEO of APONTIS PHARMA, Bruno Wohlschlegel, in the successful reorganization of challenging sales structures. The analysts' recommendations to buy the APONTIS PHARMA share correspond to a price potential of more than 260% compared to the closing price of EUR 4.75 on December 29, 2023.

Update	Institute	Analyst	Recommandation	Target EUR
February 14, 2024	Warburg Research	Dr. Christian Ehmann	BUY (BUY)	18.00 (20.00)
February 7, 2024	Montega	Tim Kruse	BUY (BUY)	12.50 (12.50)
February 1, 2024	Hauck Aufhäuser Lampe	Alexander Galitsa	BUY (BUY)	13.50 (13.50)

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 as well through webcasts/conference calls.

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 many one-on-one meetings in the 2023 stock market year. Besides attending the Hamburg Investors' Day and the Equity Forum Spring Conference and Fall Conference in Frankfurt/Main and the German Equity Forum, the Management Board also presented the company's business model and development prospects at a number of events in other European countries. These included the Investor Access Event in Paris and a roadshow in Helsinki.

FINANCIAL CALENDAR 2024

March 28, 2024	Half-Year Report 2023 | Earnings Call
April 4–5, 2024	Investor Access Event, Paris
April 10–11, 2024	Roadshow Montega
May 8, 2024	Interim Statement 3M/Q1 2024 | Earnings Call
May 13–15, 2024	Equity Forum Spring Conference, Frankfurt/Main
May 17, 2024	Annual General Meeting
August 9, 2024	Half-Year Report 2024 | Earnings Call
August 21–23, 2024	Hamburg Investors' Day (HIT)
September 2–3, 2024	Equity Forum Fall Conference, Frankfurt/Main
November 7, 2024	Interim Statement 9M/Q3 2024 | Earnings Call
November 18–19, 2024	Equity Forum Winter 1-on-1-Summit, Frankfurt/Main
November 25–27, 2024	German Equity Forum, Frankfurt/Main

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

GROUP MANAGEMENT REPORT OF APONTIS PHARMA AG

Monheim/Rhine,
for financial year 2023

I. BASIS 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 TREND IN GERMANY[1]

According to initial calculations by the Federal Statistical Office (Destatis), the price-adjusted Gross Domestic Product (GDP) fell by 0.3% in 2023. Overall economic development came to a standstill in the crisis-ridden environment. Price trends dampened the economy. Financing conditions and low demand from Germany and abroad continued to have an impact. As a result, the recovery from the coronavirus slump did not continue in 2023. Compared to 2019 – the year before the coronavirus – overall economic output is only 0.7% higher. Gross value added was shaped very differently by the individual sectors. The manufacturing industry (excluding construction) in particular saw a significant decline of 2.0%. The energy industry was the main factor here. Value added in energy-intensive industries such as the chemical and metal industries continued to decline, as they reacted sensitively to higher energy prices. The automotive industry provided positive impetus for growth. The construction industry achieved an increase of 0.2% despite the negative framework conditions.

The slowdown in global economic momentum led to a 1.8% decline in exports and a 3.0% decline in imports. The contribution to foreign trade therefore increased.

The job market showed positive trends and a new employment record was set with an average of 45.9 million people in employment.

1) "Press release no. 19 of January 15, 2024"
https://www.destatis.de/DE/Presse/Pressekonferenzen/2024/bip2023/bruttoinlandsprodukt-uebersicht.html

III. DEVELOPMENT OF INDUSTRIES IN 2023

EXPENDITURE TREND[2]

In the first nine months of 2023, turnover with medicinal products in the entire pharmaceutical market (pharmacies and clinics) rose by 5.8%. Sales declined slightly by 1.3%. A total of around 74.5 billion counting units (capsules, packets, sachets etc.) worth over EUR 44 billion were dispensed to patients.

PHARMACY MARKET[2]

The pharmacy market recorded 1.9% growth in revenue to EUR 35.1 billion in the first nine months of 2023, including vaccines and test diagnostics. The market segment for prescription drugs grew by 2.4% in terms of revenue and 1.9% in terms of sales in the first nine months, while over-the-counter medicines declined by 6.4% in terms of sales. Sales of over-the-counter medicines were again quite 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 38.5 billion in the first nine months of 2023, which equates to growth of 3.5%.

Among the drug groups important to the company, sales of lipid regulators grew by 6.6% and calcium antagonists by 1.7%, while sales of ACE inhibitors fell by 1.9%, beta blockers by 0.5% and diuretics by 0.5%.

Savings by statutory health insurances, private health insurances and the hospital market from mandatory manufacturer discounts and rebates from reimbursement amounts amounted to EUR 7.4 billion in the first six months of 2023.

2) https://www.iqvia.com/-/media/iqvia/pdfs/germany/library/publications/iqvia-pharma-marktbericht-classic-q3-2023.pdf
3) IQVIA Market Report: "Development of the German pharmaceutical market in the first nine months of 2023," p. 3, 4, 5, 30
https://www.iqvia.com/-/media/iqvia/pdfs/germany/library/publications/iqvia-pharma-marktbericht-classic-q3-2023.pdf

IV. ECONOMIC SITUATION

EARNINGS POSITION

APONTIS PHARMA generated sales of EUR 36,964 thousand (previous year: EUR 55,727 thousand) in financial year 2023, solely with customers in Germany. The revenue forecast for financial year 2023 of EUR 51,695 thousand could not be achieved.

The following table shows the revenue per product/service group for the years 2023 and 2022:

	2023		2022	
	EUR thousand	%	EUR thousand	%
Single Pills	**25,637**	**69.4**	**36,542**	**65.5**
Vascular	0	0.0	– 7	0.0
Gynecology	0	0.0	263	0.5
Other	2,054	5.6	2,119	3.8
Own brands (excluding Single Pills)	**2,054**	**5.6**	**2,375**	**4.3**
COPD (respiratory diseases)	7,964	21.5	9,981	17.9
Cardiovascular	1,134	3.1	0	0.0
Diabetes	175	0.0	6,829	12.3
Cooperation business	**9,273**	**25.0**	**16,810**	**30.2**
	36,964	100.0	55,727	100.0

All three sales groups showed negative growth rates. With regard to Single Pills, the decline in sales was mainly caused by the health insurance tenders for the drug combinations that include the company's products Atorimib and Caramlo, as well as the supply difficulties for the product Atorimib. The tenders for the 98-pack size for Caramlo became active on January 1, 2022. However, the winner of the 2022 tender was unable to deliver for a long time, therefore the company was able to generate higher sales in 2022 with Caramlo than planned. This situation did not repeat itself in 2023. In addition, the share of parallel imports for the product Caramlo increased in 2023. The decline for Caramlo amounted to EUR 2.8 million. The tenders for Atorimib began on January 1, 2023, and June 1, 2023. In addition to the effects of the tenders relating to Atorimib, a partial inability to supply the product Atorimib also had an effect. As a result, the company was unable to deliver throughout 2023, which led to additional sales losses for Atorimib. Sufficient quantities of Atorimib were not available again until the beginning of November 2023. The decline for Atorimib amounted to EUR 9.2 million.

The growth of the other Single Pills only partially offset these effects. Tonotec HCT grew by 38%, Iltria by 4% and Tonotec Lipid by 167%. The Single Pills launched in 2022 and 2023 contributed EUR 1.0 million to growth.

The cooperation business declined mainly due to the co-marketing agreement with Novartis for the products Jalra and Icandra, which expired on September 30, 2022, and the expected decline in the distribution product Ulunar, which is also distributed for Novartis. The discontinuation of the products Jalra and Icandra accounted for EUR 6.0 million. Ulunar declined by EUR 1.8 million. Nevertheless, due to the very low distribution margin for the product Ulunar, this has no major impact on the result.

Sales from co-promotion rose by EUR 0.4 million, which is attributable to the project with Puren PHARMA GmbH on the product Pentalong that commenced on April 1, 2023.

Other operating income amounted to EUR 1,690 thousand (previous year: EUR 2,664 thousand) and mainly included income from the release of provisions amounting to EUR 602 thousand (previous year: EUR 1,024 thousand). In addition, the company generated income of EUR 672 thousand (previous year: EUR 742 thousand) from the provision of vehicles in kind. The release of provisions mainly includes the release of post-launch milestone payment provisions, as the payment obligation no longer applies, as well as the release of provisions for outstanding invoices.

Cost of materials amounted to EUR 13,793 thousand in financial year 2023 (previous year: EUR 20,735 thousand). The cost of materials ratio was 37.3% (previous year: 37.2%). The increase in the cost of materials ratio was mainly because of higher destruction costs and write-downs on inventories compared to the previous year.

Personnel expenses in the financial year amounted to EUR 24,572 thousand (previous year: EUR 17,653 thousand), of which EUR 2,915 thousand (previous year: EUR 2,662 thousand) was for social security contributions. Personnel expenses include EUR 5,565 thousand (previous year: EUR 0 thousand) for the restructuring program. This restructuring program includes reducing the number of employees in the field to 65 and to 44 in the office. A reconciliation of interests and a social plan were negotiated with the Works Council. The total costs include both the costs of severance payments and the costs for the period of the release phase. Personnel expenses, excluding the costs of restructuring, increased compared to the previous year. This is mainly due to salary increases and the higher number of employees during the year. Furthermore, the severance payment for the former CEO Karlheinz Gast in the amount of EUR 648 thousand, which was due in January 2024, was recognized under personnel expenses.

Other operating expenses in the past financial year amounted to EUR 13,523 thousand (previous year: EUR 14,375 thousand). These mainly consisted of marketing expenses of EUR 1,909 thousand (previous year: EUR 2,553 thousand), expenses for distribution costs of EUR 2,283 thousand (previous year: EUR 2,534 thousand), vehicle costs of EUR 2,220 thousand (previous year: EUR 1,825 thousand) and EUR 1,554 thousand for temporary employees (previous year: EUR 2,853 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 and the SECURE studies, and thus to promote growth. In addition, the company employed more sales representatives in the financial year than in the previous year. Pneumologists were also visited intensively as part of the co-promotion with AstraZeneca. Marketing costs also include costs for events with physicians and conferences.

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

The financial result for financial year 2023 was EUR 274 thousand (previous year: EUR 16 thousand). The financial result included interest income of EUR 344 thousand and interest expenses of EUR 71 thousand. Interest expenses include the interest portion of accrued pensions and anniversaries in the amount of EUR 109 thousand (previous year: EUR 188 thousand). This was offset against the interest income from plan assets in the amount of EUR 61 thousand (previous year: EUR 143 thousand).

Income taxes resulted in income of EUR 3,586 thousand (previous year: expense of EUR 1,101 thousand). This included income of EUR 51 thousand from income taxes (previous year: expenses of EUR 851 thousand) and positive deferred taxes in the amount of EUR 3,535 thousand (previous year: expenses of EUR 250 thousand).

APONTIS PHARMA closed financial year 2023 with a consolidated net loss of EUR 11,303 thousand (previous year: consolidated net income of EUR 2,689 thousand).

ASSET POSITION

ASSETS

APONTIS PHARMA's fixed assets of EUR 18,372 thousand (previous year: EUR 16,992 thousand) consist to a large extent of licensing rights for products amounting to EUR 3,735 thousand (previous year: EUR 5,527 thousand) and milestone payments (advance payments) to contract developers and licensors for future product rights amounting to EUR 13,805 thousand (previous year: EUR 10,621 thousand).

Inventories amounted to EUR 6,618 thousand as of December 31, 2023 (previous year: EUR 3,164 thousand) and were mainly related to merchandise in the amount of EUR 5,777 thousand (previous year: EUR 3,164 thousand) and advance payments on inventories in the amount of EUR 842 thousand (previous year: EUR 0 thousand). The increase is mainly due to supply problems at the end of 2022, which were resolved in financial year 2023, product launches and advance payments on inventories as part of new licensing and distribution agreements, which cover the costs of the contractual partners to provide the German license.

Current receivables and other assets as of December 31, 2023, in the amount of EUR 1,419 thousand (previous year: EUR 2,664 thousand) were mainly attributable to trade receivables from third parties of EUR 847 thousand (previous year: EUR 2,352 thousand). Trade receivables declined mainly in connection with the lower sales revenues.

Cash and cash equivalents amounted to EUR 26,186 thousand as of December 31, 2023 (previous year: EUR 36,345 thousand) and with the exception of an amount of EUR 6,020 thousand are freely available.

LIABILITIES

APONTIS PHARMA's equity capital amounted to EUR 30,263 thousand (previous year: EUR 41,566 thousand) as of December 31, 2023, corresponding to an equity ratio of 52.7% (previous year: 69.4%). The decrease in equity results from the loss in the financial year. In the past financial year, APONTIS PHARMA carried out two share buyback programs 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 561 thousand (previous year: EUR 631 thousand).

As of December 31, 2023, provisions amounted to EUR 15,245 thousand (previous year: EUR 11,489 thousand) and mainly comprised provisions for pensions in the amount of EUR 2,855 thousand (previous year: EUR 2.687 thousand), provisions for discounts granted in the amount of EUR 1,527 thousand (previous year: EUR 3,338 thousand), provisions for personnel in the amount of EUR 8,592 thousand (previous year: EUR 2,449 thousand) and provisions for outstanding purchase invoices in the amount of EUR 977 thousand (previous year: EUR 1,015 thousand). The provisions for personnel include EUR 5,565 thousand in expenses for restructuring (previous year: EUR 0 thousand).

The decrease in provisions for discounts granted was mainly due to lower sales revenue and settlements for previous years.

Provisions for personnel included mainly provisions for sales force bonuses of EUR 639 thousand (previous year: EUR 835 thousand), provisions for office staff bonuses of EUR 559 thousand (previous year: EUR 820 thousand), provisions for long-term incentives of EUR 133 thousand (previous year: EUR 115 thousand) and provisions for anniversary bonuses of EUR 211 thousand (previous year: EUR 230 thousand).

As of December 31, 2023, liabilities totaled EUR 11,390 thousand (previous year: EUR 6,093 thousand) and included in particular EUR 5,089 thousand in trade payables (previous year: EUR 5,359 thousand) and a current bank liability of EUR 6,020 thousand (previous year: EUR 0 thousand). Bank liabilities in the amount of EUR 6,020 thousand result from a bank loan from APONTISPHARMA AG and accrued interest, which became necessary as part of the financing of APONTIS PHARMA

Deutschland GmbH & Co. KG, as the fixed-term deposit of EUR 6,000 thousand with the same bank, maturing in May 2024, could not be used for financing. Other liabilities included in particular liabilities from taxes amounting to EUR 238 thousand (previous year: EUR 603 thousand).

FINANCIAL POSITION

Cash flow from operating activities was negative in financial year 2023 at EUR 12,596 thousand (previous year: positive at EUR 11,020 thousand). The deterioration was mainly due to the loss of APONTIS PHARMA.

Cash flow from investing activities was negative in financial year 2023 at EUR 2,934 thousand (previous year: negative EUR 2,679 thousand). This is mainly due to the payments for intangible assets for Single Pill development projects.

Cash flow from financing activities amounted to EUR 6,000 thousand in financial year 2023 (previous year: negative EUR 1,836 thousand). The positive cash flow is attributable to the short-term bank loan taken out in the reporting year.

As of December 31, 2023, cash and cash equivalents totaled EUR 26,816 thousand (previous year: EUR 36,345 thousand). Cash and cash equivalents exclusively consist of cash on hand and bank balances. Restricted cash and cash equivalents amounted to EUR 6,020 thousand. APONTIS PHARMA was always in a position to meet its payment obligations.

There was no guarantee credit line in financial year 2023.

APONTIS PHARMA has been able to meet its payment obligations at all times.

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 financial year 2023 compared to the previous year:

EUR thousand	2023	2022	Δ EUR k	Δ%
Revenue	36,964	55,727	–18,763	–33.7
Gross profit	23,171	34,992	–11,821	–33.8
Gross profit marge	62.7%	62.8%		–0.1
EBITDA	–13,279	5,569	–18,848	–338.4
EBITDA margin	–35.9%	10.0%		–45.9
EBIT	–15,163	3,773	–18,936	–501.9
EBIT margin	–41.0%	6.8%		–47.8

Sales revenue declined in the reporting year, mainly due to the effects described above. The financial performance indicator gross profit shown in the table above shows the difference between sales revenue and cost of materials. Other operating income in accordance with HGB is not included in this performance indicator. Gross profit was lower in financial year 2023, mainly due to lower sales revenue. The increase in the cost of materials ratio mainly resulted from higher destruction costs and write-downs on inventories compared to the previous year.

On the cost side, the increase in permanent sales representatives at the beginning of the year was reflected in personnel expenses and sales representatives hired through temporary employment agencies in other operating expenses. Jobs were cut in the middle of the financial year to reduce costs. Marketing expenses were also reduced compared to 2022. In addition, the severance payments to the CEO of EUR 648 thousand and expenses of EUR 5,565 thousand from the recognition of provisions for restructuring also had an impact.

Overall, EBITDA declined from EUR 5,569 thousand in the previous year to EUR –13,279 thousand in financial year 2023. EBITDA excluding restructuring expenses amounted to EUR –7,714 thousand, adjusted EBIT amounted to EUR –9,598 thousand.

The performance indicators developed as follows in financial year 2023 compared to the figures planned (budget):

EUR thousand	2023	2023 Budget	Δ EUR k	Δ%
Revenue	36,964	51,695	–14,731	–28.5
Gross profit	23,171	35,776	–12,605	–35.2
Gross profit marge	62.7%	69.2%		–6.5
EBITDA	–13,279	3,256	–16,535	–507.8
EBITDA margin	–35.9%	6.3%		42.2
EBIT	–15,163	953	–16,116	–1,691.0
EBIT margin	–41.0%	1.8%		42.8

The sales planned and the gross profit for 2023 as shown in the Group Management Report for financial year 2022 were significantly underperformed. This was mainly due to supply difficulties for the product Atorimib, the significantly lower than planned growth rates for the established Single Pills and the newly launched Single Pills and the delayed launch of the product RamiBiso. In addition, the restructuring program and the change of CEO resulted in unplanned expenses.

The gross profit margin is 6.5 percentage points lower than planned. This is due to the lower share of the Single Pill business in total sales compared to the budget as well as higher value adjustments on inventories.

The shortfall in EBITDA and EBIT was mainly due to the shortfall in sales and the expenses for restructuring and the severance payment for the former CEO.

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 financial performance indicators, APONTIS PHARMA also reports non-financial performance indicators. These include employee matters in particular. 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 and 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. MATERIAL 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 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 updated by the risk owner. 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 training is 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 contacting the Compliance Officer and using an external whistleblower system.

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 physician. In this context, the pharmaceutical company is not allowed to advertise for prescription medicines directly to patients. The principle of the physician’s freedom of therapy and prescription, which may not be influenced by consumer advertising, is of major importance here. Nevertheless, physicians 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:

RISKS OF COMPETITION

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.

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 physicians decide to prescribe them. There is currently no other pharmaceutical company with Single Pills that uses a comparable concept to look after the target audience physicians 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, the health insurance funds can also carry out tenders. There are two different types of tenders. The so-called "open house contracts" are the simplest type. 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 physician 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 based on the financial resources provided by the UCB Group and also after the sale by 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 2022. This tender did not yet have a full impact on the company in 2022, as the tender winner had difficulties delivering in 2022. This enabled the company to generate additional sales. This opportunity was lost in financial year 2023 and led to a decline in sales of Caramlo®. Furthermore, the share of parallel imports for Caramlo® increased in 2023.

In 2023, the active ingredient combination Atorvastatin and Ezetimibe, to which the company's product Atorimib belongs, was put out to tender and led to a decline in sales.

In principle, there is a risk that health insurance funds will demand a bilateral and exclusive discount for the 90-packs introduced despite the lack of direct competition. There is also a risk that measures by competitors that increase competition (such as generics companies or parallel importers) may be taken, by introducing so-called 90-packs for the products Atorimib, Caramlo and Tonotec, for example. In 2024, tenders for the Tonotec product will become active that directly and indirectly include 90-packs from a competitor.

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 LAUNCHES

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.

Some license and supply agreements contain minimum purchase quantities that must be met. If these are not met, termination rights can be exercised or significant compensation payments demanded.

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. 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 procurement risks due to capacity problems at one supplier for the product Atorimib, which should be fully resolved from the second half of 2024 according to the manufacturer.

INFLATION RISKS

APONTIS PHARMA has three main areas that determine the inflation risk. These are personnel costs, the purchasing costs of products and 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

APONTIS PHARMA continues to have a very good equity ratio. Liquidity has fallen sharply in 2023 due to the loss situation, the increase in working capital and investments in development and licensing projects. APONTIS PHARMA plans its liquidity with the help of an integrated income, asset and cash flow statement as well as a direct cash flow statement on a daily basis. According to current planning, sufficient liquidity is secured for APONTIS PHARMA and its subsidiaries. There are no interest rate or currency risks, as APONTIS PHARMA mainly conducts business in Germany and does not require external financing.

LEGAL RISKS

APONTIS PHARMA is currently not involved in any legal proceedings in the course of its normal business activities.

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 based on 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.

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. For the coming years, APONTIS PHARMA 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 wish to benefit from the strength and quality of our sales force.

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 APONTIS PHARMA and taken into account in both the planning and in 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 and German guidelines, the risk is considered to be relatively low.

For the current financial year 2024, APONTIS PHARMA does not expect any change in the general risk environment or risks. 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 38%.

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. Reappointment 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 effected for good cause.

According to Article 6 of the Articles of Association of APONTIS PHARMA AG, the Management Board is to consist of at least two persons. The Supervisory Board appoints the members of the Management Board and determines their number. It can appoint deputy members of the Management Board. The Supervisory Board may appoint a Chairman of the Management Board and 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, paragraph 1, sentence 1 of the German Stock Corporation Act (AktG), any amendment to the Articles of Association requires a resolution by the Annual General Meeting. However, in accordance with Section 179, paragraph 1, sentence 2 of the German Stock Corporation Act (AktG) in conjunction with Section 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 shall 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, insofar as they are obliged to convert, to fulfil their obligation to convert, or, if the company exercises an option, to grant shares in the company in whole or in part instead of payment of the cash amount due, unless cash compensation is granted or treasury shares or shares in another listed company are used to service the bonds.

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, on one or more occasions by up to a total of EUR 4,250,000 by issuing up to 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 shall participate in profits from the beginning of the financial year in which they are issued.

Furthermore, the Management Board is authorized pursuant to Section 71 paragraph 1 no. 8 of the German Stock Corporation Act (AktG) to acquire treasury shares for any permissible purpose within the framework of the legal 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 by the Annual General Meeting – or if this value is lower – at the time of exercise of the authorization. The authorization may be exercised directly by the company or by a company dependent on or majority-owned by the company or by third parties commissioned by the company or companies dependent on or majority-owned by the company and permits the acquisition of treasury shares in full or in partial amounts as well as one-time or repeated acquisitions. This authorization has been

exercised twice to date and a total of 170,000 treasury shares have been acquired. These treasury shares are to be used to service two share programs for the company's employees that were launched in financial year 2022.

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

There are no agreements that are subject to the conditional of 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. CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB) is made publicly available on our website at www.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 aspirational and ongoing company management by linking the bonus of the members of the Management Board to both the short-term and long-term development of the company. By selecting suitable performance criteria, important impetus 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, whereby the objectives of the management and the direct interests of shareholders are brought into even closer balance.

APONTIS PHARMA AG's remuneration system, described in more detail below, applies to all current and future Management Board employment 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 in more detail below.

Remuneration component	Assessment basis/parameters
Non-performance-related remuneration	
Fixed remuneration	The fixed remuneration of the Management Board members is paid each month on a pro rata basis as a salary.
Fringe benefits	Company car
Performance-related remuneration	
Short-Term Incentive (STI)	Target bonus model Basis for target achievement: – **60% financial performance criteria** (30% revenues; 30% EBITDA) – **40% non-financial performance criteria** (business development/pipeline development; organizational development/organizational commitment) The Supervisory Board determines financial and non-financial aspects based on the annual planning and individual performance criteria at the beginning of the financial year. Cap: 200% of the target amount As part of the change at the top of the company, no revenue or earnings targets for 2023 were set for the CEO appointed on September 1, 2023. The non-financial performance criteria are based on individual performance in the context of the restructuring.
Long-Term Incentive (LTI)	Share-based long-term remuneration Term: Four (4) years
Other remuneration regulations	
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 reduce the variable remuneration (STI / LTI) for the respective assessment period in part or waive it completely. **Clawback:** The possibility for the Supervisory Board to reclaim variable remuneration already paid out in the event of the subsequent discovery of a malus offense or incorrect Consolidated Financial Statements (differences in amounts).

REMUNERATION COMPONENTS AND STRUCTURE

Remuneration consists of a non-performance-related and a performance-related component, the former consisting of the fixed remuneration and 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-related 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.

This structure is geared towards the effective and long-term development of the company.

Additional (special) remuneration, guaranteed remuneration or discretionary bonuses not listed in this remuneration system are not paid.

The following overview shows the remuneration for the year 2023.

THE REMUNERATION SYSTEM IN DETAIL

Management Board remuneration	2023	2023	2023
EUR thousand	Bruno Wohlschlegel CEO from September 1, 2023	Karlheinz Gast CEO until July 10, 2023	Thomas Milz CPO
Fixed remuneration	108	324	264
Fringe benefits	4	21	17
Total	**112**	**345**	**281**
One-year variable remuneration (STI)	33	0	43
Multi-year variable remuneration (LTI)	0	0	0
Severance payment	0	648	0
Total	**33**	**648**	**43**
Total remuneration	**145**	**993**	**324**

NON-PERFORMANCE-RELATED REMUNERATION COMPONENTS

FIXED REMUNERATION

The Management Board members receive their fixed remuneration as a monthly pro rata salary without cash payment. The fixed remuneration thus represents a secure and predictable income for the members of the Management Board.

FRINGE BENEFITS

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

PERFORMANCE-BASED 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. In addition, the two components differ in that the Supervisory Board sets concrete (general and individual) criteria for the STI before each financial year, whereas the parameters for the LTI have already been set for the entire term in a separate agreement.

SHORT-TERM INCENTIVE (STI)

60% of the STI is based on the improvement of sales 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 intended to reward the continuous achievement of operational goals, which is of fundamental importance as the basis for the company's ongoing development. 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 issues the target and threshold values for the defined financial performance criteria at the beginning of each financial year.

For the individual performance, the Supervisory Board sets individual targets for the Management Board members before each financial 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 targets can contain both concretely measurable key figures and expectations of the Management Board members. However, it is crucial that the achievement of the targets is comprehensible and verifiable in each case. The individual targets can relate to the following 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 and has a term of four (4) years designed to create a long-term incentive effect. As this is a share-based component, the interests of the shareholders are aligned with the objectives of the management even more closely and an incentive is created to increase the value of the company in the long term and on an ongoing basis.

Two LTI programs were active at the end of the financial year. For both programs, the company awards a certain number of units based on an LTI target amount in relation to the price of the APONTIS PHARMA AG share at the time of listing on May 11, 2021, in the amount of EUR 19.00 ("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 benefit in the value of the units corresponding to the number of shares in APONTIS PHARMA AG ("LTI entitlement"). The LTI entitlement is to be settled either in cash or (in whole or in part) in shares of the company at the company's discretion.

„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 financial years 2020 to 2023 ("performance period") after the end of financial year 2024 amounts to 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.

The LTI units shall be forfeited without compensation if at least a compound annual growth rate (CAGR) of 15% in the total revenues of the "Single Pills" segment compared to financial year 2020 is not achieved at the end of the performance period.

No provision was recognized for this obligation in the Consolidated Financial Statements for financial year 2023, as the growth target was not achieved.

„LTI-PROGRAM 2022":

The LTI units for this program are allocated to the participant in accordance with the following provisions if certain growth targets are achieved in the "Single Pills" segment. If earnings before interest, taxes, depreciation and amortization (EBITDA) after the end of the 2024 financial year ("performance date").

> 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 of the LTI units allocated.

If EBITDA of at least EUR 10,000 thousand is not achieved at the end of the performance period, the LTIs expire without compensation. No provision was recognized for this obligation in the Consolidated Financial Statements for financial year 2023, as the planning does not assume that the lower limit will be reached.

The company may settle the LTI entitlements vis-à-vis the participants either in full or in part by means of an equity 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 financial year 2023, Mr. Karlheinz Gast's salaries were paid from July 10, 2023, to December 31, 2023, and offset against the severance payment to which he is entitled. At the beginning of January 2024, a severance payment of EUR 648 thousand was paid, which means that the severance payment cap was met for Mr. Gast.

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 circumstance subsequently becomes known, the Supervisory Board is entitled to reclaim all or part of the variable remuneration components already paid out from 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 of demanding 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 to be concluded for the duration of the Management Board member's appointment as a member of the company's Management Board. In the event of a reappointment or extension of the term of office, this employment contract is 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 the Management Board member resigns from office, the employment contract shall also end. If, however, the revocation is based on good cause within the meaning of Section 84 (3) of the German Stock Corporation Act (AktG), which is not also good cause within the meaning of Section 626 of the German Civil Code (BGB) for the termination of the employment contract without notice, the employment contract shall not end until the expiry of a period of twelve (12) months to the end of the month or – if this date occurs earlier – at the end of the day until which the Management Board member was appointed 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 the contract without notice for good cause remains unaffected.

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

BENEFITS UPON TERMINATION OF THE CONTRACT

Payments to a Management Board member in the event of 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 employment contract. Any waiting allowance to be paid shall 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 out *pro rata temporis*.

There is no entitlement to the Short-Term Incentive (STI) during the period of a leave of absence and suspension of the employment relationship, so that a pro rata reduction is also made if these periods begin or end during the year. The employment relationship shall also be deemed to be suspended as soon as an incapacity to work of the Management Board member exceeds the period of continued remuneration under this employment contract.

If the Management Board employment contract ends before the end of the four (4) year term of 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 a leaver case is due to the Management Board member reaching the normal retirement age, becoming permanently ill, dying or not having their appointment extended, or if he terminates the Management Board employment contract for demonstrably good cause, he becomes a "Good Leaver." As a Good Leaver, he acquires a pro rata LTI entitlement (pro rata temporis), which is calculated on the basis of the term of the LTI contract completed at the time of termination of the employment relationship and otherwise in accordance with 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 under the LTI contract lapse without compensation.

PROHIBITION OF COMPETITION DURING THE TERM OF THE CONTRACT

During the term of his contract, the Management Board member shall undertake, 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. Direct or indirect activity as an employee, self-employed person, consultant or a direct or indirect shareholder in the company is not permitted. The acquisition of listed shares for the purpose of capital investment up to 5% of the share capital is an exception.

POST-CONTRACTUAL NON-COMPETITION CLAUSE

For a period of twelve months after termination of the employment contract, the Management Board member 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 its affiliated companies ("competitor company") or is affiliated with a competitor company. Similarly, he 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 equal to 50% of his last fixed salary for each year of the non-competition clause. The Management Board member must allow for any other earnings to be offset in accordance with Section 74c of the German Commercial Code (HGB).

At the end of each quarter, he or she must 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 is obliged to pay a contractual penalty in the amount of the last contractually agreed fixed monthly salary. In the event of a permanent violation, the contractual penalty shall be imposed again for each month or part thereof. The company reserves the right to claim further damages.

The company may withdraw from the post-contractual non-competition clause at any time by giving six months' notice.

The Supervisory Board receives fixed remuneration. No further remuneration is paid. Justified expenses such as travel expenses are 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 receives 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 EUR 10 thousand. Dr. Edin Hadzic and Mr. Christian Bettinger have waived payment of their Supervisory Board remuneration as long as Paragon is a shareholder in the company.

The company also provides the members of the Supervisory Board with D&O insurance.

XII. FORECAST REPORT

The ifo Institute expects economic output to increase by 0.9% in 2024, following an expected decline of 0.3% in 2023.[4] This is due to the decline in inflation, strong wage increases and record employment levels.

Due to APONTIS PHARMA's business model and the indications the company serves, the business is decoupled from economic developments. This means that both a particularly positive and a negative development of the economy will initially have no significant impact on the development of APONTIS PHARMA's business. Furthermore, APONTIS PHARMA assumes that the impact of the pandemic will continue to diminish.

The Single Pill business will grow in 2024. This will mainly be driven by the current Single Pill portfolio and the effects of the new launches planned in 2024. APONTIS PHARMA currently expects four new launches to take place in financial year 2024.

4) https://www.ifo.de/fakten/2023-12-14/ifo-konjunkturprognose-winter-2023-konjunkturerholung-verzoegert-sich

APONTIS PHARMA expects a sufficient and stable supply situation for the product Atorimib in financial year 2024 and thus also a positive contribution to growth.

APONTIS PHARMA expects sales of its product Tonotec to decline, as a competitor has introduced a 90-tablet pack to the market and this is included in some of the health insurance tenders.

The cooperation business is characterized by the termination of the co-promotion agreement with AstraZeneca at the end of October 2023 and the expiry of the co-promotion agreement with Puren on March 30, 2024.

To adjust the cost base, APONTIS PHARMA agreed on a social plan and reconciliation of interests with the Works Council at the end of 2023. These agreements provide for a reduction in the workforce, particularly in the sales force, but also the back office. Furthermore, APONTIS PHARMA has terminated contracts with temporary employment service companies. This program will take effect at the beginning of April 2024 and therefore lead to a significant cost reduction as early as 2024.

The strategic advantage of the Single Pill product portfolio is that it is not outdated and can be continued in the long term. The last product innovations in the cardiovascular field were launched more than ten years ago and no new active ingredients for the treatment of hypertension are currently being researched. Therefore, increasing physician's prescriptions of Single Pills based on the results of the START and the SECURE studies 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 budget for 2024 compared to 2023:

EUR thousand	2024 Budget	2023	Δ EUR k	Δ%
Sales	41,717	36,964	4,753	12.9%
Gross profit	26,611	23,171	3,440	14.8%
EBITDA	1,791	–13,279	15,070	113.5%

Based on the information currently available, the company expects its sales to increase by 12.9% in 2024. This increase will result from the above-mentioned growth in Single Pills, which will overcompensate for the decline in the cooperation business.

The company expects EBITDA of EUR 1,791 thousand for 2024. The improvement in EBITDA will result from the growth in sales and the reduction in the cost base due to the efficiency and performance enhancement program.

The statements on future developments made in the Forecast Report are based on assumptions and estimates that were available to APONTIS PHARMA from information at the time the report was prepared. These statements are subject to risks and uncertainties. Actual results may therefore deviate from the expected results.

XIII. DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and 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" in the version dated April 28, 2022, 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, with the following exceptions, and will continue to do so in the future:

B.1: DIVERSITY OF THE MANAGEMENT BOARD

The company's Management Board consists of two men. In this respect, the company declares a deviation from recommendation B1 that diversity should be taken into account in its composition.

B.3: CONTRACT TERM OF THE MANAGEMENT BOARD

In deviation from recommendation B.3, the initial appointment of the first Management Board member of the AG is for five years instead of three. The Supervisory Board 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 shareholders and other stakeholders that the successful continuation of the company is secured in the long term. In the opinion of the Supervisory Board, investors wanted a corresponding signal of continuity. The appointment of the new CEO Bruno Wohlschlegel in this respect is limited to two years.

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 forced early departure of people 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 stipulate 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 specified. Furthermore, the Supervisory Board does not concur with this recommendation. In an ageing society, age should not be a criterion, but rather the individual performance of a Supervisory Board member. Here, the Supervisory Board relies on the individual responsibility of the Supervisory Board and the assessment of the Supervisory Board.

Since issuing the last Declaration of Conformity on March 16, 2023, APONTIS PHARMA AG has complied with all recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 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 above-mentioned exceptions.

Monheim/Rhine, March 11, 2024

APONTIS PHARMA AG

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

For the Management Board
Bruno Wohlschlegel
(CEO / Chairman of the Management Board)

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the asset, financial and earnings position of the Group, and the Group Management Report includes 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 11, 2024

The Management Board

Bruno Wohlschlegel
CEO / Chairman of the Management Board

Thomas Milz
CPO / Chief Product Officer

GROUP MANAGEMENT REPORT

DECLARATION OF COMPLIANCE

in accordance with Sections 289f, 315d HGB for financial year 2023

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 at www.apontis-pharma.de/corporate-governance. This Declaration is now based on the version of the Code dated December 16, 2019, and the currently valid version dated April 28, 2022.

The Declaration of Conformity of March 2024 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 externalized 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 organized in such a way that monitoring of the successful participation in the training courses held is ensured. 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 cardiovascular 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 THE 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, authorize a proxy and conduct postal voting. The agenda items and the documents required for them are published well in advance on our website 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 2024 will be held virtually on May 17, 2024, in accordance with Section 118a para. 1 sentence 1 AktG.

MANAGEMENT BOARD AND SUPERVISORY BOARD

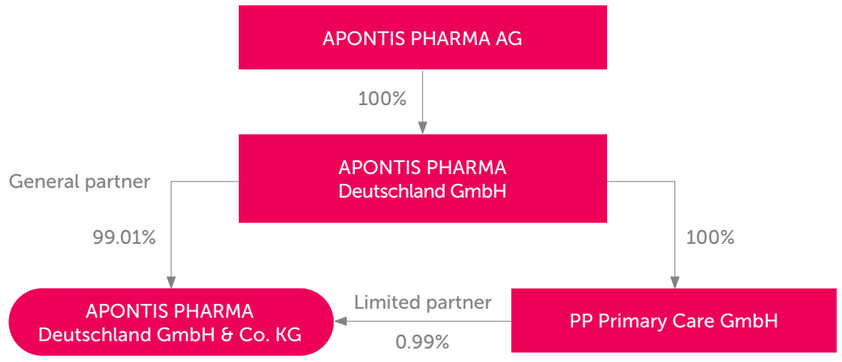
The Management Board is responsible for managing the company. The Management Board and the Supervisory Board work together closely and in a spirit of trust within the framework of their legally defined duties. In doing so, the Supervisory Board monitors and advises the Management Board.

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 organized 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 as part of annual planning. 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 Bruno Wohlschlegel (Spokesman of the Management Board) as of September 1, 2023, Mr. Karlheinz Gast (until July 10, 2023) 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 Mr. Gast and Mr. Milz. 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. According to the Supervisory Board's assessment, a corresponding signal of continuity was desired by the investors. Mr. Bruno Wohlschlegel has been appointed for two years.

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 recommendation. 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 individual

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 license 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 Supervisory Board consisted of Dr. Matthias Wiedenfels (Chairman), Mr. Olaf Elbracht (Deputy Chairman), Dr. Edin Hadzic, Mr. Christian Bettinger and Dr. Anna-Lisa Picciolo-Lehrke. 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 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 Management Board members in office also participated in six 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 seven times in the reporting year 2023, three of which were together with the auditor.

COMPOSITION OF THE SUPERVISORY BOARD AND DIVERSITY OF THE SUPERVISORY BOARD, MANAGEMENT BOARD AND 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 pays 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
Financing	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	
Pharma Law	X	X	X		
Pharma 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 Supervisory Board members 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 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'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 membership of Mr. Milz as co-founder of APONTIS PHARMA Deutschland GmbH & Co. KG and Mr. Wohlschlegel due to his expertise. In this respect, the company declares a deviation from recommendation B.1 that diversity should be taken into account in the composition of its Management Board.

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 rather 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 58% women in financial year 2023. In the previous year, the quota was 44%. 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 2023 after being proposed by the Supervisory Board at the Annual General Meeting on May 12, 2023.

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/RHINE
GERMAN SECURITIES 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 ON THE MANAGEMENT BOARD

The company's Management Board consists of two men. Here, the company declares a deviation from recommendation B.1, according to which diversity should be taken into consideration in its composition.

B.3: TERM OF THE CONTRACT FOR 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 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. According to the Supervisory Board's assessment, a corresponding signal of continuity was desired by the investors. The appointment of the new CEO Bruno Wohlschlegel in this regard is limited to two years.

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's members.

Since issuing the last Declaration of Compliance on March 16, 2023, 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, 2024

APONTIS PHARMA AG

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

For the Management Board:
Bruno Wohlschlegel
(Chairman of the Management Board)

CONSOLIDATED BALANCE SHEET

Assets

EUR		Dec. 31, 2023	Dec. 31, 2022
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	3,735,324.00	5,527,442.00
	2. Advance payments and intangible assets under development	13,805,079.05	10,620,605.00
		17,540,403.05	**16,148,047.00**
II.	Property, plant and equipment		
	1. Leasehold improvements	13,453.00	21,528.00
	2. Other equipment, factory and office equipment	16,786.00	23,030.00
		30,239.00	**44,558.00**
III.	Financial assets		
	1. Securities held as fixed assets	801,152.65	743,296.00
	2. Other loans	0.00	55,900.00
		801,152.65	**799,196.00**
		18,371,794.70	**16,991,801.00**
B.	**Current assets**		
I.	Inventories		
	1. Goods	5,776,577.42	3,164,412.28
	2. Prepayments for goods	841,666.68	0.00
		6,618,244.10	**3,164,412.28**
II.	Receivables and other assets		
	1. Trade receivables	846,558.35	2,351,781.44
	2. Other assets	825,885.55	565,757.88
		1,672,443.90	**2,917,539.32**
III.	Cash on hand and bank balances	26,815,647.03	36,345,022.95
		35,106,335.03	**42,426,974.55**
C.	**Prepaid expenses**	520,507.57	434,523.66
D.	**Deferred tax assets**	3,461,000.00	0.00
		57,459,637.30	59,853,299.21

CONSOLIDATED BALANCE SHEET

Liabilities

EUR		Dec. 31, 2023	Dec. 31, 2022
A.	**Equity**		
I.	Issued capital		
	1. Subscribed capital	8,500,000.00	8,500,000.00
	2. Treasury shares	– 170,000.00	– 170,000.00
		8,330,000.00	**8,330,000.00**
II.	Capital reserve	**34,612,378.60**	**34,612,378.60**
III.	Consolidated net loss		
	1. Consolidated loss carried forward	–1,376,239.72	–4,064,996.08
	2. Consolidated net income/consolidated net loss	–11,302,954.18	2,688,756.36
		–12,679,193.90	**–1,376,239.72**
		30,263,184.70	**41,566,138.88**
B.	**Difference from capital consolidation**	561,349.00	631,233.00
C.	**Provisions**		
	1. Provisions for pensions and similar obligations	2,855,339.00	2,686,211.00
	2. Tax provisions	828,516.00	1,234,675.00
	3. Other provisions	11,561,266.25	7,568,045.88
		15,245,121.25	**11,488,931.88**
D.	**Liabilities**		
	1. Bank liabilities	6,019,578.67	0.00
	2. Trade payables	5,089,944.66	5,359,137.73
	3. Other liabilities	280,459.02	733,857.72
		11,389,982.35	**6,092,995.45**
E.	**Deferred tax liabilities**	0.00	74,000.00
		57,459,637.30	59,853,299.21

CONSOLIDATED INCOME STATEMENT

EUR		2023	2022
1.	Sales revenue	36,963,795.61	55,726,842.58
2.	Other operating income	1,689,789.90	2,644,024.70
3.	Cost of materials		
	Cost of goods purchased	13,793,272.94	20,735,319.14
4.	Personnel expenses		
	a) Wages and salaries	21,656,810.53	14,991,098.07
	b) Social security contributions and expenses for pensions and other employee benefit	2,915,328.31	2,662,025.80
		24,572,138.84	**17,653,123.87**
5.	Amortization of intangible assets and depreciation of property, plant and equipment	1,884,485.90	1,795,342.68
6.	Other operating expenses	13,523,183.61	14,375,130.21
7.	Other interest and similar income	344,208.04	63,910.98
8.	Interest and similar expenses	70,527.75	47,970.00
9.	Income taxes		
	a) Taxes	–51,397.31	850,548.00
	b) Deferred taxes	–3,535,000.00	250,000.00
		–3,586,397.31	**1,100,548.00**
10.	Earnings after taxes	–11,259,418.18	2,727,344.36
11.	Other taxes	43,536.00	38,588.00
12.	Consolidated loss for the year/net profit	–11,302,954.18	2,688,756.36
13.	Consolidated loss carried forward	–1,376,239.72	–4,064,996.08
14.	Consolidated accumulated loss	–12,679,193.90	–1,376,239.72

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR			2023	2022
1.		Result for the period	–11,302,954.18	2,688,756.36
2.	+/–	Depreciation/appreciation of fixed asset	1,884,485.90	1,795,342.68
3.	+/–	Increase/decrease in provisions	–1,453,658.63	1,597,651.35
4.	+/–	Other non-cash expenses/income	–3,604,884.00	180,874.00
5.	+/–	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	–2,172,600.24	2,109,387.68
6.	+/–	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	–722,591.77	2,366,796.93
7.	+/–	Interest expenses/interest income	–273,680.29	–15,940.98
8.	+/–	Income tax expense/income	–51,397.31	850,548.00
9.	+/–	Expenses/income of exceptional magnitude or exceptional importance	5,565,200.00	–550,000.00
10.	+/–	Income tax payments	–463,438.39	–3,772.79
11.		Cash flow from continuing operations	–12,595,518.91	11,019,643.23
12.	–	Payments for investments in intangible assets	–3,257,055.05	–3,193,245.00
13.	–	Payments for investments in property, plant and equipment	–5,467.90	–84,555.84
14.	+	Proceeds from disposals of financial assets	55,900.00	34,100.00
15.	–	Payments for investments in financial assets	–57,856.65	–53,000.68
16.	+	Interest received	330,764.67	67,472.68
17.	+	Proceeds from extraordinary items	0.00	550,000.00
18.		Cash flow from financing activities	–2,933,714.93	–2,679,228.84
19.	–	Payments from equity capital reductions to shareholders of the parent company	0.00	–1,835,621.40
20.	+	Proceeds from (financial) borrowings	6,000,000.00	0.00
21.	–	Interest paid	–142.08	0.00
22.		Cash flow from financing activities	5,999,857.92	–1,835,621.40
23.		Changes in cash and cash equivalents with an effect on payments	–9,529,375.92	6,504,792.99
24.	+	Cash and cash equivalents at the beginning of the period	36,345,022.95	29,840,229.96
25.		Cash and cash equivalents at the end of the period	26,815,647.03	36,345,022.95
		Composition of cash and cash equivalents		
		Cash on hand and bank balances	26,815,647.03	36,345,022.95
		Thereof restricted cash	6,019,578.67	0.00

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity of the parent company													Group equity
	Subscribed capital / Issued capital			Reserves							Profit/loss carried forward	Consolidated net loss/ consolidated net profit attributable to the parent company	Total	Total
	Share capital	Treasury shares	Total	Capital reserve			Retained earnings			Total				
				in accordance with Section 272 para. 2 no.1 HGB	in accordance with Section 272 para. 2 no. 4 HGB	Total	Statutory reserves	Other revenue reserves	Total					
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
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	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
Transfer of loss carried forward	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	–745,236.92	745,236.92	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	0.00	0.00	0.00	–1,665,621.40	0.00	0.00	0.00	–1,835,621.40
Consolidated net profit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,688,756.36	2,688,756.36	2,688,756.36
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	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
Transfer of loss carried forward	0.00	0.00	0,00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,688,756.36	–2,688,756.36	0.00	0.00
Consolidated net loss	0.00	0.00	0,00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0,00	–11,302,954.18	–11,302,954.18	–11,302,954.18
Balance as of December 31, 2023	8,500,000.00	–170,000.00	8,330,000.00	34,612,378.60	0.00	34,612,378.60	0,00	0,00	0,00	34,612,378.60	–1,376,239.72	–11,302,954.18	–12,679,193.90	30,263,184.70

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF ASSETS

	Acquisitions/production costs					Cumulative depreciation				Carrying amounts	
	Balance on Jan. 1, 2023 EUR	Additions EUR	Disposals EUR	Repostings EUR	Balance on Dec. 31, 2023 EUR	Balance on Jan. 1, 2023 EUR	Additions EUR	Disposals EUR	Balance on Dec. 31, 2023 EUR	Balance on Dec. 31, 2023 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	26,128,654.83	72,581.00	0.00	0.00	26,201,235.83	20,601,212.83	1,864,699.00	0.00	22,465,911.83	3,735,324.00	5,527,442.00
Advance payments and intangible assets under development	10,745,605.00	3,184,474.05	0.00	0.00	13,930,079.05	125,000.00	0.00	0.00	125,000.00	13,805,079.05	10,620,605.00
	36,874,259.83	**3,257,055.05**	**0.00**	**0,00**	**40,131,314.88**	**20,726,212.83**	**1,864,699.00**	**0.00**	**22,590,911.83**	**17,540,403.05**	**16,148,047.00**
Property, plant and equipment											
Leasehold fixtures	24,220.00	0.00	0.00	0.00	24,220.00	2,692.00	8,075.00	0.00	10,767.00	13,453.00	21,528.00
Other equipment, operating and office equipment	659,720.36	5,467.90	0.00	0.00	665,188.26	636,690.36	11,711.90	0.00	648,402.26	16,786.00	23,030.00
	683,940.36	**5,467.90**	**0.00**	**0.00**	**689,408.26**	**639,382.36**	**19,786.90**	**0.00**	**659,169.26**	**30,239.00**	**44,558.00**
Financial assets											
Securities held as fixed assets	743,296.00	57,856.65	0.00	0.00	801,152.65	0.00	0.00	0.00	0.00	801,152.65	743,296.00
Other loans	55,900.00	0.00	55,000.00	0,00	0.00	0.00	0.00	0.00	0.00	0,00	55,900.00
	799,196.00	**57,856.65**	**55,000.00**	**0.00**	**801,152.65**	**0.00**	**0.00**	**0.00**	**0.00**	**801,152.65**	**799,196.00**
	38,357,396.19	**3,320,379.60**	**55,000.00**	**0.00**	**41,621,875.79**	**21,365,595.19**	**1,884,485.90**	**0.00**	**23,250,081.09**	**18,371,794.70**	**16,991,801.00**

NOTES

of APONTIS PHARMA AG, Monheim/Rhine,
for the financial year from January 1 to December 31, 2023

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 financial year from January 1 to December 31, 2023, 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, 2023:

1.	APONTIS PHARMA AG, Monheim/Rhine, HRB 93162 at the Local Court of Düsseldorf
2.	APONTIS PHARMA Deutschland GmbH (formerly PP Apontis Pharma GmbH), Düsseldorf, 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, 2023, 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 70,000 in financial year 2023 (previous year: EUR 69,000), which was reported in the 2023 Consolidated Statement of Income under the item "Other operating income." The negative difference thus amounted to EUR 561 thousand on December 31, 2023 (previous year: EUR 631 thousand).

Subsequent consolidation – and thus the consolidation as of December 31, 2023 – 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 financial year from January 1 to December 31, 2023.

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 financial 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 financial year 2023, 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 financial 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 1.83% p.a. (previous year: 1.79%) 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, 2023, 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 financial 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 their fair value.

Provisions for anniversaries are calculated according to actuarial principles using an interest rate of 1.76% (previous year: 1.45%) 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 including information on the depreciation and amortization made in financial year 2023.

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, 2023. These are the coverage capital of the reinsurance policies for part of the pension obligations of the pension obligations of the subsidiary APONTIS PHARMA Deutschland GmbH & Co. KG included in the Consolidated Financial Statements.

3. OTHER LOANS

Other loans relate to EUR 0 thousand (previous year: EUR 56 thousand) in employee loans.

4. INVENTORIES

Inventories comprise merchandise valued at EUR 5,777 thousand (previous year: EUR 3,164 thousand) as well as advance payments made in the amount of EUR 842 thousand (previous year: EUR 0 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 468 thousand (previous year: EUR 481 thousand), tax receivables in the amount of EUR 206 thousand (previous year: EUR 4 thousand) and creditors with a debit balance of EUR 26 thousand (previous year: EUR 26 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 521 thousand (previous year: EUR 435 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 3,461 thousand (previous year: deferred tax liabilities of EUR 74 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 amounted to EUR 8,330 thousand (previous year: EUR 8,330 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.

In connection with its variable remuneration for employees, the company acquired a total of 170,000 treasury shares at a purchase price of EUR 1,836 thousand in 2022. The arithmetical value of EUR 1.00 per share (a total of EUR 170 thousand, 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 financial years and the valuation of the pension provision according to the corresponding average market interest rate from the past seven financial years in accordance with Section 253 (6) of the German Commercial Code (HGB) amounted to EUR 32 thousand (previous year: EUR 151 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, 2023	Dec 31, 2022
	EUR thousand	EUR thousand
Pensions and similar obligations	4,123	3,837
Asset values offset (acquisition costs = fair value)	– 1,267	– 1,150
Balance sheet value on December 31	**2,855**	2,687

10. OTHER PROVISIONS

	Dec 31, 2023	Dec 31, 2022
	EUR thousand	EUR thousand
Personnel provisions	8,592	2,449
Provisions for discounts granted	1,527	3,338
Outstanding invoices	977	1,015
Other	465	766
	11,561	**7,568**

11. LIABILITIES

		Of which with a remaining term of			
	Total Dec 31, 2023	Up to 1 year	More than 1 year	More than 5 years	Total Dec 31, 2022
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Liabilities to a bank	6,020	6,020	0	0	0
Liabilities from deliveries and services	5,089	5,089	0	0	5,359
Other liabilities	281	281	0	0	734
– of which from taxes	(238)	(238)	(0)	(0)	(603)
– of which as part of social security	(0)	(0)	(0)	(0)	(0)
	11,390	**11,390**	**0**	**0**	**6,093**

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

The liabilities to a bank are secured in full by a lien and restrictions on disposal with regard to corresponding bank balances at this bank.

The liabilities reported as of December 31, 2023, totaling EUR 11,390 thousand had a term of up to one year in their entirety.

The bank liabilities in the amount of EUR 6,020 thousand result from a bank loan from APONTIS PHARMA AG and accrued interest, which became necessary as part of the financing of APONTIS PHARMA Deutschland GmbH & Co. KG, as the fixed-term deposit of EUR 6,000 thousand with the same bank, which was due to mature in May 2024, could not be used for financing.

VI. NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

1. SALES REVENUE

Revenue broken down according to areas of activity and applications:

	2023		2022	
	EUR thousand	%	EUR thousand	%
Single Pills	**25,637**	**69.4**	**36,542**	**65.5**
Vascular	0	0.0	–7	0.0
Gynecology	0	0.0	263	0.5
Other	2,054	5.6	2,119	3.8
Own brands (excluding Single Pills)	**2,054**	**5.6**	**2,375**	**4.3**
COPD (Respiratory diseases)	7,964	21.5	9,981	17.9
Cardiovascular	1,134	3.1	0	0.0
Diabetes	175	0.4	6,829	12.3
Co-Marketing	**9,273**	**25.0**	**16,810**	**30.2**
	36,964	**100.0**	**55,727**	**100.0**

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

2. OTHER OPERATING INCOME

Other operating income amounted to EUR 1,690 thousand (previous year: EUR 2,644 thousand) and in financial year 2023 mainly includes income relating to other periods from the reversal of provisions in the amount of EUR 602 thousand (previous year: EUR 1,024 thousand) and income from non-cash benefits from the provision of vehicles in the amount of EUR 672 thousand (previous year: EUR 742 thousand).

3. PERSONNEL EXPENSES

	2023	2022
	EUR thousand	EUR thousand
Wages and salaries	21,657	14,991
Social security contributions and expenses for old-age provisions and assistance	2,915	2,662
– of which expenses for old-age provisions	(234)	(369)
	24,572	17,653

Personnel expenses include extraordinary expenses from the restructuring program resolved in 2023 in the amount of EUR 5,565 thousand (previous year: EUR 0 thousand).

4. AMORTIZATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	EUR thousand	EUR thousand
Intangible assets	1,865	1,737
Property, plant and equipment	14	10
Low-value assets	5	48
	1,884	1,795

5. OTHER OPERATING EXPENSES

Other operating expenses amounted to EUR 13,523 thousand in the past financial year 2023 (previous year: EUR 14,375 thousand) and mainly comprised expenses for distribution costs of EUR 2,283 thousand (previous year: EUR 2,534 thousand), vehicle costs of EUR 2,220 thousand (previous year: EUR 1,825 thousand), marketing expenses of EUR 1,909 thousand (previous year: EUR 2,533 thousand) and expenses for temporary employees of EUR 1,554 thousand (previous year: EUR 2,583 thousand).

6. FINANCIAL RESULT

OTHER INTEREST AND SIMILAR INCOME

	2023	2022
	EUR thousand	EUR thousand
Other	344	64
	344	64

INTEREST AND SIMILAR EXPENSES

	2023	2022
	EUR thousand	EUR thousand
Accrued interest on provisions (pensions/anniversaries)	51	48
Bank interest	20	0
	71	48

Disclosures on the offsetting of plan assets in accordance with Section 246 (2) HGB in the income statement:

	2023
	EUR thousand
Interest expense from pension obligations	109
Income from cover assets	61
Interest expense	48

7. TAXES ON INCOME AND EARNINGS

In the past financial year, income taxes resulted in income of EUR 3,586 thousand (previous year: expenses of EUR 1,101 thousand) and include EUR 51 thousand in income from trade taxes relating to other periods.

In detail, taxes on income are comprised as follows (tax income is shown with a minus sign):

	2023	2022
	EUR thousand	EUR thousand
Trade tax	–51	347
Corporate income tax and solidarity surcharge	0	504
Deferred taxes	–3,535	250
	–3,586	1,101

VII. OTHER INFORMATION

1. OTHER FINANCIAL OBLIGATIONS

The other financial obligations are recognized at nominal value and are as follows as of December 31, 2023:

	EUR thousand
Payment obligations from rental and lease agreements	
in 2024	1,022
from 2025 to 2028	1,618
	2,640

The advantage of these contracts is the lower capital commitment compared to acquisition and the elimination of the realization risk. Risks could arise from the term of the contract if the assets can no longer be fully utilized, of which there are currently no indications.

There are no other financial obligations to affiliated companies as of the balance sheet date.

The company is a contractual partner in various development cooperations. Depending on the progress of development, certain milestone payments must be made. The agreements include exit clauses in the event that projects do not develop according to plan. The contracts in place as of the reporting date of December 31, 2023, result in outstanding financial obligations of around EUR 18,506 thousand up to and including 2028 with regard to the contractual targets to be met. In addition, other outstanding financial obligations from development agreements amount to EUR 2,750 thousand. If the development progress had been sufficiently substantiated by the reporting date, the resulting contractual obligations were recognized as liabilities in the balance sheet.

2. AVERAGE NUMBER OF EMPLOYEES PER YEAR

The average number of employees during the financial year amounted to:

	2023	2022
Senior employees	5	4
Employees	172	170
	177	174

3. MANAGEMENT BOARD

APONTIS PHARMA AG, Monheim/Rhine, is managed and represented by members of the Management Board who are exempt from the restrictions of Section 181 of the German Civil Code (BGB):

Karlheinz Gast, teacher, Dörentrup, until July 10, 2023 (sole representative)
Bruno Eugen Wohlschlegel, graduate chemist, Darmstadt, from September 1, 2023
Thomas Milz, Diplom-Kaufmann, Hilden (authorized sole representative)

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

4. SUPERVISORY BOARD

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

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

Dr. Wiedenfels is Chairman of the Supervisory Board and Mr. Olaf Elbracht is Deputy 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 HGB (old version).

5. FEE FOR SERVICES OF THE AUDITOR

The fee for auditor services relates to auditor services in the amount of EUR 271 thousand and tax consultancy services in the amount of EUR 58 thousand.

6. SUPPLEMENTARY REPORT

There were no events of particular significance after the end of the financial year that should be reported here.

Monheim/Rhine, March 11, 2024

APONTIS PHARMA AG
Management Board

Bruno Wohlschlegel
CEO / Chairman 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 December 31, 2023, Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the financial year from January 1 to December 31, 2023, 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 January 1 to December 31, 2023.

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 December 31, 2023, as well as of its result of operations for the financial year from January 1 to December 31, 2023; and
- the Group Management Report attached hereto conveys, as a whole, a true and fair view of the Group's situation. This Group Management Report is, in all essential aspects, in line with the Consolidated Financial Statements, is in compliance with the German statutory provisions and correctly reflects the risks and opportunities of its future development.

In accordance with Sec. 322 (3) sentence 1 of the HGB, we declare that our audit did not give rise to any objections against the compliance of these Consolidated Financial Statements and the Management Report.

BASES FOR THE AUDIT OPINIONS

We conducted our audit of the Consolidated Financial Statements in accordance with Sec. 317 of the HGB and the German generally accepted standards for auditing as promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (IDW). Our responsibility arising from these provisions and standards is described in more detail in the section "Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Group Management Report" of our Auditor's Certificate. We are independent of the Group companies as defined in the provisions of the German Commercial Code and the laws applicable to our profession and have met our other German professional obligations in line with these requirements. We are of the opinion that the evidence we obtained during the audit is

sufficient and suitable to serve as basis for our audit opinion on the Consolidated Financial Statements and the Group Management Report.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES 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.
- 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 11, 2024

RSM Ebner Stolz GmbH & Co. KG
Auditing Company Tax Consultancy

Torsten Janßen
Auditor

Barbara Tiefenbach-Yasar
Auditor

LEGAL DISCLAIMER

The German version of the annual report and the present English translation are available for download on the Internet at www.apontis-pharma.de/en/investor-relations. If there are any discrepancies, the German version of the annual report has priority over the English translation.

IMPRINT

Publisher
APONTIS PHARMA AG
Alfred-Nobel-Str. 10
40789 Monheim
Germany

Phone: +49 2173 8955 4949
Fax: +49 2173 8955 4941
Email: info@apontis-pharma.de
Web: www.apontis-pharma.de

Investor Relations
APONTIS PHARMA AG
Sven Pauly

Phone: +49 2173 8955 4900
Fax: +49 2173 8955 1521
Email: ir@apontis-pharma.de
Web: www.apontis-pharma.de/en/investor-relations

Concept
CROSS ALLIANCE communication GmbH,
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APONTIS PHARMA

APONTIS PHARMA AG
Alfred-Nobel-Str. 10
40789 Monheim (Germany)
Phone: +49 2173 8955 4949
Fax: +49 2173 8955 4941
Email: info@apontis-pharma.de