APONTIS PHARMA

ANNUAL REPORT

2021

Experienced team: Apart from a few brief interruptions, Karlheinz Gast and Thomas Milz have been working together for 25 years.

THE SINGLE PILL AS A LONG-TERM THERAPY CONCEPT – REDUCES CARDIOVASCULAR EVENTS, INCREASES SURVIVAL RATE

APONTIS PHARMA was able to prove in the START Study that chronically ill patients benefit greatly when they are treated with Single Pills. CEO Karlheinz Gast and CPO Thomas Milz are responsible for ensuring that this knowledge benefits patients. Together with around 200 employees, they work to build bridges every day, so that doctors and the healthcare system also benefit.

Mr. Gast, Mr. Milz, with the START Study, you have shown that the Single Pill is superior to conventional treatment methods. For example, patients with high blood pressure are protected more reliably against strokes or heart attacks. Why is that?
Karlheinz Gast: The Single Pill contains two or three active ingredients that are otherwise distributed among individual preparations. This is a key advantage because we know from research that patients don't always take their medicines regularly. The higher the number of tablets prescribed, the lower the compliance with therapy. Medicines can only work if they are actually taken. And that is where we come into play with Single Pills: We improve compliance.

What exactly did you look into in the START Study?
Thomas Milz: An external scientific institute analyzed the anonymized data of approximately 60,000 patients insured with AOK PLUS, each of whom was treated with one of seven different Single Pills. The conclusion was: Compared to therapy with the loose individual preparations, complications such as strokes, heart attacks, and deaths were reduced significantly by Single Pill therapy.

As a pharmaceutical company, you are not in direct contact with patients. How do you reach them nevertheless?
Gast: We are one of the few companies that still caters to the needs of family physicians, which are our intermediaries. They know their patients and are close to them. They decide whether a Single Pill therapy should be administered. Our pharmaceutical consultants go directly to the practices and explain the benefits of the Single Pill. We also offer many services to help physicians who are highly trained in medicine run their practices. Oftentimes these are small businesses. For example, our field sales force has helped to introduce a digital appointment system in many practices.

Milz: Our pharmaceutical consultants work to ensure that physicians proceed in a more planned manner. This enables them to identify patients for whom substitution with the Single Pill is a good idea. Until now, patients have usually only been given combination drugs when they need the active ingredients for the first time. But we want to ensure that people who are currently on the loose combination of individual active ingredients are also supplied with the appropriate Single Pill through substitution of the individual active ingredients and thus reap the benefits of the Single Pill.

The benefits of the Single Pill are clear. What obstacles can doctors still encounter?
Milz: A Single Pill is usually 10 to 15 euro cents more expensive per day than therapy with individual drugs. However, the START Study shows that the total costs of medication are lower than with loose combinations. This is because additional drugs that are often very expensive are saved due to fewer complications.

But doctors pay very close attention to the cost of each drug.
Milz: If they massively overshoot their budget, they could be taken into recourse, which they would have to pay out of their own pockets. Although this is hardly ever the case in practice, it does cause anxiety. Consequently, savings are often made in the wrong place. We shouldn't just focus on the price of the Single Pill, otherwise we're thinking too narrowly. We see two building blocks: Firstly, we would like to encourage physicians to take a more patient-oriented approach and not to focus mainly on the list prices for drugs. Secondly, we are trying to make the connections clear in discussions with those responsible at the health insurance fund level and at the level of the associations of statutory health insurance physicians: The Single Pill prevents secondary diseases and hence also hospital stays, for example, which in turn lowers the costs. This has a positive effect on the overall cost budget of a health insurance company. Although the Single Pill appears to be a little more expensive in a list price comparison, using it pays off.

Gast: We would like to establish the Single Pill as the gold standard because everyone benefits from it.

What is driving you?
Gast: The START Study has clearly shown the benefits of Single Pills for patients, which is why we bear great responsibility. With Single Pills, we can reduce the consequences of high blood pressure and dyslipidemia, such as heart attacks and strokes, and even reduce mortality. That is why we are committed to success. I celebrate my 66th birthday this year, but I recently signed a contract for another five years. I want to continue our work until we have a range of more than twenty Single Pills. We have set ourselves this goal for 2026.

How many Single Pills do you have in your portfolio so far?
Gast: We currently market seven Single Pills and are the market leader in Germany. We will launch three more combination products this year and additional developments are already underway.

Milz: We have identified over thirty opportunities to combine individual drugs prescribed in loose combination for cardiovascular disease into a Single Pill. This makes us optimistic and hopeful. But we also need to consider the economics of introducing new Single Pills. The development of a Single Pill usually takes 3.5 to 5 years and costs around two to three million euros. That is a high investment. This is why we make sure we develop Single Pills that help increase the life expectancy of, say, 100,000 or 750,000 patients. This is the only way to ensure that enough money is earned back.

How do you go about expanding your range of Single Pills?
Milz: We have two ways of doing that. First, we maintain partnerships with companies that develop new Single Pills from known single active ingredients. They work on our behalf, and we own the property rights to the product. Secondly, we work with partners in EU countries who are developing Single Pills for their domestic markets but have no infrastructure of their own in Germany. They have us here in Germany, however, an excellent and very experienced marketing and sales partner. And we enhance our portfolio with their products.

What sets APONTIS PHARMA apart as a marketing and sales partner?
Gast: Marketing and sales are our roots. Our company might be young, but it is based on a long tradition. The predecessor of APONTIS PHARMA was, in the broadest sense, Schwarz Pharma Deutschland, a family-run, medium-sized company specializing in cardiovascular diseases and neurology.

Milz: I was the Marketing Manager when Karlheinz Gast joined us as the new Sales Manager. That was 25 years ago. We worked together very well from the start and were even regarded as "the twins" in the company. Our core business at that time was co-marketing. Today, we still market innovative products with patented active ingredients under a second name, but our focus is now on the Single Pill.

What values guide you at APONTIS PHARMA?
Gast: Focus on patients, solution orientation and passion. We are not hired board members, but rather the entrepreneurs behind this company. By the way, most of our colleagues who work for us also say "APONTIS PHARMA is our company." We are a lot like a family business.

Milz: We achieve much more if we "strengthen our strengths" instead of mitigating our weaknesses. That's why teamwork is so important to us. Our tasks and projects are often complex. This requires the knowledge and experience of a wide variety of people. For example, I am currently putting together a team to maintain contact with health insurance companies and associations of panel doctors. I make sure that we select

Gast likes to push ahead, Milz diplomatically balances things out again. Each in their own way and together with around 200 employees, they advance the treatment of people suffering from cardiovascular diseases.

people who can represent the company well. But we also need employees who have special analytical skills, to prepare reports, for example.

Schwarz Pharma, for which you managed marketing and sales, was acquired by a global pharmaceutical company, UCB, in 2006. In 2018, they decided to spin off and launch APONTIS PHARMA. Why?
Gast: At UCB, the focus was on immunology and neurology. With Schwarz Pharma, we also brought in internal medicine, which included diseases of the respiratory organs and cardiovascular diseases. Although this area was of use for UCB, it was not a strategic focus. We transferred the profits we generated, but little was invested in our area.

And you wanted to change that.
Gast: With the Single Pill idea, we had established a business field that we were better able to develop independently. In March 2016, we completed a carve-out within UCB to form UCB Innere Medizin GmbH & Co. KG. As a result, we were now a largely independent company with our own support areas. Then, at the end of September 2018, the sale to Paragon Partners took place with management participation. Due to the excellent results of the START Study, we ventured to go public in May 2021. Our goal is to use the proceeds of the IPO to develop many Single Pills in order to positively impact many more patients' lives in the future.

You have been working with many of your employees for quite some time. How important is that to you?
Milz: We have been working with half of our staff for over 15 years. This creates trust and solidarity among us. The business strategy we have chosen also receives very high approval ratings in annual employee surveys.

Gast: Our success is only possible together with the people who work for us. We laid the foundation for what we have today in 2008. Back then, we were still part of UCB. The company wanted to greatly reduce the Internal Medicine salesforce as part of company restructuring. I was able to convince my manager in Brussels that this was the wrong way to go and that we should instead take off with new collaborations. I was given some time to do this, and so in September 2009 we were able to start a new era with two additional products. This boosted the cohesion of our team. When we spun off internally in 2016, we had a 99 percent approval rating, with two people retiring. Our mission is to be passionate about driving the substitution of loose combinations with Single Pills. We want to achieve our vision of "establishing the Single Pill as the gold standard." But we also want to be there for our employees and create secure jobs. We can only do this if we are successful.

Dr. med. Olaf Randerath, Head of Medicine, relies on cooperation with independent scientific institutions and notable clinical experts to demonstrate the benefits of the Single Pill concept. In the START Study, the authors came to the following conclusion: treatment with a single pill improves compliance, reduces mortality, cardiovascular events, costs for the healthcare system and saves resources by avoiding hospitalization and absences from work.

60,000

patients form the basis of the START Study. Their data confirmed the therapeutic superiority of the Single Pill.

“It means a lot to me to contribute to better patient care with scientifically knowledge.”

"When we launch a Single Pill, we already have a very good understanding of how it works and don't have to be prepared for surprises."

Dr. Susanne Endreß, Head of Quality Assurance, Drug Safety and Regulatory Affairs, emphasizes the entrepreneurial advantage of APONTIS PHARMA's Single Pill. It contains only active ingredients that are established in therapeutic practice. This eliminates the need for a number of studies, such as those on the efficacy of individual substances, and saves us time. Compared to other drugs, the development of a new Single Pill is very fast.

3.5–5

years is how long it takes to develop and approve a new Single Pill.

"Our sales force is passionate about promoting the widespread use of Single Pills with our physicians. Patients benefit enormously from this, and that makes me proud!"

270,000

patients currently benefit from the advantages that APONTIS PHARMA's Single Pills offer.

Dr. med. Matthias Wendl, Head of Sales, is responsible for around 130 pharmaceutical representatives who visit a total of 23,000 doctors' practices throughout Germany. They bring with them a deep understanding of the processes in the practice in order to establish the Single Pill there. Doctors appreciate our high level of expertise and patient orientation, as a recent survey impressively demonstrates. Every single employee plays an important role in ensuring that patients benefit from the benefits of our Single Pills.

Harald Weyand, Head of Marketing, emphasizes that the consistent substitution of loose combinations by Single Pills has the potential to enable a better therapeutic outcome for millions of patients. Although Single Pill combination preparations are recommended in the guidelines of the Scientific Medical Societies, there is a great need for further training among prescribing physicians in the actual implementation of the guidelines. We are committed to addressing this need and to providing information on the possible uses of Single Pills.

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different Single Pills from APONTIS PHARMA are already available to physicians to treat their patients better.

"What drives me? To work on establishing a Single Pill therapy concept that rewards everyone: chronically ill patients, their physicians and the insurance companies. Now, that's what I call innovation.«

REINFORCEMENT FOR THE TEAM

Thomas Zimmermann has been supporting the APONTIS PHARMA management team since January 1, 2022. As CFO with responsibility for the areas of Finance, Supply Chain, IT, and Compliance, he is pursuing the goal of contributing to more growth and the further development of the company.

Mr. Zimmermann, why did you join the company?
Thomas Zimmermann: I am fascinated by the clear strategic positioning as the Single Pill company in Germany. The starting position is unique: On the one hand, the Single Pill is therapeutically superior. The START Study clearly confirms this. We help people. We therefore have a clear social added value, which is becoming increasingly important in the financial sector. On the other hand, the IPO will free up funds to drive development forward. I like doing pioneering and development work for a young listed company.

At APONTIS PHARMA, most of your fellow employees have been working together for many years. Did you have a hard time because you were new from outside the company?
Not at all. The employees were pleased to have me, as if they had always been waiting for me.

What do you like best about your role as Chief Financial Officer, or CFO for short?
I love working as part of a team to ensure the company's success. Bringing in my experience, I can create optimized structures and high-performance processes so that the company accomplishes its goals.

What are your plans?
I would like to make my contribution to a stable organization. This should help to support the development of promising new Single Pills as well as their commercialization. It is also important to me to be a trustworthy partner to investors and to ensure crystal-clear communication. We want our investors to have good visibility. That's why we publish more information than required by law. For example, we share the salaries of the Management Board although we don't have to, but we do.

So you would like to exceed the requirements that are placed on APONTIS PHARMA.
In the long term, we hope to move from the Scale Standard to the Prime Standard segment of the stock exchange. In fact, we already meet many of the admission requirements. We also comply with the German Corporate Governance Code, to which we have committed ourselves.

What special aspects of the company do you appreciate most of all?
There are no conflicting goals here. We only have win-win-win situations. Treatment with the Single Pill means fewer complications for the patient, less work for doctors, and cost savings. This amounts to around 1,000 euros per patient per year due to the lower hospitalization rate. With several million cardiovascular patients, this can result in enormous savings for the German healthcare system. On top of that, we benefit from positive effects on the environment: if patients take only one capsule or tablet instead of two or three, we save packaging and avoid waste.

What experience do you bring to the table?
My last position was with another pharmaceutical company for eleven years, where I was also in charge of finance. Pharma is my world. Also for personal reasons. I think of the positive contribution Single Pills can make to our society.

A true pharmaceutical expert: Thomas Zimmermann brings 25 years of experience as a financial manager and is the ideal candidate for the new position of CFO.

CONTENT

DEAR SHAREHOLDERS,

APONTIS PHARMA AG went public in May 2021. This is not the only reason why the past year was so unique for our company. We succeeded in achieving a number of milestones, sustainably implementing our growth strategy, and closed the fiscal year with a successful operational development. In keeping with our company's identity as "The Single Pill Company," we intend to and will continue to expand APONTIS PHARMA's growth, broaden our product portfolio, and noticeably and measurably increase our market presence. We have established a strong starting point for achieving this.

FINANCIAL TARGETS CLEARLY EXCEEDED – FLEXIBILITY REMAINS HIGH

APONTIS PHARMA achieved sales growth of 30.4% to EUR 51.2 million in fiscal year 2021, with a growth rate that is above the industry average and sales revenues that exceed our sales forecast of up to EUR 49.5 million (previously: EUR 48.5 million), which we raised in November 2021. Both the new preparations Atorimib (cholesterol-lowering drug) and TonotecHCT (blood pressure-lowering drug) and the established Single Pills, such as Tonotec, posted double-digit growth rates. Thanks to these growth drivers, sales of Single Pills increased significantly by 65% to EUR 31.5 million in 2021, contributing a share of 62% to APONTIS PHARMA's total sales (2020: 49%). At EUR 5.9 million, earnings before interest, taxes, depreciation and amortization (EBITDA) before IPO costs were more than five times higher than last year's figure of EUR 1.0 million. At the same time, our profitability increased significantly. The EBITDA margin before IPO costs increased to 11.5% (2020: 2.5%).

APONTIS PHARMA has a solid balance sheet. With an equity ratio of 75%, the company is well financed and, with cash and cash equivalents of EUR 29.8 million and liabilities of only EUR 3.7 million, we have sufficient financial flexibility to be able to realize our growth targets. In line with the strategy communicated by the company, this includes both operational growth in the form of additional Single Pill products and inorganic growth through acquisitions.

FULL PUBLICATION OF THE START STUDY YIELDS CLEAR RESULTS...

Our strong operating performance is the result of our innovative strength, the future-oriented focus of our product portfolio on Single Pills, and the sales power of our sales force. We are thus addressing the megatrend of demographic change and the simultaneous increase in the number of cases of common diseases such as cardiovascular indications and diabetes. Cardiovascular diseases remain the most

Karlheinz Gast
Chief Executive Officer (CEO)

Thomas Milz
Chief Product Officer (CPO)

common cause of death in Germany. In the Federal Republic, this group of adult hypertensive patients comprises around 22 million diagnosed individuals. With a total of seven successfully launched Single Pills – Tonotec, Caramlo, Biramlo, Iltria, LosAmlo, TonotecHCT and Atorimib – we are already providing demonstrably more efficient therapy for a steadily growing group of patients. The success of our therapy is demonstrated by the study from 2019 entitled “Effect of **S**ingle pill combinations on **T**reatment **A**dherence and persistence as well as on clinical and pharmacoeconomic outcomes in the **R**eal-world **T**reatment of hypertension, coronary heart disease, hyperlipidemia and in secondary prevention of cardiovascular events,”or START Study for short.

In March 2022, the peer-reviewed trade publication “Integrated Blood Pressure Control” published the results of the broad-based START Study. Data from a total of 59,336 patients was included in the analysis, which reached clear conclusions. Single Pill therapy leads to higher treatment compliance and consequently to lower all-cause mortality. At the same time, this approach reduces cardiovascular event rates and overall hospitalizations. The fully published results of the START Study now available provide a reliable database to demonstrate the clinical benefits of Single Pill therapy.

... AND DRIVES OUR SALES ACTIVITIES

The scientific underpinning of the START Study, its full publication in a scientific medium, and a cover letter that AXA Krankenversicherung wrote to its policyholders supporting our cause for wider use of Single Pills in the treatment of hypertension, give a clear boost to our perception in the market and our sales activities. Despite the corona pandemic, our sales team succeeded in clearly increasing the share of voice among treating physicians. The number of patients on treatment with APONTIS PHARMA’s Single Pills also increased by 55% in 2021.

The extension of the sales cooperation with Astra Zeneca to include the full year 2022, which was also announced in March 2022, shows that we have chosen the right strategy. We have already been working with our partner since April 2021. Supportive sales activities for a triple therapy in the area of respiratory diseases form the core of the agreement. We are thus tapping into great potential for the co-marketing/co-promotion business area.

INTERNATIONALIZATION OF THE PRODUCT PORTFOLIO – EXPANSION OF THE MANAGEMENT TEAM

The Single Pill Therapy approach is proven and offers a multitude of opportunities for payers, treating physicians and, above all, patients. We would like to exploit these opportunities in a way that adds value for our company beyond the borders of our domestic market. Our cooperation with Midas Pharma is a good example of this. The goal of the cooperation, which was concluded at the end of 2021, is the contract development of a Single Pill with a combination of three leading active ingredients for the treatment of high blood pressure and, for the first time, with EU-wide rights to the Single Pill. This opportunity opens up further growth potential in terms of outlicensing for marketing and distribution outside Germany and also represents a potential option for future market launches.

We are particularly pleased to have expanded our management team. Thomas Zimmermann took over the position of Chief Financial Officer (CFO) at the beginning of 2022. He has around 25 years of experience in positions of responsibility with a focus on Finance, including over ten years in the pharmaceutical industry. His deep expertise in the areas of Finance, Taxes and Controlling, as well as Supply Chain and Internal Control, make him a perfect reinforcement of the APONTIS PHARMA Management Board on the way to implementing our further growth strategy.

CLEARLY ON COURSE THANKS TO OUR LEADING MARKET POSITION AND INNOVATIONS

Our goal is to expand the product portfolio to include additional Single Pill products and to strengthen our market-leading position in Single Pills in Germany. We had initially announced two more market launches for 2022. We have succeeded in dynamizing the development processes so that we can now launch as many as three preparations. As a result, three new Single Pills will have an impact on sales and earnings when they are launched in fiscal year 2022, and three more Single Pills will follow in 2023. We are therefore convinced that we are fully on track to achieve our medium-term targets of at least 20 Single Pills by 2026.

For fiscal year 2022, we expect to achieve sales growth to EUR 55.3 million and EBITDA of EUR 5.5 million. In order to better monetize the momentum from the publication of the START Study in 2022 on the superiority of Single Pills as a therapeutic concept for the treatment of chronically ill patients, we intend to make targeted investments in marketing and sales. In connection with the expansion of our pipeline, we are now setting the course for achieving our ambitious 2026 targets of EUR 100 million in sales and an EBITDA margin of 30%.

In an exceptional year, we would especially like to thank our employees for their hard work and passionate commitment. Achieving our goals is not a matter of course given the still challenging environment and is the clear result of outstanding team effort.

Dear shareholders, as you can see, we have achieved a great deal and continue to set our sights high. We thank you for the trust you have placed in us and look forward to you continuing to accompany us on our journey.

Sincerely yours,

Karlheinz Gast
Chief Executive Officer (CEO)

Thomas Milz
Chief Product Officer (CPO)

DEAR SHAREHOLDERS,

Financial year 2021 was the first financial year for APONTIS PHARMA AG following the change of legal form of PP Pharma HoldCo GmbH into APONTIS PHARMA AG on 7 April 2021. In the short financial year 2021, the Supervisory Board duly performed the duties incumbent upon it according to 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, as well as the course of business, and acted in an advisory capacity. Furthermore, a regular exchange of information took place 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 always kept informed of the intended business policies, 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

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

The term of office of all Supervisory Board members of the company's first Supervisory Board ends with the conclusion of the Annual General Meeting on 12 May 2022. Pursuant to Section 30 para. 3 sentence 1 of the German Stock Corporation Act (AktG), the members of a company's first Supervisory Board could not be appointed for a longer term than until the end of the Annual General Meeting that resolves on the discharge of the first short financial year; new elections are therefore necessary at the Annual General Meeting on 12 May 2022. Dr. Edin Hadzic, Dr. Matthias Wiedenfels, Christian Bettinger and Olaf Elbracht are available for re-election. Dr. Christopher Friedel wishes to resign from the Supervisory Board and does not stand for election. The Supervisory Board therefore proposes to the Annual General Meeting on 12 May 2022 that the four incumbent Supervisory Board members Dr. Edin Hadzic, Dr. Matthias Wiedenfels, Christian Bettinger and Olaf Elbracht be re-elected. Furthermore, we propose to the Annual General Meeting that Dr. Anna Lisa Picciolo-Lehrke be elected as his successor.

We would like to thank Dr. Christopher Friedel for his work on the Supervisory Board of APONTIS PHARMA AG.

THE WORK OF THE SUPERVISORY BOARD

The Supervisory Board convened for a total of four meetings in the short financial year 2021. All members of the Supervisory Board took part in the aforementioned Supervisory Board meetings. In addition, all members of the Management Board attended the aforementioned Supervisory Board meetings. Due to the pandemic, the meetings in the short financial year 2021 were mainly held virtually, i.e. without anyone being physically present.

The deliberations of the Supervisory Board focused on topics of strategy, long-term planning, business development as well as the risk situation, risk management and compliance of APONTIS PHARMA AG. The following particular focal points of the Supervisory Board’s activities, which the Supervisory Board dealt with, are worthy of mention:

BUSINESS SITUATION AND BUSINESS DEVELOPMENT

The subject of the Supervisory Board meetings was usually the business situation and business development of the company. The Management Board reported regularly on how the business developed in 2021 and presented the planning for financial year 2022. In particular, the Management Board explained the impact of the COVID-19 pandemic on the company and discussed it intensively with the Supervisory Board. In terms of the consistent further development of APONTIS PHARMA AG, intensive discussions were also held on how the company should position itself as an attractive employer in the “war for talents,” as the employees of APONTIS PHARMA AG provide a clear competitive advantage for the company. The Management Board has paid a great deal of attention to this topic and is working systematically on the further development of the team as well as on increasing the attractiveness of APONTIS PHARMA AG as an employer.

STRATEGIC ORIENTATION

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

RISK MANAGEMENT AND COMPLIANCE

Compliance is extremely important to the Management Board and the Supervisory Board. Compliance with laws, guidelines, rules and regulations and internal rules and regulations is the basis for successful entrepreneurial activity and a component of good corporate governance. The Supervisory Board dealt in particular with the compliance and compliance management system implemented by the Management Board. The goal of the implemented system is to avoid compliance violations through preventive measures, to recognise possible misconduct at an early stage, to react quickly to confirmed violations and to punish misconduct consistently. The special focus of the compliance system was on capital market law and the prevention of corruption. In particular, corresponding Group guidelines were introduced for this purpose, which, among other matters, regulate the trading of APONTIS PHARMA AG securities for board members and employees or the proper handling of insider information and the keeping of insider information. The compliance targets set by the Management Board were achieved in the course of the short financial year 2021 and discussed in detail with the Supervisory Board. The compliance reporting structure did not lead to any indications of a compliance violation in the short financial year 2021. Furthermore, risks inherent in the business were discussed, such as the development of market prices. This circumstance as well as possible mitigating measures were discussed and analysed on a regular basis.

COMMITTEES OF THE SUPERVISORY BOARD

With the exception of an Audit Committee, the Supervisory Board did not form any committees in the short financial year 2021. By resolution of 14 February 2022, the Supervisory Board established a Personnel Committee, which commenced its work in connection with the nomination of candidates for the Supervisory Board elections. No need to form further committees has become apparent yet.

AUDIT COMMITTEE

The Audit Committee consists of two members. The members are Olaf Elbracht (Chairman) and Christian Bettinger. The Audit Committee held two meetings in the short financial year 2021. All members of the Audit Committee participated in the meetings. The tasks of the Audit Committee include, in particular, the audit of the accounting, the monitoring of the accounting process, the risk management system as well as 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 Consolidated Management Report. Other tasks include the discussion of the half-year financial reports. The committee submits a proposal to the Supervisory Board for the election of the auditor.

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

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

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 as amended on 16 December 2019 therefore do not apply, so that the Management Board and Supervisory Board are not legally obliged to issue a declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). Transparent corporate governance is nevertheless a topic of high priority for the Supervisory Board. From the perspective of good corporate governance, the Management Board and Supervisory Board have therefore decided to issue a voluntary Declaration of Compliance in accordance with Section 161 AktG.

After extensive consideration of corporate governance issues, the Management Board and the Supervisory Board decided on a Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) and jointly issued it as of 17 March 2022. The Declaration is available on the APONTIS PHARMA AG website www.apontis-pharma.de 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 received 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 statement documents 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 Consolidated Management Report, as well as the Consolidated Financial Statements and took note of the auditor's report. As part of the audit, we also examined the voluntary separate non-financial declaration. After the final result of its examination, the Supervisory Board had no objections to raise and accordingly 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 31 December 2021 in accordance with Section 312 AktG. The Dependency Report was audited by Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Bonn, in accordance with Section 313 (1) AktG.

The auditor submitted a separate written report on the results of the audit. As there were no objections to the Report by the Management Board, the following auditor's report was issued on 9 March 2022 in accordance with Section 313 para. 3 AktG:

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

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

The Dependency Report and the audit report on it were sent to all members of the Supervisory Board in good time before the balance sheet meeting. At the meeting of the Audit Committee on 15 March 2022, 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 17 March 2022, the auditor reported on the results of his audit and was available to provide additional information. In its meeting on 17 March 2022, the Supervisory Board comprehensively reviewed the Dependency Report for completeness and accuracy. It approved the results of the audit of the Dependency Report and concluded 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 Dependent Company Report.

THANKS FOR THE WORK PERFORMED

The Supervisory Board would like to thank the employees and the Management Board of APONTIS PHARMA AG for their hard work. It was a challenging year that was marked by the continuation of the pandemic. Nevertheless, in the interest of patients, we were able to ensure the supply of our vital medicines and our sales force was available as a valued contact for doctors.

Monheim/Rhein, 17 March 2022

Dr. Edin Hadzic
Chairman of the Supervisory Board

APONTIS PHARMA ON THE CAPITAL MARKET

SUCCESSFUL IPO

On 11 May 2021, APONTIS PHARMA AG opened a new chapter in its tradition-rich company history by successfully going public. APONTIS PHARMA's roots in the development and marketing of pharmaceutical products go way back to Schwarz Pharma AG, a company founded in 1946. The acquisition of Schwarz Pharma in 2006 by the Belgian pharmaceutical company UCB marked the start of the specialisation of today's APONTIS PHARMA as "UCB Innere Medizin" in general medicine on the German market. Its activity as an independent entity was followed by entrepreneurial independence when the company was acquired by the private equity firm Paragon Partners in 2018. APONTIS PHARMA's focus on the growth market "Single Pills" as a first mover and the resulting successful IPO in 2021 underpin further steps along the innovative German pharmaceutical company's growth path.

APONTIS PHARMA AG's shares were admitted to trading in the European SME growth segment Scale of the Frankfurt Stock Exchange on 11 May 2021 at an issue price of EUR 19.00. The gross issue proceeds generated by the IPO amounted to EUR 38 million. In particular, investments are to be made in the development of new proprietary Single Pills and in the in-licensing of Single Pill developments already completed in the European market. Furthermore, the proceeds from the issue will also be used to expand its marketing and sales activities and gain further market share as well as for product acquisitions. Based on the placement price, the market capitalisation of APONTIS PHARMA post-money amounted to EUR 161.5 million.

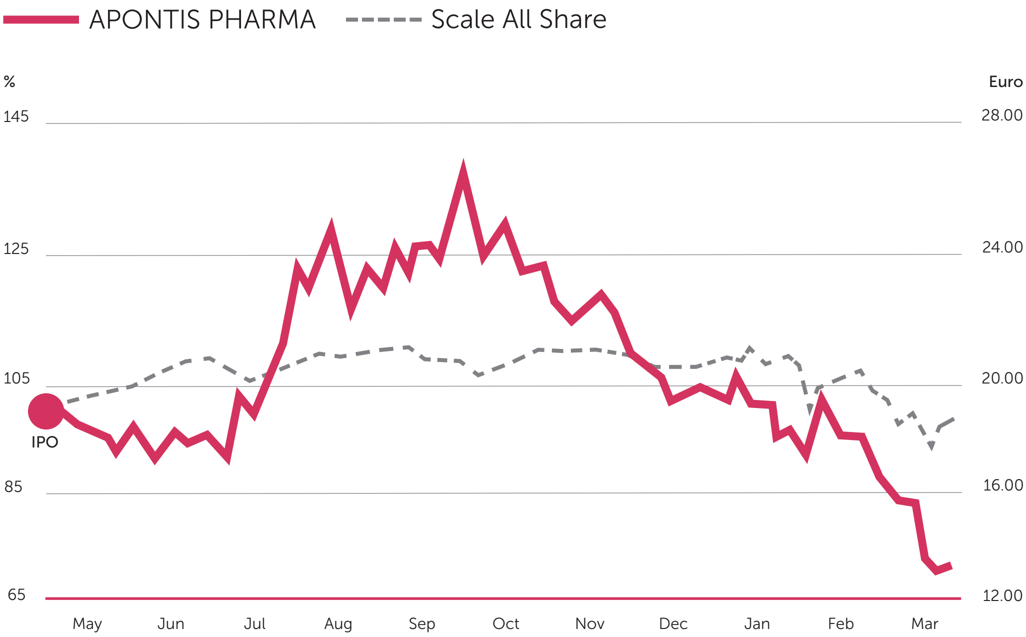
APONTIS PHARMA SHARE INFORMATIONN

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 bearer shares (no-par value shares)
Designated sponsor	Hauck & Aufhäuser Privatbankiers AG

CAPITAL MARKETS TORN BETWEEN ECONOMIC RECOVERY AND RISING INFLATION

Global stock markets continued the price gains from the fourth quarter of the previous year at the beginning of 2021, thanks to a combination of recovering economic activity, only slightly rising inflation and abundant central bank liquidity. By contrast, concerns over inflation and speculation that there could be central bank interest rate hikes created challenges on the stock markets in the second quarter accompanied by high volatility. Overall, however, market participants focused on the strong economy and the resulting prospects for corporate and equity earnings. The upward trend in the third quarter up until the beginning of September was followed by strains from uncertainties about a scaling back of expansionary monetary policy in the United States and economic weakness in China. As a result, the stock markets were largely unchanged at the end of the third quarter. While the markets benefited in the fourth quarter, mainly from good economic data and signs of a foreseeable end to the pandemic, growth stocks lost ground due to expectations of rising interest rates. The DAX recorded an increase of 3.2% in the period from the initial listing of APONTIS PHARMA AG until 30 December 2021. The Scale All Share Index, which also includes the shares of APONTIS PHARMA, recorded an increase of 7.4% over the same period.

SHARE: SHARE PRICE PERFORMANCE



Following the successful IPO, the price of the APONTIS PHARMA share benefited from the company's dynamic business performance over the course of the year. After being initially listed at EUR 18.90 on 11 May, the price reached its high for the reporting period on 28 September 2021 at EUR 27.80. APONTIS PHARMA AG shares recorded their low on 4 June 2021 at a price of EUR 16.60. At the end of the year, the volatile market environment led to profit-taking, particularly among growth and second-line stocks. The APONTIS PHARMA share ended the reporting year at a closing price of EUR 20.00. Overall, the APONTIS PHARMA AG share price recorded an increase of around 5.8% in 2021 compared to the initial share listing at the time of the IPO.

The weakness of growth stocks continued at the beginning of 2022 in anticipation of rising interest rates. Despite its positive business performance, the APONTIS PHARMA share was unable to escape the general trend and recorded a decline of 33.5% as of 15 March 2022, compared to its closing price on 30 December 2021. In conjunction with the sector rotation from growth to value stocks, small caps in general came under additional selling pressure as investors increasingly sought safety in large and mega caps in the face of rising inflation and geopolitical risks.

SHARE PRICE PERFORMANCE IN 2021

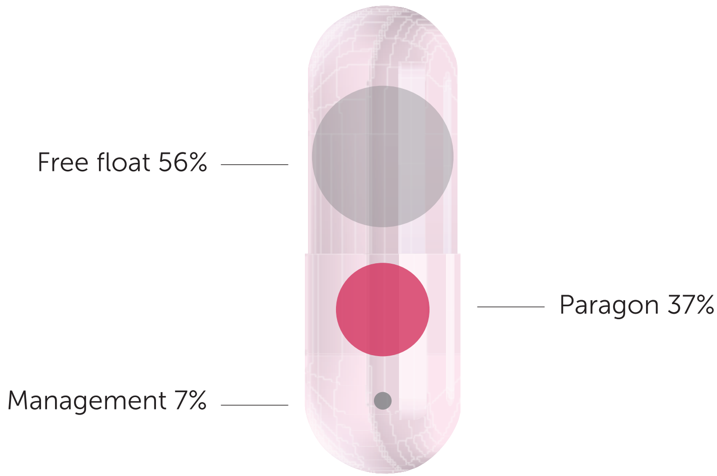
Issue price	11 May 2021	EUR 19.00
Initial listing	11 May 2021	EUR 18.90
Low	4 June 2021	EUR 16.60
High	28 September 2021	EUR 27.80
Closing price	30 December 2021	EUR 20.00
Performance		5.8%
Market capitalization		EUR 170.0 million

The average daily trading volume in APONTIS PHARMA shares amounted to 11,931 shares on all German trading venues in the period from the initial listing on 11 May until the end of the trading year on 30 December 2021.

Hauck & Aufhäuser Privatbankiers 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 31 December 2021, APONTIS PHARMA AG is aware of the shares in the voting share capital that are required to be disclosed to the company pursuant to Section 20 (5) of the German Stock Corporation Act (AktG), have been disclosed voluntarily, or are subject to lock-up periods following the IPO. According to the definition of Deutsche Börse AG, free float includes all shares that are not held by major shareholders (share of 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 37%, the current shareholder The Paragon Fund II GmbH & Co. KG (Paragon) holds the majority of the shares outstanding as of 31 December 2021. The management of APONTIS PHARMA AG holds 7% of the voting shares, while 56% of the shares are in free float.

ANALYST RECOMMENDATIONS

With Hauck & Aufhäuser Privatbankiers, Warburg Research and Edison Investment Research, the APONTIS PHARMA AG share has been analysed and valuated by renowned investment banks and research firms since its IPO.

In their studies*, the analysts recommend buying APONTIS PHARMA shares with price targets of up to EUR 35.00 and emphasise the expansion of the profitable Single Pill business, the scalability of the business model, and the high market entry barriers for potential competitors of APONTIS PHARMA as unique selling points. The analysts' recommendations to buy the APONTIS PHARMA share correspond to a price potential of more than 160% compared to the closing price on 15 March 2022.

Update	Institute	Analysts	Recommen-dation	Target price EUR
24 August 2021	Edison Investment Research	Dr, Sean Conroy. Dr, Jonas Peculius	*	*
9 March 2022	Warburg Research	Dr, Christian Ehmann	BUY (BUY)	35.00 (41.00)
10 March 2022	Hauck & Aufhäuser	Alexander Galitsa	BUY (BUY)	30.00 (32.00)

*) Edison Investment Research's qualitative research reports for Scale issuers were prepared on behalf of Deutsche Börse without providing a price target or recommendation.

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 the capital market participants without delay of important events in its business activities or of significance to the development of its share price by means of ad hoc announcements or Corporate News.

The Management Board of APONTIS PHARMA maintains an ongoing close dialogue with investors and analysts as well as the financial and business press and held numerous personal meetings in the 2021 stock market year. Apart from personally attending the Hamburg Investor Day and the Warburg Meet-the-Future conference in Berlin, the Management Board presented the company's business model, operational development, and growth prospects at a number of mainly digital events. These included the Equity Forum Fall Conference and the German Equity Forum in Frankfurt/Main.

FINANCIAL CALENDAR 2022

4 – 5 April 2022	CF&B SmallCap Event, Paris
3 – 4 May 2022	MKK – Munich Capital Market Conference, Munich
11 May 2022	Interim Statement 3M/Q1 2022
12 May 2022	Annual General Meeting
18 May 2022	PLATOW Euro Finance Small Cap Conference, Frankfurt/Main
August 2022	Half-Year Report 2022
5 – 6 September 2022	Equity Forum Fall Conference, Frankfurt/Main
17 – 18 October 2022	CF&B European MidCap Event, Paris
November 2022	Interim Statement 9M/Q3 2022
28 – 30 November 2022	EKF German Equity Forum, Frankfurt/Main

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

SUSTAINABILITY STRATEGY – WE IMPROVE CARE FOR CARDIOVASCULAR PATIENTS

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

OUR STAKEHOLDERS, OUR COMMITMENT

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

INTERNAL STAKEHOLDERS

Employees

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

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

Management

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

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

EXTERNAL STAKEHOLDERS

Investors

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

Capital for the company's growth

Manufacturers and contract developers of Single Pills

Reliability, continuity & stability of business relationships

Quality, safety and availability of products

Patients

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

Trust in our products

Healthcare system

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

Financing of the healthcare system

Care personnel

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

Trust in our products

Doctors

High quality and efficacy of the products, higher compliance with therapy, simplification of treatment

Prescription of the products (especially Single Pills)

Society

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

"Social License to Operate"

Legislator

Adherence to laws, compliance, product quality, product safety

Establishing the legal framework for product manufacturing and marketing

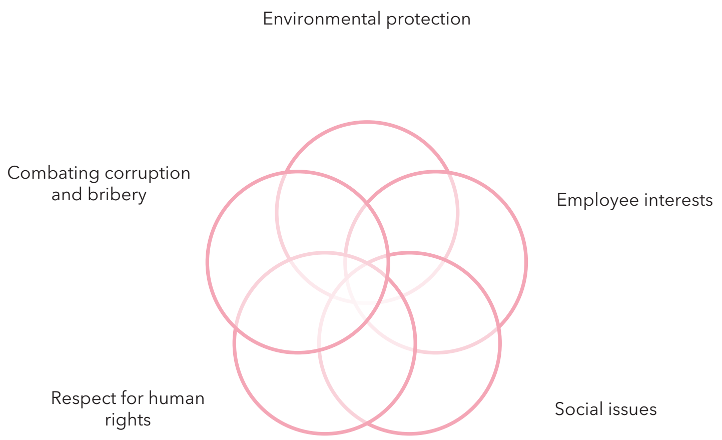
Approval authority

Demonstration of the efficacy, safety and quality of the medicinal products over the entire lifecycle

Product testing and approval

OUR MAIN ESG TOPICS

The ESG fields of action relevant to APONTIS PHARMA and its stakeholders were identified by conducting a materiality analysis. In addition, the materiality analysis is based on internationally recognized standards such as the UN Sustainable Development Goals (UN SDGs) and the Sustainability Accounting Standards (SASB) for the "Biotechnology & Pharmaceuticals" industry. The following aspects were taken into account:



THE PRINCIPLES OF OUR SUSTAINABILITY STRATEGY

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

SUSTAINABLE DEVELOPMENT GOALS

GOAL 3: GOOD HEALTH AND WELL-BEING

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

GOAL 5: GENDER EQUALITY

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

GOAL 8: DECENT WORK AND ECONOMIC GROWTH

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

GOAL 10: REDUCED INEQUALITIES

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

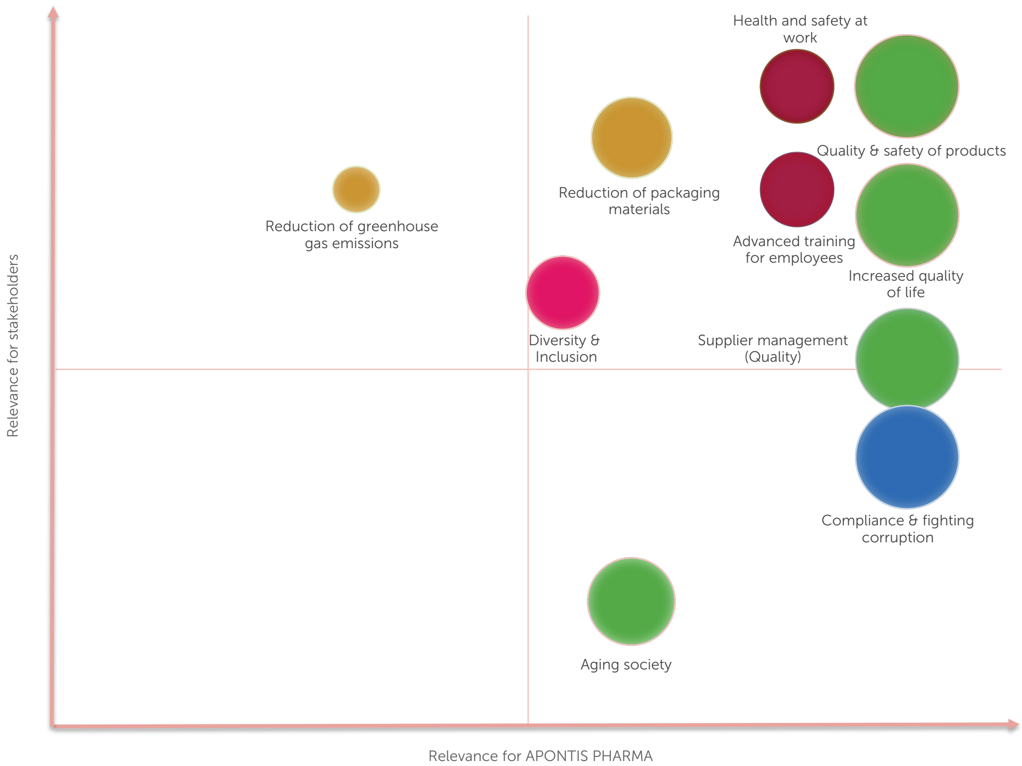
GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

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

GOAL 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

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

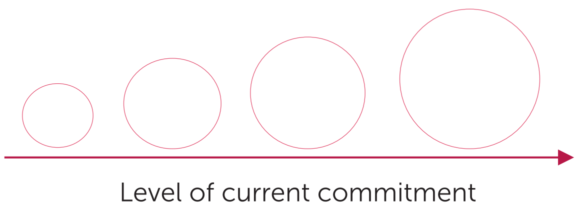
OUR MATERIALITY MATRIX



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

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

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

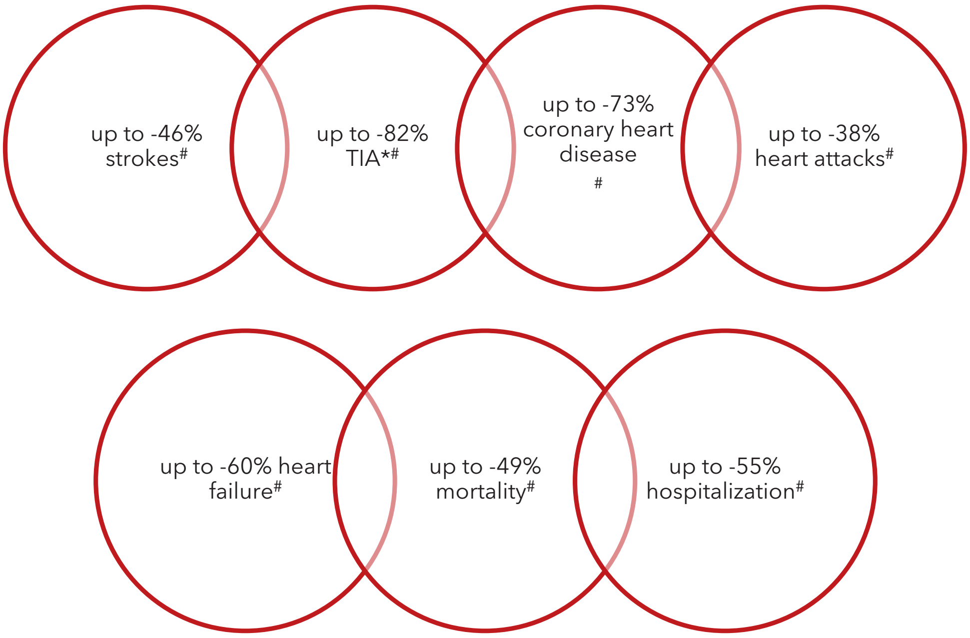


SOCIAL IMPACT: INNOVATION AND QUALITY FOR THE BENEFIT OF OUR PATIENTS

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

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

RELATIVE REDUCTION OF THE EVENT RATE IN %



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

*TIA: Transitorische Ischämische Attacke

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

The figure for the START Study shows the results that were achieved in part among the seven Single Pills investigated in the study. Depending on the combination, results included up to 46% fewer strokes in the Single Pill group, up to 60% fewer heart failures, up to 55% fewer hospitalizations, and up to 49% lower mortality rates.

PERSONNEL

SUCCESS: DAY-TO-DAY BUSINESS FOR OUR EMPLOYEES

APONTIS PHARMA's success is based on our passionate and well-trained employees. Our employees contribute to improving patient care while complying with applicable regulatory requirements. In our Materiality Matrix, we have clearly outlined that the health and safety of our employees, as well as their training, are key topics for APONTIS PHARMA. APONTIS PHARMA employs 168 people (as of 31 December 2021), most of whom work in sales. The company has its headquarters in Monheim/Rhein (Germany). APONTIS PHARMA's business focuses exclusively on the German market. We therefore comply with the German labor laws. We are committed to creating a safe working environment where all employees feel comfortable and secure. The corona pandemic has accelerated the emergence of alternative and flexible working models. Our employees receive appropriate, fair and market-based pay that meets all of the requirements of the German Minimum Wage Act. We also protect our employees from unfair and unethical working conditions. We reject any form of child labor and forced labor.

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

Employees as of 31 December 2021	Number	% of employees including AG
Number of employees	168	100%
Full-time	127	75.6%
Part-time	41	24.4%
Permanent	166	98.8%
Temporary	2	1.2%
<30 years old	9	5.4%
>30 and <50 years old	66	39.3%
>50 years old	93	55.4%
Women	107	63.7%
Men	61	36.3%
Accident rate (work-related)	4	2.4%

CORPORATE GOVERNANCE AND COMPLIANCE MANAGEMENT

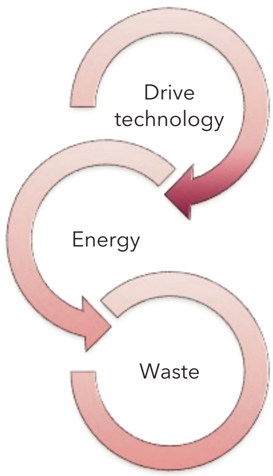
APONTIS PHARMA's company culture and business operations are rooted in transparent and trust-based corporate governance. We are therefore committed to establishing a trusting relationship with all of our key stakeholders and to maintaining this relationship over the long term. We provide our shareholders and the financial markets with timely, accurate and complete financial information. We believe that "business continuity management" is critical, especially for our patients, customers and employees, and is part of responsible corporate governance. We want to be a reliable partner to our stakeholders, thereby ensuring long-term value creation in the market. In addition, we review and approve financial risks and operational measures appropriately.

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

To combat violations of legal regulations and internal company compliance rules, APONTIS PHARMA has, in addition to the Management Board, our internal Compliance Officer available at peter.hagedorn@apontis-pharma.de not only to employees, but also to business partners. Employees who report potential or threatened misconduct, or who provide the information to do so, or otherwise contribute to a review or investigation of potential or threatened misconduct, are protected from retaliation. No violations were reported to the Compliance Officer in 2021.

ENVIRONMENTAL IMPACT

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



DRIVE TECHNOLOGY

As a company that specializes in distributing medicines, we have identified the topic of drive technologies as material. We have a large fleet of diesel vehicles. Business trips are urgently necessary for our business model. Since rail travel is not flexible enough for our needs, either in terms of time or territory, our vehicle fleet is indispensable to us.

Nevertheless, we are aware of the emissions of CO_2, nitrogen oxides and particulate matter, as well as their negative impact on the environment and human health. This is why we are closely monitoring developments on new drive options, such as synthetic fuels, battery efficiency improvements and the hydrogen fuel cell. We want to include electric cars in our fleet in the future.

ENERGY

Germany and the whole of Europe are on the road to climate neutrality. To achieve this, companies also have a role to play. We, too, have a responsibility to consume only as much energy as necessary and to avoid waste by implementing energy-saving measures. In doing so, we are guided by the motto: "GREEN Management is LEAN Management." We are therefore convinced that by implementing the following measures, we are not only fulfilling our responsibility for climate protection, but also creating monetary added value as a result

Use of energy-saving lamps and conservation of energy in our offices
Use of energy-saving, modern ventilation systems

WASTE

The topic of waste is important to us in two respects. First of all, because like any responsible company, we try to reduce and properly separate the waste and refuse in our offices to help achieve the highest possible recycling rate.

The second point is packaging in the pharmaceutical industry. Particularly in the case of medicines, packaging and compliance with the highest hygiene standards play a very important role. Our innovative Singe Pills, in which we combine two or three active ingredients in a single preparation, can save packaging waste. This allows us to make our contribution to a better world.

As a future environmental goal, we want to involve our suppliers in reducing packaging waste: This is how we want to encourage our supply chain to use environmentally friendly and ecologically harmless options.

GROUP MANAGEMENT REPORT

of APONTIS PHARMA AG (formerly: PP Pharma HoldCo GmbH), Monheim/Rhein, for fiscal year 2021

I. BASIS OF THE COMPANY

APONTIS PHARMA Group (APONTIS PHARMA for short) is active in the marketing and sale of innovative medical drugs for indication fields of internal medicine that mainly come from cooperation with other pharmaceutical companies. In the year under review, the business activities of APONTIS PHARMA mainly comprised the supply of Single Pills in the cardiovascular field to the German pharmaceutical market. Furthermore, as part of co-marketing/co-promotion, drugs are marketed in the disease areas of “respiratory diseases” and “diabetes.”

II. MACROECONOMIC TREND IN GERMANY[1]

According to initial calculations of the Federal Statistical Office (Destatis), price-adjusted GDP was 2.7% higher in 2021 than in the previous year. The German economy was thus able to make up for part of its 4.6% decline in 2020 caused by the corona pandemic. This recovery is based on the positive development of many sectors of the economy, as extensive closures of various sectors such as retail and gastronomy were no longer necessary as a result of the gradual success of vaccinations. Furthermore, the government has supported the economy through extensive aid and cushioned the social consequences of the pandemic through extensive social measures. However, the economic recovery was slowed down by delays in international supply chains and price surcharges, especially in the energy sector.

Overall, economic output increased in nearly all areas of the economy. Price-adjusted gross value added rose by 4.4% in the manufacturing sector and by 3.0% in the combined economic sector of trade, transport and hotels and restaurants, as the pandemic-related restrictions were still evident here. In contrast, economic output in the construction sector declined by 0.4%, whereas it was still growing in 2020.

Despite this recovery, the economic performance in 2021 has not yet reached the level of 2019 in some sectors. Economic performance in the manufacturing sector in 2021 was still 6.0% below the 2019 level, while the “other services” sector, which includes sports, culture and entertainment, was still 9.9% below the pre-crisis 2019 level.

The effects of the corona pandemic were also clearly visible on the demand side. The mainstay of demand was government consumption expenditure. At 3.4% in 2021, it rose significantly again. In contrast, private consumer spending stabilized at the low level of the previous year. The job market was also strong in 2021 and the number of people in employment remained stable.

1) Press Release no. 020 from 14 January 2022
https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/01/PD22_020_811.html

Foreign trade recovered significantly despite supply chain problems and was able to make a positive contribution to GDP in 2021, in contrast to the previous year.

Gross fixed capital formation recorded a price-adjusted increase of 1.3%, driven mainly by investment in equipment.

III. DEVELOPMENT OF INDUSTRIES IN 2021

EXPENDITURE TREND[2]

Revenue with medical drugs rose by 6.6% in the entire pharmaceutical market (pharmacies and clinics) in the first nine months of 2021. Sales were down by 2.2%. A total of around 73 billion counting units (capsules, strokes, portion bags, etc.) worth over EUR 39 billion were provided to patients.

PHARMACY MARKET[3]

The pharmacy market reported revenue growth of a good 7% in the first nine months of 2021. Nearly 1.2 billion packages (-4%) worth EUR 32 billion were provided to patients (at the selling price of the pharmaceutical entrepreneur, incl. vaccines and test diagnostics).

STATUTORY HEALTH INSURANCE (GKV)[3]

SHI pharmaceutical expenditure less discounts from manufacturers (Sec. 130a (1) of the SGB V [German Social Security Code Volume V] and pharmacies (not including savings under discount agreements) amounted to EUR 30.8 billion in the first nine months of 2021.

The group of interleukin inhibitors showed the strongest growth (+25%) among the ten drug groups with the highest revenue in the SHI market in the first three quarters of 2021. The other groups with double-digit growth by value include therapies such as “other anti-neoplastic drugs” (+17%), MAB anti-neoplastic drugs (+16%) and cytostatic hormone antagonists (+13%), i.e. mainly therapies for the treatment of cancer. Of the ten product groups with the highest revenue in the SHI market, only lipid regulators showed a significant increase in volume (+8%) in the first three quarters of 2021; calcium antagonists as mono-preparations grew by +2%, ulcer therapeutics and antidepressants by +1%; the other categories recorded declines or stagnated.

Savings realized by the Statutory Health Insurance caused by obligatory manufacturer discounts and rebates from reimbursement amounted to EUR 4.719 billion (+13%) in the first nine months of 2021.

Private health insurances also benefit from cost savings due to obligatory manufacturer discounts and rebates from reimbursement amounts. This calculated volume amounted to EUR 674 million (+3%) in the first nine months of 2021.

2) IQVIA Market Report: “Development of the German Pharmaceutical Market in the three Quarters of the Year,” p. 3
3) IQVIA Market Report: “Development of the German Pharmaceutical Market in the three Quarters of the Year 2021,” p. 4 & 5 https://www.iqvia.com/-/media/iqvia/pdfs/germany/library/publications/iqvia-pharma-markt-bericht-classic-dreiviertel jahr-2021.pdf?_=1643707149915

IV. BUSINESS PERFORMANCE

EARNINGS POSITION

In financial year 2021, APONTIS PHARMA achieved sales revenues in the amount of EUR 51,184 thousand (previous year: EUR 39,240 thousand), all of which were generated with customers in Germany. Here, the originally budgeted sales of EUR 40,490 thousand were significantly exceeded and are also above the planned sales for fiscal year 2021 of EUR 48,500 thousand, which were updated in March 2021.

The following table shows the sales revenues per product/service group (in EUR thousand) for the years 2021 and 2020:

	2021		2020	
	EUR thousand	%	EUR thousand	%
Hypertonia = Single Pills	**31,459**	**61.5**	**19,046**	**48.5**
Vascular	14	0.0	31	0.1
Gynaecology	597	1.2	730	1.9
Other	1,971	3.8	2,723	6.9
Own brands (excluding Single Pills)	**2,582**	**5.0**	**3,484**	**8.9**
COPD (respiratory diseases)	9,530	18.6	9,572	24.4
Diabetes	7,613	14.9	7,013	17.9
Co-Marketing	**17,143**	**33.5**	**16,585**	**42.3**
Dafiro	0	0.0	125	0.3
	51,184	**100.0**	**39,240**	**100.0**

The increase in sales was mainly driven by the Single Pill business, primarily by Atorimib, Caramlo and Tonotec. The decline in COPD co-marketing was offset by the start of the COPD co-promotion with AstraZeneca for the product Trixeo®.

Other operating income amounted to EUR 3,592 thousand (previous year: EUR 2,639 thousand). In financial year 2021, it includes mainly income from passing on the costs of the IPO to the shareholders in the amount of EUR 1,893 thousand (previous year: EUR 0 thousand). Furthermore, the company generated income from the reversal of provisions in the amount of EUR 781 thousand (previous year: EUR 1,558 thousand) and income from the provision of vehicles in kind of EUR 607 thousand (previous year: EUR 703 thousand). The reversal of provisions mainly includes the reversal of bonus provisions for original LTI commitments in the amount of EUR 550 thousand. These result from commitments to employees from the time before the IPO, which were terminated after the IPO in favor of a new LTI program.

In fiscal year 2021, cost of materials amounted to EUR 17,397 thousand (previous year: EUR 14,215 thousand). The cost of materials ratio is 34.0% (previous year 36.2%). The decrease of approximately 2.2 percentage points is due on the one hand to the change in the product mix compared to the previous year, in particular the increase in Single Pill products, which have an above-average gross margin. Another reason is the new co-promotion agreement with AstraZeneca for the product Trixeo®. Here the company is paid on a fee-for-call basis.

Personnel expenses in the fiscal year amounted to EUR 19,680 thousand (previous year: EUR 16,512 thousand), of which EUR 2,532 thousand (previous year: EUR 2,827 thousand) was for social security contributions. The increase in personnel expenses is mainly the result of higher bonus payments as part of the IPO of the Group parent company (EUR 2,500 thousand) and the discontinuation of the short-time work introduced in 2020.

Other operating expenses amounted to EUR 15,304 thousand in the fiscal year just ended, compared to EUR 10,112 thousand the previous year. These mainly consist of non-recurring expenses for the IPO of EUR 2,910 thousand (previous year EUR 0), EUR 2,498 thousand for marketing (previous year: EUR 1,559 thousand), expenses for distribution costs of EUR 2,105 thousand (previous year EUR 1,981 thousand), vehicle costs of EUR 1,640 thousand (previous year EUR 2,091 thousand) and EUR 1,467 thousand for temporary workers (previous year: EUR 1,071 thousand). IT expenses amounted to EUR 587 thousand (previous year: EUR 607 thousand).

The higher marketing costs result from two effects. On the one hand, the previous year was characterized by savings. Secondly, the results of the START Study became known at the end of 2019. This study was the trigger for focusing on and further investing in the core business "Single Pills." Because of this, more investments were made in sales and marketing in 2021, which led to a significant increase in Single Pill revenues. The increased marketing expenditure was used to publicize the new study results on the advantages of the Single Pill compared to the loose combination of individual active ingredients to the German medical profession. Furthermore, we increased the number of doctors visited and initially organized these positions by relying on an external service provider within the framework of employee leasing. Pneumologists were also visited intensively as part of the co-promotion with AstraZeneca. In addition, marketing expenses include mainly the costs for events with physicians as well as conferences. These were lower in 2020 due to the pandemic. In 2021, the company was able to hold physical events again in addition to mainly digital concepts.

Distribution costs include all expenses of the sales force except for personnel expenses.

Vehicle costs are mainly determined by cars for the sales force. These were higher in 2020 than in 2021 due to non-recurring expenses for accident costs and repairs as well as the subsequent charging of leasing expenses from previous years by a manufacturer.

The negative financial result in fiscal year 2021 amounted to EUR 401 thousand (previous year: negative financial result of EUR 863 thousand). This includes interest expenses for a shareholder loan in the amount of EUR 350 thousand (previous year: EUR 805 thousand) as well as interest accrued on pension provisions and provisions for comparable long-term obligations, netted with interest income from the discounting of plan assets offset against pension provisions in the amount of EUR 56 thousand (previous year: EUR 63 thousand). The shareholder loan was repaid at the end of May 2021 using a portion of the proceeds generated from the IPO.

Taxes on income amounted to EUR 960 thousand (previous year: income of EUR 336 thousand). Of this amount, income taxes of EUR 389 thousand (previous year: EUR 15 thousand) and deferred taxes of EUR 571 thousand (previous year: income of EUR 351 thousand) were incurred.

Fiscal year 2021 closed with a consolidated loss of EUR 745 thousand (previous year: consolidated loss of EUR 1,183 thousand).

ASSET POSITION

ASSETS

APONTIS PHARMA's fixed assets of EUR 15,494 thousand (previous year: EUR 15,457 thousand) consist largely of licensing rights for products amounting to EUR 3,895 thousand (previous year: EUR 5,414 thousand) and milestone payments (advance payments) to contract developers and licensors for future product rights amounting to EUR 10,797 thousand (previous year: EUR 9,342 thousand).

Goods inventories amounted to EUR 4,598 thousand (previous year: EUR 2,923 thousand) as of 31 December 2021. The increase is mainly due to insufficient inventory in the previous year when the safety stock for the product with the highest revenue could not be compensated for by sufficient deliveries due to the high sales figures. This was remedied in the fiscal year. Furthermore, the higher sales revenues and the need for a permanent ability to deliver made higher inventories necessary.

Current receivables and other assets of EUR 3,581 thousand (previous year: EUR 1,897 thousand) as of the balance sheet date are mainly trade receivables from third parties of EUR 2,923 thousand (previous year: EUR 1,228 thousand). The increase is due to two effects. Essentially, the receivables increased due to higher sales revenues with payment terms that remained unchanged.

Cash and cash equivalents amounted to EUR 29,840 thousand (previous year: EUR 8,059 thousand) on the reporting date and are available in full for free disposal.

LIABILITIES

APONTIS PHARMA's equity amounted to EUR 40,713 thousand as of 31 December 2021 (previous year: EUR 3,458 thousand). The equity ratio as of the balance sheet date is 75.2% (previous year: 11.7%). The change in the equity ratio resulted mainly from the capital increase in the course of the IPO.

The negative difference from capital consolidation is EUR 700 thousand (previous year: EUR 767 thousand).

The balance of provisions as of the reporting date is EUR 8,993 thousand (previous year: EUR 7,104 thousand) and consists mainly of provisions for pensions of EUR 2,423 thousand (previous year: EUR 2,265 thousand), provisions for discounts granted of EUR 2,097 thousand (previous year: EUR 1,275 thousand), provisions for personnel of EUR 2,611 thousand (previous year: EUR 2605 thousand) and provisions for outstanding incoming invoices of EUR 1,162 thousand (previous year: EUR 805 thousand). The increase in provisions for discounts granted resulted mainly from the higher sales revenues as a reference value.

The provisions for personnel mainly include provisions for sales force bonuses of EUR 1,076 thousand (previous year: EUR 802 thousand), provisions for office staff bonus of EUR 857 thousand (previous year: EUR 690 thousand), provisions for long-term incentives of EUR 149 thousand (previous year: EUR 546 thousand) and provisions for anniversary bonuses of EUR 233 thousand (previous year: EUR 265 thousand). The decrease in the provision for long-term incentives resulted from the replacement of the old program after the IPO and the establishment of a new program based on the company's Single Pill strategy.

At the end of the fiscal year, accounts payable totaled EUR 3,726 thousand (previous year: EUR 18,391 thousand). These include in particular trade payables of EUR 3,002 thousand (previous year: EUR 3,259 thousand). Other liabilities include in particular tax liabilities of EUR 677 thousand (previous year: EUR 1,050 thousand). In the current year, a shareholder loan of EUR 14,361 thousand was repaid, which was reported under liabilities to shareholders in the amount of EUR 14,011 thousand the previous year.

FINANCIAL POSITION

Cash flow from operating activities was positive in 2021 and stood at EUR 3,433 thousand (previous year: EUR 1,451 thousand). The improvement is mainly due to the gross margin achieved from the higher sales revenues, which more than compensated for the expenses for the IPO. By refraining from collecting receivables and paying invoices early, we deliberately had a negative impact on working capital in order to avoid the disadvantages resulting from negative interest rates/custody fees and the one-time bank levy.

Cash flow from investing activities is negative and amounted to EUR 1,773 thousand (previous year: negative at EUR 777 thousand). This is mainly due to the payments for intangible assets.

Cash flow from financing activities is positive and amounted to EUR 20,121 thousand (previous year: negative at EUR 2 thousand) and resulted mainly from the capital injection through the IPO and the repayment of the shareholder loan.

Cash and cash equivalents totaled EUR 29,840 thousand in the reporting year (previous year: EUR 8,059 thousand). Cash and cash equivalents comprise exclusive bank balances and cash on hand.

There was no guarantee credit line in fiscal year 2021.

V. FINANCIAL PERFORMANCE INDICATORS

The company is managed based on the financial performance indicators sales, gross profit, the gross profit margin, EBITDA, the EBITDA margin as well as EBIT and the EBIT margin.

In fiscal year 2021, the performance indicators were exposed to the following changes compared to the year before:

EUR thousand	**2021**	2020	Δ EUR	Δ %
Sales	51,184	39,240	11,944	30.4 %
Gross profit	33,787	25,025	8,762	35.0 %
Gross profit margin	66.0 %	63.8 %		2.2 %
EBITDA	2,362	998	1,364	> 100 %
EBITDA margin	4.6 %	2.5 %		2.1 %
EBIT	616	-656	1,272	> 100 %
EBIT margin	1.2 %	-1.7 %		2.9 %

Sales increased in the reporting year as described above mainly due to the very positive development of our Single Pill portfolio. The financial performance indicator gross profit shown in the table above is the difference between sales revenues and cost of materials. Other operating income according to the German Commercial Code (HGB) is not included in this performance indicator. Gross profit improved in 2021 due to higher sales revenues. On the other hand, the fiscal year showed a reduced cost of materials ratio. This resulted from the higher share of Single Pills compared to co-marketed products and the income from the co-promotion agreement for the Trixeo® product. Furthermore, personnel expenses increased as described above and there was increased investment in marketing and sales.

The higher gross profit is also the reason for the higher EBIT and EBITDA. However, the higher gross profit was not entirely reflected in higher EBIT and EBITDA. This was mainly due to the costs incurred by the IPO. These costs of EUR 5,410 thousand related to one-time premiums for the IPO in addition to the project costs booked under other operating expenses. Of these costs, an amount of EUR 1,893 thousand was assumed by one shareholder, which was arithmetically allocated as a percentage to the shares sold by this shareholder. In total, costs for the IPO were reduced by the shareholder's contribution in the amount of EUR 3,517 thousand.

This resulted in EBITDA of EUR 5,879 thousand and adjusted EBIT of EUR 4,133 thousand, adjusted for the net expenses of the IPO. The EBITDA margin (adjusted) was therefore 11.5% and the EBIT margin (adjusted) 8.1%.

Compared to the figures planned (budget), the key performance indicators developed as follows in fiscal year 2021:

EUR thousand	**2021**	2021 Budget	Δ EUR thousand	Δ %
Sales	51,184	40,490	10,694	26.4%
Gross profit	33,787	27,808	5,980	21.5%
Gross profit margin	66.0%	68.7%		-2.7%
EBITDA	2,362	1,651	711	43.1%
EBITDA margin	4.6%	4.1%		0.5%
EBIT	616	78	538	> 100%
EBIT margin	1.2%	0.2%		1.0%

Compared to the budget, significantly higher growth in sales was achieved. The main reason for this is the Single Pill portfolio, especially our Atorimib brand. Furthermore, the co-marketing contract for the Ulunar® brand ran three months longer and the company managed to conclude a co-promotion contract with AstraZeneca for the drug Trixeo®. This also led to higher gross profit than planned. The gross profit margin is lower than budgeted, however. This is due to the expiry of the co-marketing contract for the product Ulunar®. For a transitional period, the company will continue to distribute the drug Ulunar®, but with a significantly reduced margin. This effect was partially compensated for by entering into the co-promotion agreement with AstraZeneca for the product Trixeo®. Here the services of our sales force are remunerated, no product is sold and thus our gross profit is increased 1:1.

EBITDA and EBIT did not increase in line with the increase in gross profit. This was due to the effects described above of the costs of the IPO, which was not yet planned at the time the budget was prepared, as well as additional investments in personnel, marketing and sales.

APONTIS PHARMA's controlling provides the Management Board with a comprehensive view of the current economic situation and future development by means of regular reporting and forecast calculations as well as analyses that go beyond these.

VI. RESEARCH AND DEVELOPMENT

APONTIS PHARMA concentrates on the development of Single Pills, which takes place via co-development. The company is intensively involved in the area of business development in defining possible and sensible combinations of active ingredients and their patient potential. The active ingredient manufacturers and the CMO are selected 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, which is an essential and indispensable component of managing and steering the company. The goal is to identify, categorize and manage the company's risks and opportunities. Particular attention is paid here to recognizing and evaluating risks that threaten the existence of the company 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 this system, the Management Board and Supervisory Board are informed about risks at an early stage. Operational and strategic risks are covered.

Operational risks include, for example, the monitoring of the result compared to the budget and the last forecast as well as the current liquidity. Strategic risks include, among other factors, the entry of new competitors and price risks.

Besides using a planning and forecasting system, internal reports are prepared regularly to inform the Management Board and the responsible management levels early and comprehensively of all significant risks.

2. RISK REPORT

RISK ENVIRONMENT

In order to be able to classify APONTIS PHARMA's risks, we believe it is important to classify and understand the company's risk environment.

APONTIS PHARMA develops pharmaceutical products in cooperation with contract developers and markets them in Germany. These are mainly prescription drugs. The development, production, advertising or 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 can only be purchased in a pharmacy with the help of a prescription issued by an approved physician. In this context, pharmaceutical entrepreneurs are not permitted to advertise prescription-only medicines directly to patients. Of key importance here is the principle of the doctor's freedom of therapy and prescription, which may not be influenced by consumer advertising. However, doctors want to be informed individually about pharmaceutical innovations and possible applications of approved medicines. This is done by the company's highly qualified and motivated pharmaceutical sales force.

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

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

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

PRICE TRANSPARENCY
The prices of products sold through pharmacies are public and are legally regulated by 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 existence of a wide variety of market data. This includes, for example, market data containing the number of products sold by wholesalers to pharmacies. Prescription data at the product and regional levels can also be acquired. This makes it possible to assess the success of the company's products relative to the market average and relevant competitors.

The healthcare sector, and in particular the market segment served by APONTIS PHARMA, offers very good entrepreneurial opportunities. APONTIS PHARMA's business model is geared towards exploiting these opportunities. These opportunities are also accompanied by risks. 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 can arise for APONTIS PHARMA.

RISK OF COMPETITION

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

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

Furthermore, the company's strategy is to strategically focus on Single Pills through contract development and in-licensing. Other pharmaceutical companies also market Single Pills on occasion. However, 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.

As early as the business development stage, the competitive situation is evaluated based on the possible combinations of active ingredients. The goal is to have drugs developed or in-licensed as part of contract development where there is a high patient potential of loose combinations and the corresponding Single Pill is not yet available on the German market. The products are protected for ten years. This means competitors cannot access the data but can also develop the same active ingredient combination. For this purpose, however, the entire development process, which takes between three and a half and five years, must be carried out without reference to the APONTIS PHARMA documents. This is associated with costs and a considerable time lag for imitators of APONTIS PHARMA. With in-licensing, the competitive situation is also taken into account. These strategic framework parameters help minimize the competitive risks.

Another key factor in mitigating competitive risks is the marketing power of the sales force, since the Single Pill only reaches the patient through a doctor's decision. The marketing power is composed of the size of the sales force, the many years of trustful cooperation with the doctors as well as the special quality of the sales force employees who, in addition to the product information, offer services such as training in the area of practice management, hygiene advice and cardiopulmonary resuscitation training. There is no other pharmaceutical company with a Single Pill here that uses a comparable concept to look after the target physician groups that APONTIS PHARMA visits.

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 major risk for the development of APONTIS PHARMA's business. The company has project assessment systems and a skilled project management organization to ensure ongoing monitoring of these risks.

RISKS ARISING FROM THE CHANGE OF THE LEGAL CONDITIONS

The effects arising from the trend of increasing government interventions in national health systems (e.g. through the introduction or modification of different forms of price regulations) could result in significant additional margin pressure for important revenue drivers and have a negative impact on the Group's earnings. The company counteracts these risks by pursuing continuous measures aimed at cost efficiency and the constant objective of developing new sales potentials.

DEVELOPMENT RISKS

The development risk involved in the contract development of a Single Pill is relatively low compared to new active substances, as the effects and side effect risk of the active substances used are already documented and do not need to be investigated again. The bioequivalence studies of the Single Pill compared to the loose combination of the same active ingredients is the biggest development hurdle and carries the risk that it can lead to time delays. So far, however, all Single Pill projects have been completed. The approval process is timed as part of the DCP process, but time delays can still occur as part of the process. So far, all applications submitted for approval have been successfully completed.

PROCUREMENT RISKS

Medical drugs are subject to customary risks on the procurement side, such as recalls in case of a non-conforming quality or due to a restricted delivery ability by the manufacturer. Manufacturers and suppliers of medical drugs are thus verified and assessed initially and subsequently on a regular basis and risk mitigation measures are established wherever necessary.

Furthermore, the suppliers of medical drugs are audited by the government authorities for compliance with the GMP standards (GMP = Good Manufacturing Practices). APONTIS PHARMA is also subject to regular inspections by the supervisory authority responsible. APONTIS PHARMA supports compliance with these standards through the use of appropriate quality assurance measures, both vis-à-vis contract manufacturers and suppliers as well as in internal company processes.

FINANCIAL RISKS

In view of the very good equity ratio and the associated good liquidity situation, we do not currently see any relevant risks for APONTIS PHARMA. There are no interest rate or currency risks because the company conducts its business mainly in Germany.

LEGAL RISKS

The company is currently not involved in any court proceedings in the course of its normal business activities.

COMPLIANCE RISKS

These risks mainly concern corruption, violations of cartel and competition law, violations of pharmaceutical law and other criminal behavior.

As pharmaceutical companies are subject to strict regulations in this area, the company has established a comprehensive security concept. This consists of the following core elements:

Control system
Company organization
Training
Documentation
Monitoring

Control system: There are various internal regulations, such as a compliance guideline and expenses guideline, which generalize the existing statutory regulations and internal association regulations and specify them in concrete terms for individual circumstances.

Company organization: The introduction of these regulations and compliance with the legal and association-internal requirements are monitored in various departments. In the Regulatory division, for example, there is a separate "Quality Assurance" department that monitors this. In the Medical division, there is a separate Information

Officer who checks compliance with legal requirements in the description of our medicines as well as the documents used for sales purposes. In addition, there is a Compliance Officer who helps to introduce, train and monitor company guidelines.

Training; Documentation; Monitoring: The specifications are compulsorily trained in mandatory live training sessions as well as in digital formats and checked by queries. The completeness of this training system is monitored digitally in a separate system and is subject to regulatory monitoring and self-inspection.

Employees of the company and external parties are able to report violations to the Compliance Officer. An external whistleblowing system is to be introduced in 2022.

ENVIRONMENTAL RISKS

Due to the business model of contract 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. APONTIS PHARMA's business model with Single Pill leads to a relevant saving 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 DAMAGE RISK

The risk to be exposed to any property and liability damage is covered to a sufficient extent by insurances, insofar as that is possible and makes sense economically.

CORONA PANDEMIC

The current corona pandemic continues to pose a macroeconomic risk compared to the previous year. However, our product portfolio is not significantly affected by the corona pandemic due to the indications covered. Due to the corona pandemic, access for the sales force and patients with chronic diseases was more difficult because of the high burden on doctors' offices with additional activities such as vaccinations. Despite the pandemic, we were able to increase our sales level but not exploit all growth potentials.

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 Pill with EU-wide rights, the in-licensing of pharmaceutical products and the growing acceptance of Single Pill therapy among medical prescribers and the consistent implementation of the substitution of loose combinations with Single Pill in long-term therapy. Further growth options arise from the co-promotion of products by other pharmaceutical manufacturers who want to take advantage of the strength and quality of our sales force.

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

SUMMARY RISK AND OPPORTUNITY ASSESSMENT

Some of APONTIS PHARMA's risk environment, such as economic influences or the legal environment, cannot be influenced by the company. We observe and record the resulting influences and take them into account in both planning and in the operational processes, insofar as this is necessary and possible.

Risks that can be influenced are monitored. A significant risk of future development is 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. Based on the clear results of the START Study as well as the international (WHO) and European guidelines, the risk is considered to be relatively low.

Furthermore, there are price risks from tenders by health insurance companies for part of the portfolio currently sold. We consider this risk to be relatively low for Single Pill that will be introduced in the future.

For the next fiscal year, APONTIS PHARMA does not expect a changed risk environment or a change in risks, but sees opportunities for the negative influences from the pandemic to decrease significantly. We do not see any risks that could jeopardize the continued existence of the company and APONTIS PHARMA.

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

The internal control and risk management system in relation to the Group accounting process (ICSK) is designed by and the responsibility of the Management Board and monitored by the Supervisory Board. This system consists of processes, procedures and principles that serve to ensure the correctness of internal and external accounting, compliance with 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 for the first time in 2021. This is the technical basis for these Consolidated Financial Statements.

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

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

The accounting personnel responsible for preparing the individual financial statements are also responsible for preparing the Consolidated Financial Statements. All persons are located at one site. The people responsible for the Consolidated Financial Statements are qualified accountants or qualified tax clerks. The Commercial Manager of APONTIS PHARMA Deutschland GmbH & Co. KG worked professionally as a tax consultant and auditor.

For the valuation of the pension commitments, an external actuary was consulted who assessed the value of the commitments under commercial law and tax law in an expert opinion. As part of the audit of the Annual Financial Statements, the functionality and effectiveness of the ICSK is examined by the auditors.

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, such as shares held as treasury stock by the company that did not exist on the balance sheet date. All shares carry the same rights and obligations. The rights and obligations of the shareholders result in detail from the regulations of the German Stock Corporation Act. In the cases of Section 136 German Stock Corporation Act (AktG), the voting right from the shares concerned is excluded by law.

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

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

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

NO. 4: HOLDERS OF SHARES CONFERRING SPECIAL RIGHTS

There are no shares conferring 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, 85 of the German Stock Corporation Act (AktG). Accordingly, Management Board members are appointed by the Supervisory Board for a maximum of five years. A repeated appointment or extension of the term of office, in each case for a maximum of five years, is permissible. A revocation of the appointment by the Supervisory Board may be effected for good cause.

According to Art. 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 as well as a Deputy Chairman of the Management Board.

Amendments to the Articles of Association are governed by Sections 179, 133 of the German Stock Corporation Act (AktG) and Art. 15 No. 3 of the Articles of Association of the company. Pursuant to Section 179, paragraph 1, sentence 2 of the German Stock Corporation Act (AktG) and Art. 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 19 April 2021 until 19 April 2026 are exercised, insofar as they are obliged to convert, to fulfil their obligation to convert, or, insofar as the company exercises an option, to grant shares in the company in whole or in part instead of payment of the amount of money due, insofar as no cash settlement is granted in each case or treasury shares or shares in another listed company are used for servicing.

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

Furthermore, the Management Board is authorized pursuant to Section 71 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 18 April 2026. It is limited in total to a share of 10% of the share capital existing at the time of the resolution of the Annual General Meeting – or if this value is lower – at the time of the exercise of the authorization. The authorization may be exercised directly by the company or by a company dependent on 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 the acquisition once or several times. No use was made of this authorization in the reporting period.

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

There are no agreements that are subject to the condition 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, 315d of the German Commercial Code (HGB) is made publicly available on our website www.apontis-pharma.de/investor-relations/corporate-governance.

XI. REMUNERATION REPORT ANALOGOUS TO SECTION 314 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 the long-term development of the company. By selecting suitable performance criteria, important impulses for the implementation of APONTIS PHARMA AG's strategic orientation are set at the same time.

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

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

The following table contains all basic remuneration components and their structure. The individual components are explained 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 monthly on a pro rata basis as a salary.
Fringe benefits	company car, insurance premiums
Performance-related remuneration	
Short-Term Incentive (STI)	Target bonus model Basis for target achievement: - 40% financial performance criteria (25% result EBITDA; 15% revenues) - 60% non-financial performance (business development/pipeline development; organizational development/organizational commitment). The Supervisory Board determines financial and non-financial aspects based on the annual planning and criteria of individual performance at the beginning of the fiscal year. Cap: 200 % of the target amount.
Long-Term Incentive (LTI)	Share-based long-term remuneration Term: Four (4) years The basis for target achievement is the attainment of a certain growth target in the "Single Pill" segment after the end of fiscal year 2023.

Other remuneration arrangements	
Maximum remuneration	
Severance payment cap	Severance payments of a maximum of two years' remuneration; remuneration for the remaining term of the contract may not be exceeded.
Malus and clawback regulation	Malus: In the event of a serious breach of applicable law or internal guidelines, the Supervisory Board may 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

The 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 oriented 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 2021 and also includes the remuneration for the period before the appointment of Mr. Gast and Mr. Milz to the Management Board of the Group parent company when both were still employed by APONTIS PHARMA Deutschland GmbH & Co. KG.

THE REMUNERATION SYSTEM IN DETAIL

Remuneration amounts	2021	2021
EUR	Karlheinz Gast - CEO	Thomas Milz - CPO
Fixed remuneration	324,000.00	264,000.00
Fringe benefits	12,976.56	11,116.68
Total	**336,976.56**	**275,116.68**
One-year variable remuneration (STI)	147,000.00	100,800.00
Multi-year variable remuneration (LTI)	160,000.00	120,000.00
Special remuneration for IPO	464,860.90	464,860.90
Total	**771,860.90**	**685,660.90**
Total remuneration	1,108,837.46	960,777.58

NON-PERFORMANCE-RELATED REMUNERATION COMPONENTS
FIXED REMUNERATION

The fixed remuneration is paid to the members of the Management Board 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 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 and insurance premiums. Each Management Board member is provided with these fringe benefits in the same manner, although the amount may vary based on the individual situation.

PERFORMANCE-RELATED REMUNERATION COMPONENTS

The performance-based remuneration components consist of the Short-Term Incentive (STI) and the Long-Term Incentive (LTI), whereby different terms are defined for these. While the STI has a term of one (1) year, the term for the LTI is four (4) years. Furthermore, the two components differ in that, for the STI, the Supervisory Board sets concrete (general and individual) criteria before each fiscal year, whereas the parameters for the LTI have already been set in a separate contract for the entire term.

SHORT-TERM-INCENTIVE (STI)

The amount of the STI is based 40% on the improvement of sales and earnings. The remaining 60% 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 implementation of operational goals, the achievement of which is fundamental as a basis for the ongoing development of the company. As a result, the financial performance criteria emphasize the consistent improvement of the performance of all business areas. This creates incentives in those areas where the greatest leverage for improvement is expected.

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

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

Portfolio
Optimization/Efficiency increase
Strategy development
Personnel/Organization

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

LONG-TERM INCENTIVE (LTI)

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

The company will offer a certain number of units to participants in the "LTI Program 2021" based on a target LTI amount in relation to the company's share price of EUR 19.00 at the time of listing on 11 May 2021 ("LTI units"). At the end of the term of the LTI program, the LTI units may, depending on the allocation, lead to an entitlement to a certain performance in the value of the units corresponding to the number of shares in the company ("LTI Entitlement"). The LTI Entitlement will be settled, at the company's option, either in cash or (wholly or partly) in shares of the company.

The LTI Units will be 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 fiscal years 2020 to 2023 ("performance period") after the end of the fiscal year 2024 amounts to at least

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

The LTI units are to 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 fiscal year 2020 is not achieved at the end of the performance period.

The company may settle the LTI entitlement vis-à-vis the participants either in full or in part by means of an equity or 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 the fiscal year, non-performance-related remuneration was paid to the members of the Management Board. This was granted as compensation for the one-year waiver of the option to sell their shares in APONTIS PHARMA AG.

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 obliged to demand the full or partial return of the variable remuneration components already paid out to the members of the Management Board (compliance clawback). Furthermore, if the variable remuneration components are paid out on the basis of incorrect Consolidated Financial Statements, the Supervisory Board has the option to demand the return of the difference amount determined on the basis of a corrected determination (performance clawback).

REMUNERATION-RELATED LEGAL TRANSACTIONS

TERMS OF THE MANAGEMENT BOARD SERVICE CONTRACTS

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

If the appointment as a member of the Management Board is revoked or if the member of the Management Board resigns from office, the service contract shall also end. If, however, the revocation is based on an important reason within the meaning of Section 84 (3) of the German Stock Corporation Act (AktG), which is not at the same time an important reason within the meaning of Section 626 of the German Civil Code (BGB) for the termination of the service contract without notice, the service contract shall 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 Management Board. The same applies to a resignation of the Management Board member for good cause. The right to terminate without notice for good cause remains unaffected.

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

BENEFITS UPON TERMINATION OF THE CONTRACT

Payments to the Management Board member 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 service 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 determined 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 the 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 for work of the Management Board member exceeds the period of continued remuneration according to this employment contract.

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

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

PROHIBITION OF COMPETITION DURING THE TERM OF THE CONTRACT

During the term of this agreement, the Management Board member undertakes, without prejudice to corresponding or more extensive statutory duties, 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 or as a consultant or as an indirect or direct shareholder in the company is not permitted. The acquisition of listed shares for the purpose of capital investment up to an amount of 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 take into account any other earnings in accordance with Section 74c of the German Commercial Code (HGB).

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

In the event of any violation of the prohibition, the Management Board member undertakes to pay a contractual penalty in the amount of the last contractually agreed fixed monthly salary. In the event of a continuous violation, the contractual penalty shall be forfeited anew 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 other remuneration is paid. Reasonable 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 40,000.00. The Deputy Chairman of the Supervisory Board receives EUR 30,000.00. Each additional member receives EUR 25,000.00. Dr. Edin Hadzic as Chairman of the Supervisory Board and Mr. Christian Bettinger have waived payment of their Supervisory Board remuneration as long as Paragon is a shareholder of this company.

The Supervisory Board remuneration is due after the conclusion of the Annual General Meeting at which the Annual Financial Statements for the respective fiscal year to which the Supervisory Board remuneration relates are voted on.

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

XII. FORECAST REPORT

The Economist Intelligence Unit expects gross domestic product to grow by 3.3% in 2022.[4] The ifo Institute expects economic growth of 3.7% for 2022 and has thus reduced its expectation by 1.4% compared to the previous forecast.[5]

The company expects a similar development for the first quarter of 2022 as in the fourth quarter of 2021 and improved general conditions in the further months of 2022 compared to the previous year. The year 2021 showed a rising inflation trend and an inflation rate of over 2% is also expected for the euro area and the US dollar area in 2022. While the markets expect several interest rate hikes in the US in 2022 and the purchase program for fixed-income securities is to be discontinued in March 2022, there is still no clarity regarding the further course of action of the European Central Bank in the euro area.

4) Economist Intelligence Unit estimate as of 12 January 2022
5) Press Release ifo Institute 14 December 14 2021

Due to APONTIS PHARMA's business model and the indications served by the company, the business is largely decoupled from economic developments. This means that for the time being, both a particularly positive and a negative development in economic trends do not have a significant influence on the company's business development. However, the pandemic has a direct influence on the activities of the company's sales force due to the partially restricted access to doctors. The success of APONTIS PHARMA, and indeed other pharmaceutical companies, is linked to the sales force's access to doctors. APONTIS PHARMA's strength – also compared to its competitors – is the high level of expertise of its sales force, which is greatly appreciated by doctors and medical professionals. Furthermore, APONTIS PHARMA is the pharmaceutical company that scientifically underpins the Single Pill therapy principle and advances it.

Due to the pandemic, the company had and still has reduced access to medical practices. This is related to the respective corona restrictions, the increased volume of patients as well as the additional workload due to the corona vaccination campaigns. Thanks to the positive perception of our sales force, the share of voice of the APONTIS PHARMA sales force has been highest during the lockdown periods, both physically in the practice and digitally. This success factor helped us grow in 2021 and we expect this to continue in 2022.

The main driver of growth will be Single Pills. This will be mainly through the current Single Pill portfolio. Furthermore, there will be at least three new launches in 2022. However, these new launches will not contribute significantly to growth until 2023. The volume growth will be counteracted by the effects of the health insurance companies' tenders for the Caramlo product. Here, the company expects a decline in sales revenue, as the winner of the tender will cover the majority of the SHI market for this drug class based on significant price discounts. This tender has no impact on the business with privately insured patients as well as the cases where the physician explicitly prescribes the product via the classification "aut idem." The effects of the lost tender were taken into account by the company in the planning for 2022. The company is taking countermeasures to recover lost revenue from this brand. Experience with the Tonotec brand shows that market share can be regained after a tender loss with active brand management. However, these measures will only take effect from 2023.

As in the second half of 2021, APONTIS PHARMA is only achieving low margins in the co-marketing area with the Ulunar® brand, and the co-marketing agreement for the Jalra®/Icandra® brands is expected to end in September 2022 due to expiry of the patent. Therefore, growth will be reduced in the fourth quarter of 2022. In this respect, the co-promotion agreement for the product Trixeo® will provide an additional growth contribution in the first quarter of 2022 compared to the previous year, as this co-operation only started on 1 April 2021.

As described in APONTIS PHARMA's IPO prospectus, growth is targeted through investments in the Single Pill portfolio. To this end, the company is in contact with several contract developers and thus has an extensive pipeline, which was expanded in fiscal year 2021. At least three new Single Pills will be launched in 2022. These are already included in the planning for 2022. These new Single Pills have no direct competitors. Therefore, no tenders by health insurance companies should be made there in the medium term. This reduces the price risk profile. Acquisition opportunities of Single Pills already on the market or medicinal products that fit the target audience-specific physician groups visited by the company, for example, are monitored regularly and evaluated.

The basis of the company's growth strategy is to familiarize doctors with the results of the START Study, which scientifically confirmed the superiority of Single Pills as a therapeutic concept in the treatment of chronically ill patients in long-term therapy. APONTIS PHARMA has thus already grown successfully in 2021, and this momentum is to be carried forward in 2022. Therefore, the company will also invest more in marketing and sales activities in 2022. The strategic advantage of the Single Pill product portfolio is that it does not become obsolete and can continue to be operated permanently. The last product innovations in the cardiovascular area were more than ten years ago and there are no new active substances in research. Therefore, intensifying physician prescriptions of Single Pills based on the announcement of the START Study results will have a positive impact on both the current Single Pill portfolio and future product launches. Furthermore, APONTIS PHARMA is expanding its sales force, as an extension of the current co-promotion agreement for Trixeo® has been concluded with AstraZeneca.

The following table shows the financial performance indicators of the budget for 2022 compared to 2021:

EUR thousand	**2022 Budget**	2021	Δ EUR thousand	Δ %
Sales	55,265	51,184	4,081	8.0%
Gross profit	36,864	33,787	3,077	9.1%
Gross profit margin	66.7%	66.0%		0.7%
EBITDA	5,525	2,362	3,163	> 100%
EBITDA margin	10.0%	4.6%		5.4%
EBIT	3,530	616	2,914	> 100%
EBIT margin	6.4%	1.2%		5.2%

Based on the evidence currently available, we expect an increase in sales revenues of 8.0% in 2022. The growth is expected to be driven by the growth of the current Single Pill portfolio and, to a lesser extent, by the effects of at least three new product launches in the Single Pill segment. Furthermore, the co-promotion agreement for the product Trixeo® only existed since the second quarter of 2021 and will therefore lead to additional growth in first quarter of 2022 compared to the same quarter of the previous year. Furthermore, this co-promotion agreement was extended again at the beginning of 2022.

These effects more than compensate for the effect of the loss of the tender for Caramlo and the scheduled expiry of the co-promotion agreement for Jalra® and Icandra®.

We expect EBITDA of EUR 5,525 thousand for 2022. In addition to the development of sales, the development of EBITDA is primarily characterized by the investments in sales and marketing necessary for medium- and long-term growth. The company considers these investments to be necessary in order to communicate the results of the START Study to the German medical profession and to lay the foundation for the long-term growth of the current as well as future Single Pills.

The statements made in the Forecast Report regarding future developments are based on assumptions and estimates that APONTIS PHARMA AG was able to make from information available at the time the report was prepared. These statements are subject to risks and uncertainties. Therefore, the actual results can deviate from the expected results. Therefore, no guarantee can be assumed for these statements.

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

The Management Board and Supervisory Board of APONTIS PHARMA AG voluntarily declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 16 December 2019, published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on 20 March 2020 have been complied with and will also be complied with in the future with the following exceptions:

A.2 SENTENCE 2: WHISTLEBLOWING SYSTEM

The company did not offer an external whistleblowing system in the reporting year. It was and is possible to report legal violations internally to the Compliance Officer. The company is planning to set up an external whistleblower system in 2022 and has already selected a supplier that specializes in this area.

B.1: DIVERSITY MANAGEMENT BOARD

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

B.3: DURATION OF MANAGEMENT BOARD CONTRACTS

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

B.5: AGE LIMIT 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 board members. We do not agree with the content of this proposal. In an ageing society, age should not be a criterion, but the individual ability of a board member. Here we rely on the individual responsibility of the board and the assessment of the supervisory board. We believe that a society cannot afford the compulsive early retirement of people with high experience and passion for the office.

C.2: AGE LIMIT SUPERVISORY BOARD

The Articles of Association do not currently provide for an age limit. The members of the Supervisory Board are significantly younger than the statutory retirement age. Here the company reports a deviation from recommendation B.5 that an age limit be set for board members. We do not concur with the content of this proposal. In an aging society, age should not be a criterion, but the individual ability of a board member. Here we rely on the individual responsibility of the board and the assessment of the Supervisory Board. We believe that a society cannot afford the compulsive early retirement of people who have a great deal of experience and passion for the office.

D.7: MEETING OF SUPERVISORY BOARD WITHOUT MANAGEMENT BOARD

In the first fiscal year, there was no meeting in which the Management Board did not participate; in this respect, the Supervisory Board deviates from recommendation D.7 GCGS. The company was converted into an AG and listed on the stock exchange in the short fiscal year 2021. The Supervisory Board wanted to discuss all topics related to this important development with the Management Board members present. The first meeting exclusively with Supervisory Board members took place in February 2022.

F.2: PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The Consolidated Financial Statements and Group Management Report for 2020 were published on the company's website on 28 June 2021. This was outside the time frame of 90 days prescribed by the GCGC. There was no legal obligation for the company. The background to this is that the company was only listed on the open market of a German stock exchange for the first time on 11 May 2021. The financial statements for fiscal year 2021 were published on the company's website in March 2022. We are thus in compliance with this recommendation of the GCGC as of 2022.

Monheim/Rhein, 9 March 2022
APONTIS PHARMA AG

For the Supervisory Board:	For the Management Board:
Dr. Edin Hadzic	Karlheinz Gast
(Chairman of the Supervisory Board)	(Chairman of the Management Board)

RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable accounting principles, the Consolidated Financial Statements give a true and fair view of the asset, financial and earnings positions of the company, and the Management Report of the Group 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/Rhein, 9 March 2022

The Management Board

Karlheinz Gast
CEO / Spokesman of the Management Board

Thomas Milz
CPO / Chief Product Officer

CORPORATE GOVERNANCE STATEMENT

in accordance with Sections 289f, 315d HGB for Financial Year 2021

In this statement, 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 22 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 particularities. 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 the shareholders on the company's website www.ir.apontis-pharma.de/corporate-governance. This Declaration is based on the currently valid version of the Code dated 16 December 2019.

The Declaration of Conformity from March 2022 is part of this Corporate Governance Statement. Historical declarations of conformity must also be made available to shareholders and interested parties. Due to the first-time declaration of conformity, no past Declarations of Conformity are available. Furthermore, we have also published the Articles of Association of APONTIS PHARMA on our website.

COMPLIANCE MANAGEMENT SYSTEM

Due to its activities as a pharmaceutical entrepreneur, 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 – AMG)
Ordinance for the Manufacture of Medicinal Products and Active Pharmaceutical Ingredients (Arzneimittel- und Wirkstoffherstellungsverordnung – AMWHV)
Ordinance on Trade with Medicinal Products (Arzneimittelhandelsverordnung)
Act on Advertising in the Field of Health (Heilmittelwerbegesetz – HWG)

Furthermore, pharmaceutical entrepreneurs must also comply with corresponding 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 and in performing its daily work.

We counter the compliance risks resulting from the regulations described above as well as additionally from violations of antitrust and competition law, corruption, criminal acts and sanction violations by employing the following measures:

Code of Conduct
Compliance guidelines
Work instructions

The guidelines, instructions and Code of Conduct are trained on a regular basis. Training is organised in such a way that monitoring of the successful participation in the training courses held is ensured. Furthermore, we intend to install an external whistleblowing system in 2022. This is currently still being handled internally.

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

SHAREHOLDERS AND ANNUAL GENERAL MEETING

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

In the invitation to attend the Annual General Meeting, we already ask our shareholders to actively exercise their voting rights. 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 www.apontis-pharma.de together with the invitation to the Annual General Meeting. The proxy appointed by us votes in accordance with the shareholders' instructions. The invitation to the Annual General Meeting is issued in accordance with the provisions of the German Stock Corporation Act. As 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 of 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 for financial year 2021 will be held virtually in accordance with the "Act on Measures in Company, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the COVID-19 Pandemic dated 27 March 2020 in conjunction with the Ordinance on the Extension of these Measures (GesRGenRCOVMVV) dated 20 October 2020."

MANAGEMENT BOARD AND SUPERVISORY BOARD

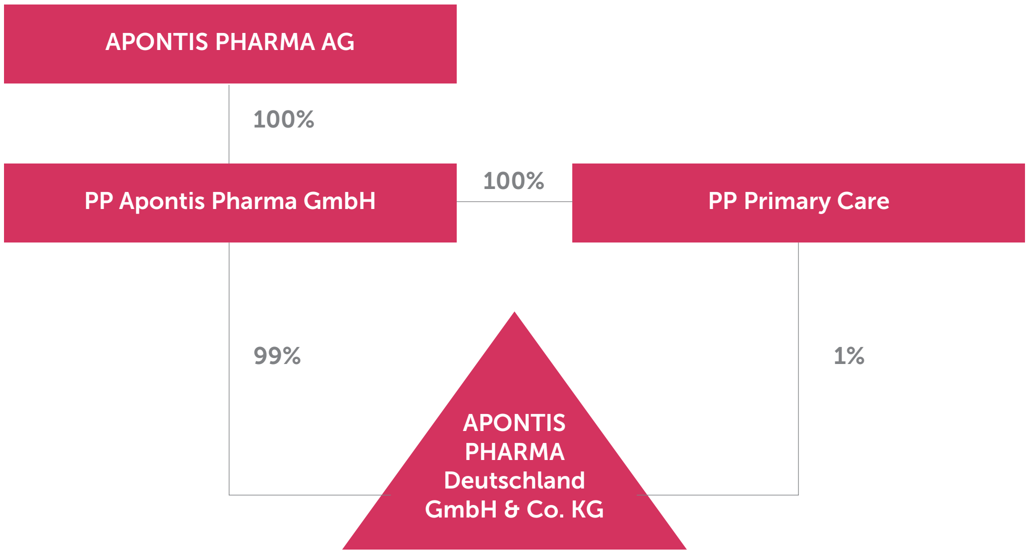
The Management Board is responsible for managing the company. The Management Board and the Supervisory Board work together closely and in a spirit of trust within the framework of their legally defined duties. In doing so, the Supervisory Board monitors and advises the Management Board.

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 the Managing Directors of APONTIS PHARMA Deutschland GmbH & Co. KG and are responsible there, together with the other Managing Director, Thomas Zimmermann, 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 strategic further development of the company is the responsibility of the Management Board. 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 targets within the framework of an annual plan. Furthermore, the Management Board is responsible for developing, introducing, implementing and monitoring the effectiveness of an internal control system and a risk management system. The Management Board must monitor compliance with these systems and take corrective action in the event of deviations.

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

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

There was no age limit for the Management Board. Here the company reports a deviation from Principle B.5 that an age limit be specified. We do not agree with the content of this proposal. In an ageing society, age should not be a criterion, but rather the individual health condition of a board member. Here we rely on the personal responsibility of the Management Board and the assessment of the Supervisory Board. We are of the opinion that a society cannot afford the compulsive early retirement of individuals with a high level of experience and passion for the office. Below the Management Board, APONTIS PHARMA has two management levels staffed with very experienced people who assist 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 regularly deals 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 the fact that the company belongs to the regulated pharmaceutical industry and that it has only existed for a short time. In the reporting year, the Supervisory Board consisted of Dr. Edin Hadzic (Chairman), Dr. Matthias Wiedenfels (Deputy Chairman), Christian Bettinger, Olaf Elbracht and Dr. Christopher Friedel. In the opinion of the Supervisory Board, Dr. Wiedenfels and Mr. Elbracht 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 sector in which the company operates.

An Audit Committee and a Personnel Committee have been formed. The members of the Audit Committee are Christian Bettinger and Olaf Elbracht. Mr. Elbracht is the Chairman of the Committee. The Personnel Committee consists of Dr. Wiedenfels and 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 the recommendation in D.1 GCGC that are published on the website www.apontis-pharma.de under “Investor Relations” in the “Corporate Governance” section. The Chairman coordinates the work of the Supervisory Board, chairs its meetings and represents the interests of the Supervisory Board externally.

In its first financial year, four Supervisory Board meetings were held, which were attended by all members of the Supervisory Board. The two Management Board members also participated in all four Supervisory Board meetings. The Audit Committee met twice with its two members.

An efficiency review of the Supervisory Board's work was conducted for the first time on 15 February 2022. The Supervisory Board had been in office for less than one year at that time.

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

According to recommendation C.1 sentence 1 GCGC, the Supervisory Board specifies concrete objectives for its composition and develop a competence profile for the entire body. In doing so, the Supervisory Board shall pay attention to diversity. 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 on 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"), 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 given areas of expertise and the allocation to the individual Supervisory Board members:

Kompetenzfeld	Dr. Hadzic	Dr. Wiedenfels	Bettinger	Dr. Friedel	Elbracht
Organisation der Aufsichtsratsarbeit	x	x	x		
Corporate Governance	x	x	x	x	x
Recht	x	x			
Steuern			x		x
Controlling und Risikomanagement	x	x	x	x	x
Rechnungslegung	x	x	x		x
Personal	x	x	x	x	x
Finanzierung	x	x	x		x
Kapitalmarkt	x	x	x	x	x
M&A	x	x	x	x	x
Strategie	x	x	x	x	x
Internationalisierung	x	x		x	x
Pharma-Recht		x		x	x
Pharma-Markt	x	x		x	x

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

Details regarding the election and term of office of the Supervisory Board members, its meetings, the constitution of the Supervisory Board and the passing of resolutions, as well as the rights and duties of its members, are governed by the Articles of Association of APONTIS PHARMA and the Rules of Procedure of the Supervisory Board. The term of office of all Supervisory Board members of the first Supervisory Board of the company ends with the conclusion of the Annual General Meeting on 12 May 2022. Pursuant to Section 30 para. 3 sentence 1 of the German Stock Corporation Act (AktG), the members of the first Supervisory Board of the company could not be appointed for a longer period than until the end of the Annual General Meeting that resolves on the discharge of the first short financial year. Accordingly, new elections are necessary.

TARGET QUOTAS FOR THE SHARE OF WOMEN

According to the "Act for the Equal Participation of Women and Men in Leadership 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 specified, as well as by when these target quotas are to be achieved. The first Supervisory Board consists solely of men. It has set a target quota of 50% for its future composition.

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

Irrespective of the legal obligations, diversity is a matter of course. The company makes every effort to recruit female applicants and supports the applications of 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 traits, is a prerequisite for successful work and necessary for achieving the fifth United Nations goal for gender equality and diversity.

Therefore, we are not pursuing this goal because of quota pressure, but out of our own drive. For the first two management levels below the Management Board, including regional sales managers, we had a share of 47% women in the financial year. In the previous year, the share was 30%. Due to the legal regulations on the principle of equal treatment, we place the same personal as well as professional requirements on the genders. 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 of all relevant events and the economic development of the company in a timely manner and provides them with the same content. Under the heading "Investor Relations," we make financial reports, announcements, a financial calendar, Annual General Meeting documents and a variety of other information available on our website. The Consolidated Financial Statements and Group Management Report for 2020 were published on the company's website on 28 June 2021. This was outside the time frame of 90 days specified by the GCGC. There was no legal obligation for the company. The background to this is that the company was only traded on the open market of a German stock exchange for the first time on 11 May 2021. The Half-Year Report was published on the company's website within 45 days. In this respect, the company deviated from the recommendation of F.2 here. The financial statements for financial year 2021 were published on the company's website in March 2022. We are thus complying with this recommendation of the GCGC from 2022 on.

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

SHAREHOLDINGS OF BOARD MEMBERS

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 transactions subject to reporting requirements arise, they are reported under the heading "Investor Relations" on 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 (HGB). 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. At the Annual General Meeting on

17 February 2021, at the proposal of the Supervisory Board, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Bonn, was elected auditor of the Annual Financial Statements and the Consolidated Financial Statements for financial year 2021. Furthermore, an audit review of the accounting as of 30 June 2021 was also conducted.

APONTIS PHARMA AG, MONHEIM
GERMAN SECURITIES IDENTIFICATION NUMBER A3CMGM
INTERNATIONAL SECURITIES IDENTIFICATION NUMBER DE000A3CMGM5

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

The Management Board and Supervisory Board of APONTIS PHARMA AG voluntarily declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 16 December 2019 published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on 20 March 2020 have been complied with and will also be complied with in the future with the following exceptions:

A.2 SENTENCE 2: WHISTLEBLOWING SYSTEM

The company did not offer an external whistleblowing system in the reporting year. It was and is possible to report legal violations internally to the Compliance Officer. The company is planning to set up an external whistleblower system in 2022 and has already selected a supplier that specialises in this area.

B.1: DIVERSITY MANAGEMENT BOARD

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

B.3: DURATION OF MANAGEMENT BOARD CONTRACTS

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

B.5: AGE LIMIT FOR THE MANAGEMENT BOARD

There is currently no age limit for the Management Board. Here the company reports a deviation from recommendation B.5 that an age limit be set for board members. We do not concur with the content of this proposal. In an aging society, age should not be a criterion, but the individual ability of a board member. Here we rely on the individual responsibility of the board and the assessment of the Supervisory Board. We believe that a society cannot afford the compulsive early retirement of people who have a great deal of experience and passion for the office.

C.2: AGE LIMIT FOR THE SUPERVISORY BOARD

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

D.7: MEETINGS OF SUPERVISORY BOARD WITHOUT THE MANAGEMENT BOARD

In the first financial year, there was no meeting in which the Management Board did not participate; in this respect, the Supervisory Board deviates from recommendation D.7 GCGS. The company was converted into an AG and listed on the stock exchange in the short financial year 2021. The Supervisory Board wanted to discuss all topics related to this important development with the Management Board members present. The first meeting exclusively with Supervisory Board members took place in February 2022.

F.2: PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The Consolidated Financial Statements and Group Management Report for 2020 were published on the company's website on 28 June 2021. This was outside the time frame of 90 days prescribed by the GCGC. There was no legal obligation for the company. The background to this is that the company was only listed on the Open Market of a German stock exchange for the first time on 11 May 2021. The financial statements for financial year 2021 were published on the company's website in March 2022. We thus comply with this recommendation of the GCGC as of 2022.

Monheim/Rhein, 9 March 2022
APONTIS PHARMA AG

For the Supervisory Board Dr. Edin Hadzic (Chairman of the Supervisory Board)
For the Management Board Karlheinz Gast (Chairman of the Management Board)

CONSOLIDATED BALANCE SHEET

Assets

EUR	31 Dec 2021	31 Dec 2020
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	3,894,829.00	5,413,842.00
2. Advance payments and intangible assets under development	10,796,640.84	9,341,640.84
	14,691,469.84	**14,755,482.84**
II. Property, plant and equipment		
Other equipment, factory and office equipment	18,677.00	41,124.00
III. Financial assets		
1. Loans to a shareholder	0.00	22,228.02
2. Securities held as fixed assets	690,295.32	638,660.43
3. Other loans	93,561.70	0.00
	783,857.02	**660,888.45**
	15,494,003.86	**15,457,495.29**
B. Current assets		
I. Inventories		
and goods	4,597,586.80	2,922,510.81
II. Receivables and other assets		
1. Trade receivables	2,923,408.25	1,228,422.54
2. Other assets	658,066.72	668,303.44
	3,581,474.97	**1,896,725.98**
III. Cash on hand and bank balances	29,840,229.96	8,058,801.14
	38,019,291.73	**12,878,037.93**
C. Prepaid expenses	**443,028.38**	**608,065.32**
D. Deferred tax assets	**176,000.00**	**747,000.00**
	54,132,323.97	**29,690,598.54**

CONSOLIDATED BALANCE SHEET

Liabilities

EUR	31 Dec 2021	31 Dec 2020
A. Equity		
I. Subscribed capital	8,500,000.00	25,000.00
II. Capital reserve	36,278,000.00	6,753,000.00
III. Consolidated net loss		
1. Consolidated loss carried forward	-3,319,759.16	-2,136,843.71
2. Consolidated net loss	-745,236.92	-1,182,915.45
	4,064,996.08	**3,319,759.16**
	40,713,003.92	**3,458,240.84**
B. Difference from capital consolidation	**700,359.00**	**766,689.00**
C. Provisions		
1. Provisions for pensions and similar obligations	2,422,598.00	2,264,679.00
2. Tax provisions	384,127.00	0.00
3. Other provisions	6,186,037.53	4,839,656.81
	8,992,762.53	**7,104,335.81**
D. Liabilities		
1. Trade accounts payable	3,002,344.13	3,259,295.67
2. Liabilities to shareholders	0.00	14,010,723.57
3. Other liabilities	723,854.39	1,091,313.65
- thereof from taxes: EUR 676,952.59 (previous year: EUR 1,050,200.46)		
- of which social security: EUR 49.27 (previous year: EUR 1,133.88)		
	3,726,198.52	**18,361,332.89**
	54,132,323.97	**29,690,598.54**

CONSOLIDATED INCOME STATEMENT

EUR	**2021**	2020
1. Sales revenue	51,184,271.90	39,240,398.07
2. Other operating income	3,592,320.13	2,638,762.24
3. Cost of materials		
Cost of goods purchased	17,396,905.13	14,215,287.57
4. Personnel expenses		
a) Wages and salaries	17,147,989.17	13,685,475.28
b) Social security contributions and expenses for pensions and other employee benefits	2,531,756.04	2,826,691.75
	19,679,745.21	**16,512,167.03**
5. Amortization of intangible assets and depreciation of property, plant and equipment	1,746,395.87	1,654,342.90
6. Other operating expenses	15,303,926.70	10,111,802.26
7. Income from loans of financial assets	1,333.68	1,261.44
8. Other interest and similar income	3,311.40	4,713.42
9. Interest and similar expenses	405,971.60	869,184.43
10. Income taxes		
a) Income taxes	388,995.76	14,605.40
b) Deferred taxes	571,000.00	-351,000.00
	959,995.76	**336,394.60**
11. Earnings after taxes	-711,703.16	-1,141,254.42
12. Other taxes	33,533.76	41,661.03
13. Consolidated net loss	-745,236.92	-1,182,915.45
14. Consolidated loss carried forward	-3,319,759.16	-2,136,843.71
15. Consolidated accumulated loss	**4,064,996.08**	**3,319,759.16**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR			2021	2020
1.	Result for the period		-745,236.92	-1,182,915.45
2.	+/-	Depreciation/write-ups of property, plant and equipment	1,746,395.87	1,654,342.90
3.	+/-	Increase/decrease in provisions	1,448,512.72	-1,057,244.26
4.	+/-	Other non-cash expenses/income	504,670.00	-417,356.00
5.	-/+	Increase/decrease in inventories, accounts receivable from trade receivables and other assets that are not attributable to investing or financing activities	-3,318,098.91	1,161,119.05
6.	+/-	Increase/decrease in trade accounts payable and services as well as other liabilities that are not attributable to investing and financing activity	-624,410.80	594,957.32
7.	+/-	Interest expense/interest income	401,326.52	863,209.57
8.	+/-	Expenses/income of extraordinary magnitude or great significance	3,517,598.64	0.00
9.	+/-	Income tax expense/income	388,995.76	14,605.40
10.	-/+	Income tax payments	113,616.11	-179,706.61
11.	**Cash flow from continuing operations**		**3,433,368.99**	**1,451,011.92**
12.	-	Cash outflows for investments in intangible fixed assets	-1,655,000.00	-728,626.00
13.	-	Cash outflows for investments in property, plant and equipment	-4,935.87	-938.90
14.	-	Cash outflows for investments in financial assets	-121,634.89	-48,003.39
15.	+	Interest received	8,137.40	400.42
16.	**Cash flow from investing activities**		**-1,773,433.36**	**-777,167.87**
17.	+	Proceeds from equity contributions of shareholders of the parent company	38,000,000.00	0.00
18.	-	Cash outflows from the redemption of bonds and (financial) loans	-12,250,000.00	0.00
19.	+	Proceeds received in connection with income of great magnitude or great importance	1,892,593.46	0.00
20.	-	Disbursements in connection with expenses of great magnitude or great importance	-5,410,192.10	0.00
21.	-	Interest paid	-2,110,908.17	-1,641.86
22.	**Cash flow from financing activities**		**20,121,493.19**	**-1,641.86**
23.	**Cash-effective changes in cash and cash equivalents**		**21,781,428.82**	**672,202.19**
24.	+	Cash and cash equivalents at the beginning of the period	8,058,801.14	7,386,598.95
25.	**Cash and cash equivalents at the end of the period**		**29,840,229.96**	**8,058,801.14**
Composition of cash and cash equivalents			29,840,229.96	8,058,801.14

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity of the					
	Subscribed capital					
	Share capital	Uncalled outstanding deposits	Total	Capital reserve		
				in accordance with Section 272 (2) No. 1-3 of the German Commercial Code (HGB)	in accordance with Section 272 (2) No. 4 of the German Commercial Code (HGB)	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance on 31 December 2019	**25,000.00**	**0.00**	**25,000.00**	**0.00**	**6,753,000.00**	**6,753,000.00**
Reposting of loss carried forward	0.00	0.00	0.00	0.00	0.00	0.00
Consolidated net loss	0.00	0.00	0.00	0.00	0.00	0.00
Balance on 31 December 2020	**25,000.00**	**0.00**	**25,000.00**	**0.00**	**6,753,000.00**	**6,753,000.00**
Transfer of loss carried forward	0.00	0.00	0.00	0.00	0.00	0.00
Capital increase						
- Capital increase from company funds	6,475,000.00	0.00	6,475,000.00	0.00	-6,475,000.00	-6,475,000.00
- Issue of shares	2,000,000.00	0.00	2,000,000.00	36,000,000.00	0.00	36,000,000.00
Consolidated net loss	0.00	0.00	0.00	0.00	0.00	0.00
Balance on 31 December 2021	**8,500,000.00**	**0.00**	**8,500,000.00**	**36,000,000.00**	**278,000.00**	**36,278,000.00**

parent company							Group equity
Reserves							
Retained earnings			Total	Profit/loss carried forward	Consolidated net loss/ consolidated net income attributable to the parent company	Total	Total
Statutory reserves	Other retained earnings	Total					
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
0.00	**0.00**	**0.00**	**6,753,000.00**	**256,546.40**	**-2,393,390.11**	**-2,136,843.71**	**4,641,156.29**
0.00	0.00	0.00	0.00	-2,393,390.11	2,393,390.11	0.00	0.00
0.00	0.00	0.00	0.00	0.00	-1,182,915.45	-1,182,915.45	-1,182,915.45
0.00	**0.00**	**0.00**	**6,753,000.00**	**-2,136,843.71**	**-1,182,915.45**	**-3,319,759.16**	**3,458,240.84**
0.00	0.00	0.00	0.00	-1,182,915.45	1,182,915.45	0.00	0.00
0.00	0.00	0.00	-6,475,000.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	36,000,000.00	0.00	0.00	0.00	38,000,000.00
0.00	0.00	0.00	0.00	0.00	-745,236.92	-745,236.92	-745,236.92
0.00	**0.00**	**0.00**	**36,278,000.00**	**-3,319,759.16**	**-745,236.92**	**-4,064,996.08**	**40,713,003.92**

CONSOLIDATED STATEMENT OF ASSETS

	Acquisition/production costs				
	Balance on 1 Jan 2021	**Additions**	**Disposals**	**Repostings**	**Balance on 31 Dec 2021**
	EUR	EUR	EUR	EUR	EUR
Intangible assets					
Acquired concessions, industrial property rights and similar rights and assets, and licenses in such rights and assets	22,806,177.95	200,000.00	0.00	0.00	23,006,177.95
Advance payments and intangible assets under development	9,466,640.84	1,455,000.00	0.00	0.00	10,921,640.84
	32,272,818.79	**1,655,000.00**	**0.00**	**0.00**	**33,927,818.79**
Property, plant and equipment					
Other equipment, operating and office equipment	594,448.65	4,935.87	0.00	0.00	599,384.52
	594,448.65	**4,935.87**	**0.00**	**0.00**	**599,384.52**
Financial assets					
Loans to a shareholder	22,228.02	1,333.68	0.00	-23,561.70	0.00
Securities held as fixed assets	638,660.43	51,634.89	0.00	0.00	690,295.32
Other loans	0.00	70,000.00	0.00	23,561.70	93,561.70
	660,888.45	**122,968.57**	**0.00**	**0.00**	**783,857.02**
	33,528,155.89	**1,782,904.44**	**0.00**	**0.00**	**35,311,060.33**

Cumulative depreciation				Carrying amounts	
Balance on 1 Jan 2021	**Additions**	**Disposals**	**Balance on 31 Dec 2021**	**Balance on 31 Dec 2021**	**Balance on 31 Dec 2020**
EUR	EUR	EUR	EUR	EUR	EUR
17,392,335.95	1,719,013.00	0.00	19,111,348.95	3,894,829.00	5,413,842.00
125,000.00	0.00	0.00	125,000.00	10,796,640.84	9,341,640.84
17,517,335.95	**1,719,013.00**	**0.00**	**19,236,348.95**	**14,691,469.84**	**14,755,482.84**
553,324.65	27,382.87	0.00	580,707.52	18,677.00	41,124.00
553,324.65	**27,382.87**	**0.00**	**580,707.52**	**18,677.00**	**41,124.00**
0.00	0.00	0.00	0.00	0.00	22,228.02
0.00	0.00	0.00	0.00	690,295.32	638,660.43
0.00	0.00	0.00	0.00	93,561.70	0.00
0.00	**0.00**	**0.00**	**0.00**	**783,857.02**	**660,888.45**
18,070,660.60	**1,746,395.87**	**0.00**	**19,817,056.47**	**15,494,003.86**	**15,457,495.29**

NOTES

of APONTIS PHARMA AG (formerly PP Pharma HoldCo GmbH), Monheim/Rhein, for the financial year from 1 January to 31 December 2021

APONTIS PHARMA AG (APONTIS PHARMA), (Local Court of Düsseldorf, HRB 93162) prepares its Consolidated Financial Statements on a voluntary basis. The Consolidated Financial Statements for the financial year from 1 January to 31 December 2021 were prepared according to the provisions of the German Commercial Code (HGB) and the applicable provisions of the German Stock Corporation Act (AktG).

The nature of expense method was used for preparing the Consolidated Income Statement.

To improve the clarity of the presentation, we have included in these Notes any statements regarding the individual items of the Consolidated Statement of Financial Position and the Consolidated Income Statement to be made pursuant to the legal provisions, as well as any statements which can either be set out in the Consolidated Statement of Financial Position or in the Consolidated Income Statement and the Notes. Any information on a co-classification to other items of the Consolidated Statement of Financial Position is also provided herein for the same reason.

All figures included in the Notes, with the exception of the Notes on Equity, are stated in EUR thousand.

I. SCOPE OF CONSOLIDATION

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

The consolidated companies as of 31 December 2021 were:

1. APONTIS PHARMA AG, Monheim/Rhein, HRB 93162 at the Local Court of Düsseldorf
2. PP Apontis Pharma GmbH, Monheim/Rhein, HRB 85556 at the Local Court of Düsseldorf
3. PP Primary Care GmbH, Monheim/Rhein, HRB 73436 at the Local Court of Düsseldorf
4. APONTIS PHARMA Deutschland GmbH & Co. KG (formerly: APONTIS PHARMA GmbH & Co. KG), Monheim/Rhein, HRA 23282 at the Local Court of Düsseldorf

100.00% of the shares in the affiliated company set out under 2. are held by the parent company under 1.; 100.00% of the shares in the affiliated company under 3. are held by the affiliated company under 2.; and 99.01% of the shares in the affiliated company under 4. are held by the affiliated company under 2. and 0.99% of which are held by the affiliated company under 3.

II. REPORTING DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The reporting date of the Consolidated Financial Statements is 31 December 2021 pursuant to Section 299 (1) of the German Commercial Code (HGB).

III. CONSOLIDATION PRINCIPLES

The Consolidated Financial Statements are based on the financial statements of the companies included.

Otherwise, the Group observed the principle of continuity of the consolidation methods in the preparation hereof.

1. CAPITAL CONSOLIDATION

Capital consolidation for acquisition transactions takes place 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 shares owned by the parent company is set off against the amount of the subsidiaries' equity allocated to these shares. Under the revaluation method, the equity is to be recognised at the amount corresponding to the fair value of the assets, debts, accruals and special items to be included in the Consolidated Financial Statements on the date of their initial consolidation. Provisions are to be measured according to the provisions of Section 253 (1) sentences 2 and 3, (2) German Commercial Code (HGB) and deferred taxes pursuant to Section 274 (2) German Commercial Code (HGB). Offsetting is performed pursuant to Section 301 (2) German Commercial Code (HGB) at the time the company became a subsidiary.

Profit/losses for the year of the included companies are combined with the effects of consolidation measures affecting net income – unless such are set off in the context of capital consolidation – and disclosed in the "Consolidated profit/loss for the year" item.

The negative difference arising from the first-time capital consolidation as of 28 September 2018 of EUR 843 thousand will be collected in a scheduled manner over the weighted average residual useful life of the acquired assets that are subject to wear. In financial year 2021, this resulted in income of EUR 66 thousand (previous year:

EUR 66 thousand), which was disclosed in the 2021 Consolidated Income Statement under the "Other operating income" item. The negative difference thus amounts to EUR 700 thousand on 31 December 2021 (previous year: EUR 766 thousand).

Subsequent consolidation – and thus the consolidation as of 31 December 2020 – recognises the Group share of the earnings generated by the Group companies after the date of their initial consolidation under consolidated earnings.

2. DEBT CONSOLIDATION

Mutual accounts receivable and payable between the Group companies were set off as part of debt consolidation.

3. ELIMINATION OF INTERIM RESULTS

The Group eliminates interim results arising from service relationships within the Group. No interim results liable for elimination arose in the period under review from 1 January to 31 December 2021.

4. EXPENSE AND INCOME CONSOLIDATION

In the Consolidated Income Statement, internal revenue is set off against the expenses of the receiving companies relating to them. The Group sets off intra-Group expenses with intra-Group income. Any intra-Group income from investments is eliminated through profit and loss.

5. DEFERRED TAXES FROM CONSOLIDATION MEASURES

The Group accrued deferred taxes from consolidation measures pursuant to Section 306 German Commercial Code (HGB) insofar as the deviating tax expense will be equalised in subsequent financial years. Deferred taxes were determined on the basis of future tax burdens or reliefs of the respective companies. Deferred tax assets and deferred tax liabilities were disclosed netted. An excess of deferred assets occurred in financial year 2021, as in the year before.

IV. ACCOUNTING AND VALUATION METHODS

The Group discloses the items pursuant to Section 266 (2), Section 264c and Section 275 (2) of the German Commercial Code (HGB) (total cost method).

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

The Group measures assets and liabilities of fully consolidated companies pursuant to the valuation provisions set forth in the German Commercial Code by observing the principles of proper bookkeeping and accounting.

Intangible assets acquired against consideration are disclosed at cost of acquisition and are subject to scheduled amortisation (based on the straight-line method) according to their useful life as customary in the operation, if they are subject to wear. Both ancillary costs of acquisition and reductions of the cost of acquisition are taken into account in determining the cost of acquisition. In addition, unscheduled amortisation is made to their lower fair value – if such is necessary.

Down-payments made are recognised at their nominal value and intangible assets in development are recognised at cost of acquisition.

Property, plant and equipment is disclosed at cost of acquisition and is subject to scheduled depreciation over its useful life as customary in the operation. In addition, unscheduled depreciation is made to the lower fair value – if such is necessary.

Assets held under movable fixed assets are subject to straight-line amortisation/depreciation.

Low-value fixed assets up to an individual net value of EUR 250.00 were recorded as an expense in the year of acquisition; it was assumed that they will be disposed of immediately. For fixed assets with a net individual net value of more than EUR 250.00 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 an individual net value of more than EUR 250.00 to EUR 1,000.00, the collective item to be created annually for tax purposes was adopted in the commercial balance sheet to simplify the presentation. 20% p.a. of the annual compound items whose amounts are insignificant as a whole, are subject to flat-rate depreciation pursuant to the tax provisions in the year of their creation and the four subsequent years. Depreciation of additions to property, plant and equipment is otherwise made on a pro-rata basis.

Securities held as fixed assets are recognised at cost of acquisition. In the past financial year, the asset values were netted with pension obligations pursuant to 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 which is therefore not beyond the reach of all other creditors.

Other loans are recognised at their nominal values.

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

Accounts receivable and other assets are accounted for at the nominal value. All items fraught with risk are taken into account by way of flat rate deductions.

Cash and cash equivalents are valued at their nominal values.

Payments made prior to the balance sheet date are recognised under accrued income, insofar as such constitute expenses for a certain period after that time.

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

Provisions for pensions are recognised according to the actuarial methods and based on an interest rate of 1.87% p.a. (previous year: 2.31%) where the financing starts at the age of 25 years and the projected unit credit (PUC) method is applied. The interest rate corresponds to the average market interest rate of the past ten years as announced by the German Federal Bank (Deutsche Bundesbank) with a residual term of the pension obligations of 15 years. The Group used expected salary and pension trends of 3.00% and 1.75% as the basis for calculation. The corresponding assets were set off against the liabilities, insofar as allowed in the German Commercial Code (HGB). Insofar as expenses and income arise in this connection, such are netted. Pension provisions were valued according to the German Mortality Tables (Heubeck-Richttafeln 2018 G) as of 31 December 2020.

The following table contains the probability of fluctuation for active employees. It applies to pensions and similar obligations.

Probability of fluctuation	**Men**	**Women**
Age 20 – 25 years	6.00%	8.00%
Age 26 – 30 years	5.00%	7.00%
Age 31 – 35 years	4.00%	5.00%
Age 36 – 45 years	2.50%	2.50%
Age 46 – 50 years	1.00%	1.00%
More than 50 years	0.00%	0.00%

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

Germany introduced a new pension plan on 1 July 2000 in which all employees are entitled to participate, insofar as they have an unlimited and unterminated employment relationship and have been employed for a period of six months. The new plan grants benefits of corporate old-age provisions through a group provident fund (Gruppenunterstützungskasse), which is an independent company. This fund is obliged to conclude individual reinsurance policies for each employee entitled to ensure future pension payments.

This means that an indirect obligation for pensions and awards applies since 1 July 2000. Claims under the previous provisions were fixed on a pro-rata basis as of 30 June 2000.

On 1 January 2002, Germany introduced the "Deferred Compensation" corporate old-age provision programme. All employees in an unlimited and unterminated employment relationship whose remuneration is, after performance of the deferred compensation, above the income threshold for the statutory pension insurance in one calendar year, are entitled to participate in it. One part of the fixed gross remuneration or the variable remuneration of the employees taking part in this programme is not paid out directly, but rather invested as a corporate old-age provision. The capital contributions paid by the employees are currently paid into one stock fund and one pension fund. The company's pension commitment guarantees that employees will receive the nominal pension contribution they paid in.

The fund assets serving the funding of the pension commitments under the deferred compensation programme, which essentially come from the capital contributions paid by the employees, were contributed to a so-called Contractual Trust Arrangement (CTA) in financial year 2004. As part of this transaction, 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 such must be used only for the purpose of financing the direct pension obligations of the included supporting companies resulting from the deferred compensation programme. Beneficiaries will keep their direct claim towards APONTIS PHARMA Deutschland GmbH & Co. KG in case their pension falls due, even after the implementation of the CTA model.

The obligations arising from the old-age provision programme were taken account of on the balance sheet date by an allocation to the relevant pension provisions.

The obligations from pensions and other commitments are set off against the assets that serve exclusively the fulfilment of old-age pension obligations and similar commitments and are out of reach for all other creditors (so-called cover assets). Insofar as expenses and income arise in this connection, such are netted. Cover assets are valued at their fair value.

Provisions for anniversary expenses are determined according to actuarial principles by using an actuarial interest rate of 1.35% (previous year: 1.60%) and by taking into account the Richttafeln [Mortality Tables] 2018 G of Prof. Dr. Klaus Heubeck.

Other provisions are disclosed at their settlement amount, which is to be recognised by observing the principle of prudence taking into account a prudent commercial assessment. They take account of all recognisable risks and contingent liabilities. Other provisions are exclusively current provisions, apart from provisions for anniversary expenses.

Liabilities are measured at their settlement amounts.

V. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. FIXED ASSETS

The changes occurring in the individual items under consolidated fixed assets are disclosed in the Consolidated Statement of Changes in Fixed Assets (Annex 4) attached hereto, including information on amortisation/depreciation made in financial year 2021.

2. SECURITIES HELD AS FIXED ASSETS

APONTIS PHARMA AG accounts for the assets transferred to the company Mercer Treuhand GmbH as trustor pursuant to Section 246 (1) of the German Commercial Code (HGB) in the Consolidated Financial Statements as of 31 December 2021. These are the cover assets of the reinsurance policies for one part of the pension obligations of the subsidiary APONTIS PHARMA GmbH & Co. KG included in the Consolidated Financial Statements.

3. INVENTORIES

Inventories comprise merchandise valued at EUR 4,598 thousand (previous year: EUR 2,923 thousand).

4. ACCOUNTS RECEIVABLE AND OTHER ASSETS

All trade receivables have a residual term of less than one year.

Other assets are recognised at their nominal amount and essentially comprise advance payments to suppliers of EUR 559 thousand (previous year: EUR 428 thousand), and creditors with a debit balance of EUR 66 thousand (previous year: EUR 26 thousand).

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

5. ACCRUED INCOME

The accrued income item stands at EUR 443 thousand on the reporting date (previous year: EUR 608 thousand) and includes payments made for expenses relating to the subsequent period. They do not contain any amounts for discounts.

6. DEFERRED TAXES

The Group determined deferred taxes from valuation differences between the commercial and tax balance sheet pursuant to Section 274 of the German Commercial Code (HGB) that resulted in a tax relief which was set off in the Consolidated Statement of Financial Position against deferred tax liabilities arising from consolidation measures. No other deferred tax assets arise on tax losses carried forward that will lead to tax relief in upcoming periods. They were also set off against other deferred taxes. As of the balance sheet date, the Group has deferred tax assets of EUR 176 thousand (previous year: EUR 747 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 corporate income tax, the solidarity surcharge and trade tax. The income tax rate for the included partnership is 8.75% and includes trade tax.

7. EQUITY

On 19 March 2021, the shareholders of APONTIS PHARMA AG's predecessor company, PP Pharma HoldCo GmbH, held an extraordinary shareholders' meeting of the company and resolved to increase the share capital by EUR 6,475,000 from EUR 25,000 to EUR 6,500,000 from company funds.

An extraordinary shareholders' meeting of PP Pharma HoldCo GmbH was held on 7 April 2021. At this meeting, the resolution was passed to transform PP Pharma HoldCo GmbH into APONTIS PHARMA AG. At the same time, the Articles of Association of APONTIS PHARMA AG were adopted. The share capital of the company in the amount of EUR 6,500,000 became the share capital of the stock corporation in the same amount. The share capital is divided into 6,500,000 no-par value bearer shares with a notional share in the share capital of EUR 1.00 per share. No special rights or preferences were granted to individual shareholders.

The following individuals were elected members of the first Supervisory Board of the company for the period until the end of the Annual General Meeting that resolves on the discharge for the first full or short financial year after the beginning of the term of office:

Dr. Edin Hadzic, Munich, investor;
Dr. Matthias Wiedenfels, Frankfurt/Main, lawyer;
Christian Bettinger, Polling, investor;
Dr. Christopher Friedel, Munich, doctor;
Olaf Elbracht, Ostseebad Boltenhagen, management consultant.

The first meeting of the Supervisory Board was held on 7 April 2021. The following individuals were appointed Management Board members:

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

Furthermore, the Rules of Procedure for the Supervisory Board and the Rules of Procedure for the Management Board were adopted.

The first extraordinary General Meeting was held on 19 April 2021. The following resolutions were passed:

The Management Board is authorised pursuant to Section 71 para. 1 no. 8 of the German Stock Corporation Act (AktG) to acquire treasury shares for any permissible purpose within the scope of the statutory restrictions and in accordance with the following provisions. This authorisation is valid until 18 April 2026. It is limited to a total of 10% of the share capital existing at the time of the resolution of the Annual General Meeting or – if this value is lower – at the time of the exercise of the authorisation. The authorisation 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 the acquisition once or several times. No use was made of this authorisation in the reporting period.

Furthermore, the share capital was 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 authorisation of the Management Board by the resolution of the Annual General Meeting of 19 April 2021 until 19 April 2026, are able to exercise their conversion rights. The Management Board is authorised to grant shares in the company to any shareholders who exercise their option or conversion rights or, insofar as they are obliged to convert, fulfil their obligation to convert, or, insofar as the company exercises an option, to grant shares in the company in whole or in part instead of payment of the amount of money due, insofar as no cash settlement is granted in each case or treasury shares or shares in another listed company are used for servicing. No use was made of this authorisation in the reporting period.

Furthermore, the Management Board of the company was authorised, with the consent of the Supervisory Board, to increase the share capital in the period until 18 April 2026 once or several times by up to a total of EUR 3,250,000 by issuing up to 3,250,000 new no-par value bearer shares (ordinary shares) against cash and/or non-cash contributions (Authorised Capital 2021/1). The new shares participate in profits from the beginning of the financial year in which they are issued. No use was made of this authorisation in the reporting period.

The second extraordinary General Meeting was held on 28 April 2021. It was resolved to increase the share capital of the company from EUR 6,500,000 by up to EUR 2,000,000 to EUR 8,500,000 by issuing up to 2,000,000 new no-par value bearer shares against cash contributions. The statutory subscription right was excluded. At the same time, the previously approved Authorised Capital 2021/1 was cancelled and a new Authorised Capital 2021/1 with the option to exclude the subscription right was resolved. Accordingly, the Management Board of the company is authorised, with the consent of the Supervisory Board, to increase the share capital in the period until 27 April 2026 once or several times 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 (Authorised Capital 2021/1). The new shares participate in profits from the beginning of the financial year in which they are issued. No use was made of this authorisation in the reporting period.

On 6 May 2021, the Management Board of APONTIS PHARMA AG, with the consent of the Supervisory Board, carried out the capital increase of up to 2,000,000 new no-par value bearer shares at the lowest issue price of EUR 1.00 per no-par value share and thus in the amount of EUR 2,000,000, as resolved in the second extraordinary General Meeting of 28 April 2021. Furthermore, the Management Board, with the consent of the Supervisory Board, set the placement price at EUR 19.00.

The IPO took place on 11 May 2021 in the Open Market (Scale Segment) of the Frankfurt Stock Exchange.

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.

8. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions and similar obligations are generally valued pursuant to Section 253 of the German Commercial Code (HGB). For more information, please refer to the notes on the valuation of pension obligations.

The difference between the recognition of pension provisions pursuant to the applicable average market interest rate from the past ten financial years and the recognition of pension provisions pursuant to the relevant average market interest rate from the past seven financial years pursuant to Section 253 (6) of the German Commercial Code (HGB) amounts to EUR 225 thousand (previous year: EUR 293 thousand).

Assets were set off against pension obligations, insofar as possible. The set off values of securities held as fixed assets pursuant to Section 246 (2) sentence 2 of the German Commercial Code HGB are as follows:

	31 Dec 2021	31 Dec 2020
	EUR thousand	EUR thousand
Pensions and similar obligations	3,682	3,367
Assets set off (cost of acquisition = fair value)	-1,259	-1,102
Balance sheet value on 31 December	**2,423**	**2,265**

9. OTHER PROVISIONS

	31 Dec 2021	31 Dec 2020
	EUR thousand	EUR thousand
Personnel provisions	2,661	2,605
Provisions for discounts granted	2,097	1,275
Outstanding invoices	1,162	805
Others	266	155
	6,186	**4,840**

10. LIABILITIES

		Of which with a residual term of			
	Total 31 Dec 2021	Up to 1 year	More than 1 year	More than 5 years	Total 31 Dec 2021
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Trade payables	3,002	3,002	0	0	3,259
Liabilities to shareholders	0	0	0	0	14,011
Other liabilities	724	724	0	0	1,091
- *of which from taxes*	*677*	*677*	*0*	*0*	*1,050*
- *of which from social security*	*0*	*0*	*0*	*0*	*1*
	3,726	**3,726**	**0**	**0**	**18,361**

Any and all liabilities disclosed in the Consolidated Statement of Financial Position are unsecured.

The liabilities to shareholders in the previous year were repaid in full in the financial year from the proceeds of the IPO.

VI. NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. SALES REVENUE

Revenue broken down according to areas of activity and applications

	2021		2020	
	EUR thousand	%	EUR thousand	%
Hypertonia = Single Pills	**31,459**	**61.5**	**19,046**	**48.5**
Vascular	14	0.0	31	0.1
Gynaecology	597	1.2	730	1.9
Other	1,971	3.8	2,723	6.9
Own brands (excluding Single Pills)	**2,582**	**5.0**	**3,484**	**8.9**
COPD (respiratory diseases)	9,530	18.6	9,572	24.4
Diabetes	7,613	14.9	7,013	17.9
Co-Marketing	**17,143**	**33.5**	**16,585**	**42.3**
Dafiro	0	0.0	125	0.3
	51,184	**100.0**	**39,240**	**100.0**

The Group generated this revenue in full in Germany, as in the previous year.

2. OTHER OPERATING INCOME

Other operating income amounted to EUR 3,592 thousand in the financial year (previous year: EUR 2,639 thousand) and includes, among other funds, extraordinary income from cost transfers to shareholders in the amount of EUR 1,893 thousand (previous year: EUR 0). This means that a share of the costs of the IPO were borne by the shareholder. Furthermore, the company earned income from the release of provisions amounting to EUR 781 thousand (previous year: EUR 1,558 thousand) and income from the provision of vehicles in kind amounting to EUR 607 thousand (previous year: EUR 703 thousand). The release of provisions includes a release of bonus provisions for the LTI in the amount of EUR 550 thousand (previous year: EUR 0).

3. PERSONNEL EXPENSES

	2021	2020
	EUR thousand	EUR thousand
Wages and salaries	17,148	13,685
Social security expenses and expenses for old-age provisions and assistance	2,532	2,827
- of which expenses for old-age provision	*(244)*	*(219)*
	19,680	**16,512**

Wages and salaries include extraordinary expenses in the form of special payments within the framework of the IPO in the amount of EUR 2,500 thousand,

4. AMORTISATION OF INTANGIBLE FIXED ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	EUR thousand	EUR thousand
Intangible assets	1,719	1,627
- of which unscheduled	*222*	*125*
Property, plant and equipment	9	11
Low-value assets	18	16
	27	**27**
	1,746	**1,654**

5. OTHER OPERATING EXPENSES

Other operating expenses amounted to EUR 15,304 thousand in the past financial year compared to EUR 10,112 thousand the previous year. These consist mainly of extraordinary expenses for the IPO of EUR 2,910 thousand (previous year: EUR 0), marketing of EUR 2,498 thousand (previous year: EUR 1,559 thousand), expenses for distribution costs of EUR 2,105 thousand (previous year: EUR 1,981 thousand), vehicle costs of EUR 1,640 thousand (previous year: EUR 2,091 thousand) and temporary employees of EUR 1,467 thousand (previous year: EUR 1,071 thousand).

6. FINANCIAL RESULT

	2021	2020
	EUR thousand	EUR thousand
Income from loans of financial assets	1	1
	1	**1**

Income from loans of financial assets includes income from a loan to a shareholder in the amount of EUR 0 thousand (previous year: EUR 1 thousand).

INTEREST AND SIMILAR INCOME

	2021	2020
	EUR thousand	EUR thousand
Other	3	5
	3	**5**

INTEREST AND SIMILAR EXPENSES

	2021	2020
	EUR thousand	EUR thousand
Interest from shareholder loans	350	805
Compounding of provisions (pensions/anniversary bonuses)	56	63
Other	0	1
	406	**869**

Disclosures on the offsetting of cover assets in accordance with Section 246 para. 2 HGB in the income statement:

	2021
	EUR thousand
Interest expense from pension obligation	79
Income from cover assets	27
Interest expense	**52**

7. INCOME TAXES

Taxes on income in the past financial year comprise EUR 207 thousand (previous year: EUR 0) for corporate income tax and the solidarity surcharge and EUR 182 thousand (previous year: EUR 15 thousand) in trade tax. The item income taxes includes expenses unrelated to the accounting period in the amount of EUR 5 thousand. Deferred taxes in the past financial year amounted to EUR 571 thousand (previous year: EUR - 351 thousand).

VII. OTHER DISCLOSURES

1. OTHER FINANCIAL OBLIGATIONS

Other financial obligations are disclosed at their nominal values and are as follows as of 31 December 2021:

	EUR thousand
Payment obligations under rental and leasing contracts	
in 2022	1,556
from 2023 to 2026	4,531
	6,087

The advantages of these contracts are the lower capital commitment when compared to an acquisition and the elimination of the liquidation risk. Risks can arise from the contractual term, insofar as the assets can no longer be used in full, but no indications exist in this respect at the present time.

No other financial obligations to other affiliated companies exist as of the reporting date.

One of the companies included in the Consolidated Financial Statements is party to various development cooperation contracts. Depending on the progress of such development, certain "milestone" payments are to be made. The contracts contain exit clauses in case projects do not go as planned. The contracts existing on 31 December 2021 contain contractual objectives to be fulfilled beyond the year 2025 that include outstanding financial obligations of approx. EUR 8,232 thousand. Insofar as the development progress is sufficiently concrete by the balance sheet, the obligations arising from such under the contract were recognised as liabilities in the Consolidated Statement of Financial Position.

2. AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

The average number of employees of the Group during the financial year was:

	2021	2020
Management personnel	6	7
Employees	170	188
	176	**195**

3. MANAGEMENT BOARD

The management and representation of APONTIS PHARMA AG, Monheim/Rhein, was carried out by the members of the Management Board, who have sole power of representation and are exempt from the restrictions of Section 181 of the German Civil Code (BGB):

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

With regard to the remuneration of the Management Board members, we refer to the voluntary Remuneration Report included in the Management Report in accordance with Section 162 of the German Stock Corporation Act (AktG).

4. SUPERVISORY BOARD

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

Dr. Edin Hadzic, Munich, investor;
Dr. Matthias Wiedenfels, Frankfurt/Main, lawyer;
Christian Bettinger, Polling, investor;
Dr. Christopher Friedel, Munich, doctor;
Olaf Elbracht, Ostseebad Boltenhagen, management consultant.

Dr. Hadzic is the Chairman of the Supervisory Board. With regard to the remuneration of the members of the Supervisory Board, we refer to the voluntary Remuneration Report included in the Management Report in accordance with Section 162 of the German Stock Corporation Act (AktG).

5. FEES FOR SERVICES RENDERED BY THE AUDITOR

The fees for services rendered by the auditor relate to auditing services in the amount of EUR 290 thousand, other certification services in the amount of EUR 286 thousand, tax consulting services in the amount of EUR 26 thousand and other services in the amount of EUR 77 thousand.

6. SUPPLEMENTARY REPORT

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

Monheim/Rhein, 9 March 2022

APONTIS PHARMA AG
Management Board

Karlheinz Gast Chief Executive Officer (CEO)	Thomas Milz Chief Product Officer (CPO)

CERTIFICATE OF THE INDEPENDENT AUDITOR

To APONTIS PHARMA AG, (formerly: PP Pharma HoldCo GmbH), Monheim am Rhein

AUDIT OPINIONS

We audited the Consolidated Financial Statements of APONTIS PHARMA AG, (formerly: PP Pharma HoldCo GmbH), Monheim am Rhein, and its subsidiaries (the Group) – consisting of Consolidated Balance Sheet as of 31 December 2021, Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the financial year from 1 January to 31 December 2021 and the Group Notes, including the presentation of the accounting and valuation methods. Furthermore, we audited the Group Management Report of APONTIS PHARMA AG, (formerly: PP Pharma HoldCo GmbH), Monheim am Rhein), for the financial year from 1 January to 31 December 2021.

In our opinion and based on the knowledge gained during the audit

- the accompanying Consolidated Financial Statements are, in all essential aspects, in compliance with the provisions under the German commercial law and provide, in consideration of the German generally accepted accounting principles, a true and fair view of the Group's asset and financial situation as of 31 December 2021 as well as of its result of operations for the financial year from 1 January to 31 December 2021; 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 misrepresentations — caused due to fraud or error.

In the preparation of the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue its business activity as a going concern. Furthermore, they are responsible for stating matters associated with the going concern assumption, insofar as that is necessary. Moreover, they are responsible for accounting on the basis of the going concern accounting principle, unless that is opposed by actual or legal matters.

In addition, the legal representatives are responsible for preparing the Group Management Report which, as a whole, conveys a true and fair view of the Group and is, in all essential aspects, in line with the Consolidated Financial Statements, in compliance with the German statutory provisions and correctly presents the risks and opportunities of the Group's future development. Furthermore, the legal representatives are responsible for taking the precautions and measures (systems) they consider necessary to allow for the preparation of a Group Management Report that is in line with the applicable German legal provisions and to provide a sufficient number of suitable evidences underlying the statements in the Group Management Report.

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 misrepresentations – due to error or fraud –, whether the Group Management Report conveys, as a whole, a true and fair image of the Group's situation and is, in all essential aspects, in line with the Consolidated Financial Statements and the knowledge gained during the audit, complies with the statutory German provisions and correctly presents the opportunities and risks of the Group's future development, as well as to provide an Auditor's Certificate containing our audit opinions on the Consolidated Financial Statements and the Group Management Report.

Reasonable assurance is a high degree of assurance but no guarantee that an audit performed in line with Sec. 317 of the HGB, by observing the German generally accepted auditing standards as promulgated by the Institut der Wirtschaftsprüfer (IDW), always detects any essential misrepresentation. Misrepresentations might arise from violations or inaccuracies and are considered essential if it can reasonably be expected that they, individually or combined, might affect the economic decisions that users of these documents make on the basis of these Consolidated Financial Statements and the Group Management Report.

We apply professional judgement during the conduct of the audit and maintain a critical attitude. In addition,

- we identify and assess the risks of essential misrepresentations — due to error or fraud — in the Consolidated Financial Statements and the Group Management Report, plan and conduct audit activities in response to these risks and obtain audit evidence which is sufficient and suitable to serve as basis for our audit opinions. The risk that essential misrepresentations are not discovered is higher for violations than for inaccuracies since violations might involve fraudulent conduct, forgery, intended incompleteness, misleading representations and/or the overriding of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the Consolidated Financial Statements and the precautions and measures relevant for the audit of the Group Management Report, in order to plan audit activities which are adequate under the prevailing circumstances, but not in order to provide the Group with an audit opinion on the effectiveness of these systems.
- we assess the adequacy of the accounting methods applied by the legal representatives and the reasonableness of the values estimated by the legal representatives and the information and statements associated therewith.
- we draw conclusions on the adequacy of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether an essential uncertainty exists in connection with events or situations which might raise serious doubts about the Group's ability to continue to exist as a going concern. If we come to the conclusion that an essential uncertainty exists, we are obliged to provide information in the Auditor's Certificate regarding the

associated information disclosed in the Consolidated Financial Statements or the Group Management Report or to modify our audit opinion if the information is inadequate. We draw our conclusions on the basis of the audit evidence obtained until the date of our Auditor's Certificate. Future events or situations might, however, result in the fact that the Group is unable to continue its business activities.

- we assess the overall presentation, the structure and contents of the Consolidated Financial Statements, including the information as to whether the Consolidated Financial Statements present the underlying transactions and events in a manner that the Consolidated Financial Statements, in consideration of the German generally accepted accounting principles, convey a true and fair view of the asset and financial situation and the result of operations of the Group.
- we obtain sufficient audit evidence for the accounting information of the companies or business activities within the Group to provide an audit opinion on the Consolidated Financial Statements. We are responsible for the instructions, supervision and performance of the audit of the Consolidated Financial Statements. We bear the sole responsibility for our audit opinion.
- we assess whether the Group Management Report is in line with the Consolidated Financial Statements, complies with the legal provisions and the image it conveys of the Group's situation.
- we perform audit activities on the future-related information provided by the legal representatives in the Group Management Report. Based on sufficiently suited audit evidence, we review the important assumptions made by the legal representatives which form the basis of such future-related information and assess whether the future-oriented information was correctly derived from such assumptions. We do not provide an independent audit opinion on the future-related information and the underlying assumptions. There is a significant unavoidable risk that future events might essentially deviate from the future-oriented information.

We discuss with the persons responsible for the supervision, inter alia, the planned scope and schedule of the audit as well as important audit findings, including any deficiencies in the internal control system which we detect during our audit.

Bonn, 9 March 2022

Ebner Stolz GmbH & Co. KG
Auditing Company Tax Consultancy

Torsten Janßen Auditor	Barbara Tiefenbach-Yasar Auditor

LEGAL DISCLAIMER

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

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: apontis-pharma.de

Investor Relations
APONTIS PHARMA AG
Sven Pauly

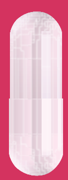
Phone: +49 2173 8955 4900
Fax: +49 2173 8955 1521
Email: ir@apontis-pharma.de
Web: ir.apontis-pharma.de

Concept, Editing and Design
CROSS ALLIANCE communication GmbH
Bahnhofstr. 98
82166 Gräfelfing/Munich
Germany

Phone: +49 (0) 89-1250903-30
Email: info@crossalliance.de
Web: www.crossalliance.de

Introduction pages, concept and realisation
Anzinger und Rasp, Munich

Image Reference
Portraits of the Management Board and Management: Thekla Ehling
APONTIS PHARMA image pool, depositphotos,com



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