formycon

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Half-Year Report 2021

Index

A

Letter to Shareholders

Dr. Carsten Brockmeyer
CEO

Dr. Nicolas Combé
CFO

Dr. Stefan Glombitza
COO

Dear Shareholders,

Through the development of our biosimilar drugs, we are making an important contribution to providing patients around the world with better access to high-quality, affordable biopharmaceuticals. In this way, we are helping not only to relieve the cost burden on healthcare systems but also to make the global pharmaceuticals market more competitive and better oriented to the needs of patients. With 2020 sales revenue of EUR 1.8 billion in Germany and USD 15.7 billion globally, biosimilars have already firmly established themselves as an **indispensable part of the world's pharmaceutical supply**. According to industry experts, the pandemic will make biosimilars even more important globally because the budgets of national healthcare systems, which were already under strain in pre-crisis times, will have to cope with considerable additional financial burdens resulting from the treatment of serious acute COVID-19 sickness along with "**long COVID**" patients. This new cost burden comes on top of the cost drivers of health systems that existed before the pandemic, such as aging world populations and global demands for higher healthcare standards. The combination of these forces should provide the biosimilar market with above-average growth potential well into the future.

The first half of 2021 was a particularly pivotal period for FORMYCON. With the submission of our application for the r**egulatory approval of our FYB201 candidate biosimilar** to Lucentis®[1] (ranibizumab) to the European Medicines Agency and shortly thereafter to the U.S. Food and Drug Administration, we have now paved the way for our first biosimilar product to come to market, which should confirm our market-leading position as a developer of ophthalmic biosimilars. Once approval is obtained, we are highly confident in a successful global market launch thanks to our choice of **commercialization partners**: Coherus BioSciences, Inc. for the United States and Teva Pharmaceutical Industries Ltd., the world's largest generics company, for the markets of Europe, Canada, Israel and New Zealand. With this anticipated inaugural product launch, FORMYCON is rapidly approaching the next phase in our company's development, which will in turn open up new growth opportunities.

We take great pride in our extraordinary team of highly qualified and deeply committed scientists from some 21 different countries, who are applying their expertise and working relentlessly not only on our biosimilar development projects but also on the creation of a novel COVID-19 biopharmaceutical, thereby making a contribution to overcoming this pandemic.

There is no doubt that 2021 will, like the past year, be dominated by the ongoing coronavirus pandemic. Although vaccinations were already becoming available in some countries for the most vulnerable, the beginning of this year also saw the emergency of the new and particularly contagious "delta" (B.1.617.2) variant. General sentiment remains tense as it becomes more and more clear that SARS-CoV-2 will remain a long-term or even permanent threat to public health – and thus sentiment will likely remain unsettled for long to come. In view of the diminishing effectiveness over time of vaccines and antibodies along with the increasing number of SARS-CoV-2 variants

[1] Lucentis® is a registered trademark of Genentech Inc.

and certain other factors, the original strategic goal of achieving herd immunity seems increasingly unlikely. For this reason, it is becoming increasingly important that we can battle this global plague with an efficient, effective **combination of vaccines to prevent and drugs** to treat serious COVID-19 sickness. This pandemic has clearly shown us how important modern medical science is to our society. The quality and effectiveness of pharmaceutical and biotechnology companies, particularly right here in Germany, have been put squarely in the limelight, and the prospects for one of the key and central industries of our modern era are bright indeed. We have also learned the importance of strong and well-functioning healthcare systems, which must be further improved and optimized with discipline and commitment.

In the case of our **FYB207 development project**, we are working hand in hand with our academic partners at the Technical University of Munich, Prof. Dr. Ulrike Protzer, Chair of Virology, and Prof. Dr. Johannes Buchner, Chair of Biotechnology, to develop an efficient antiviral **SARS-CoV-2 blocker** based on a long-acting ACE2-immunoglobulin fusion protein. The latest preclinical studies of FYB207a demonstrate that FORMYCON's ACE2 fusion protein forms a strong bond to the SARS-CoV-2 virus's spike protein particularly in the case of the delta variant (B.1.617.2) and thus can thus offer undiminished antiviral activity even with the newer and rapidly spreading SARS-CoV-2 variants of concern. Our urgent priority now is to complete further preclinical testing so that we may choose the most promising of our drug candidates for clinical development.

With FYB207, our goal from the outset has been to develop a **novel drug** tailored to SARS-CoV-2 and other SARS-CoV variants which can potentially be used **against all coronaviruses** that use ACE2 as an entry point to infect cells.

We are acutely aware of the challenges and hardships resulting from the pandemic which our entire staff have so effectively embraced and overcome. We would therefore like to take this opportunity to once again thank the entire FORMYCON team for their personal commitment, their collective determination, and their perseverance in pursuing our shared goals. From the start of this pandemic, the safety of **our staff** has been our priority, which is why we quickly and proactively put our action plan into place to protect our staff from infection while at the same time ensuring our operational continuity.

In addition to employee-oriented working time models, we have been able offer our entire workforce the convenience of in house COVID-19 vaccinations by our company doctor. In addition, we equipped our entire staff with the necessary protective equipment at a very early stage of the crisis and established a comprehensive COVID-19 self-testing concept.

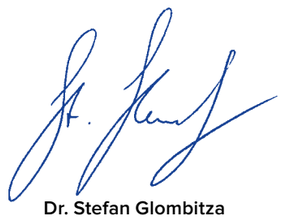
We would like to express our sincere gratitude to our employees, to our business partners for the successful collaborations and to you, our valued shareholders, for the continued confidence you have placed in our efforts.

Stay healthy.

FORMYCON Management
August 2021

Dr. Carsten Brockmeyer

Dr. Nicolas Combé



Dr. Stefan Glombitza

B

Unified Interim Management Report

Interim Management Report for FORMYCON AG and FORMYCON Group for the Period From January 1 to June 30, 2021

I Basic Information About the Group and FORMYCON AG

Business model

FORMYCON develops biopharmaceuticals, in particular biosimilar medicines, with the objective of transferring biosimilar candidates to development and commercialization partnerships once certain defined development milestones have been attained. In doing so, FORMYCON is able to cover all technical stages of the biopharmaceutical development chain from analysis and cell line development to preclinical studies and clinical trials, all the way through to the creation and submission of regulatory approval application documents. Through these in-house capabilities, FORMYCON is also in a position, following an out-licensing or partnership deal, to undertake the remaining development work. The partner company generally assumes responsibility for subsequent production and product marketing. In addition to its decades of experience in protein chemistry, analysis and immunology, FORMYCON also has extensive expertise in the successful transfer of antibodies and antibody-based therapies into the clinical development stage:

As of June 30, 2021, FORMYCON was working on the following **development projects**:

FYB 201

FYB201 is a candidate biosimilar to **Lucentis®* (ranibizumab)**, an ophthalmic drug used in the treatment of neovascular ("wet") age-related macular degeneration (nAMD) and other serious eye diseases. During the first half of 2021, the particular focus of our activities was on preparation for the resubmission of the biologics license application (BLA) for regulatory approval by the U.S. Food and Drug Administration (FDA) in parallel with preparation of the marketing authorization application (MAA) for regulatory approval by the European Medicines Agency (EMA). It was decided to take this opportunity to modify our original resubmission strategy in order to simplify the approval process. By doing so, the application for regulatory approval of large-scale commercial scale production of FYB201 can be directly submitted, while at the same time optimizing the commercial supply chain.

FYB 202

FYB202 is a candidate biosimilar to **Stelara®** (ustekinumab)**, a biopharmaceutical used in the treatment of various serious inflammatory diseases, such as moderate to severe psoriasis, Crohn's disease, and ulcerative colitis. In November of 2020, FORMYCON announced the launch of phase III clinical trials of a biosimilar to Stelara®, making it one of the world's first companies to reach this milestone.

* Lucentis® is a registered trademark of Genentech Inc.
** Stelara® is a registered trademark Johnson & Johnson.

FYB 203

FYB203 is a biosimilar candidate for **Eylea®*** (aflibercept)**. Similarly to Lucentis®, Eylea® is used to treat neovascular age-related macular degeneration (nAMD) and other serious eye diseases. Through the completion of preclinical studies, it was successfully demonstrated already in mid-2019 that FYB203, in its alternative formulation, exhibits comparable pharmacokinetics to Eylea®, the reference drug. In August of 2020, phase III clinical trials of FYB203 began with the administration of the first patient dosage.

With FYB201, FYB202 and FYB203, FORMYCON has three biosimilar candidates in advanced stages of development for which regulatory approval is anticipated in the United States, the European Union and other highly regulated markets between 2022 and 2025, upon expiry of the statutory protection periods for the respective reference products.

FYB 206

FORMYCON is actively working on an additional early-stage biosimilar candidate project, **FYB206**, which is currently in the preclinical development phase. The rights to this project are held by FORMYCON, and relevant intellectual property (IP) protections are already in place.

FORMYCON is actively evaluating several other potential biosimilar candidates within the context of the Company's growth strategy.

Drawing upon FORMYCON's extensive and clinically validated experience with antibodies and antibody fusion proteins, the company in March 2020 – very quickly after the outbreak of the COVID-19 pandemic in Europe – launched a new project, FYB207, to develop an innovative COVID-19 fusion protein.

FYB 207

For its **FYB207** project, FORMYCON is working closely with two renowned academic partners at the Technical University of Munich, Prof. Dr. Ulrike Protzer, Chair of Virology, and Prof. Dr. Johannes Buchner, Chair of Biotechnology, to develop an efficient antiviral SARS-CoV-2 blocker on the basis of a long-acting ACE2-immunoglobulin fusion protein. Through an in vitro study, FORMYCON has already been able to demonstrate that FYB207 completely inhibits the infection of cells while preserving natural enzyme activity. Compared to vaccines and neutralizing antibodies, FYB207's active ingredient should offer, through its particular biological mechanisms, a maximum of protection against virus breach through mutation. FYB207 is currently in preclinical development, with preparations already in progress for subsequent clinical trials.

*** Eylea® is a registered trademark of Regeneron Pharmaceuticals Inc.

A brief explanation of how the COVID-19 fusion protein works

SARS-CoV-2 infection pathway

SARS-CoV-2 and other coronaviruses exploit the ACE2 protein (angiotensin-converting enzyme 2) on the surface of human cells as an entry point to infect the respiratory tract. The virus achieves this by using its spike 1 protein to bind to ACE2 on the surface of target cells. After docking, the virus is then absorbed into the cell (Figure 1).

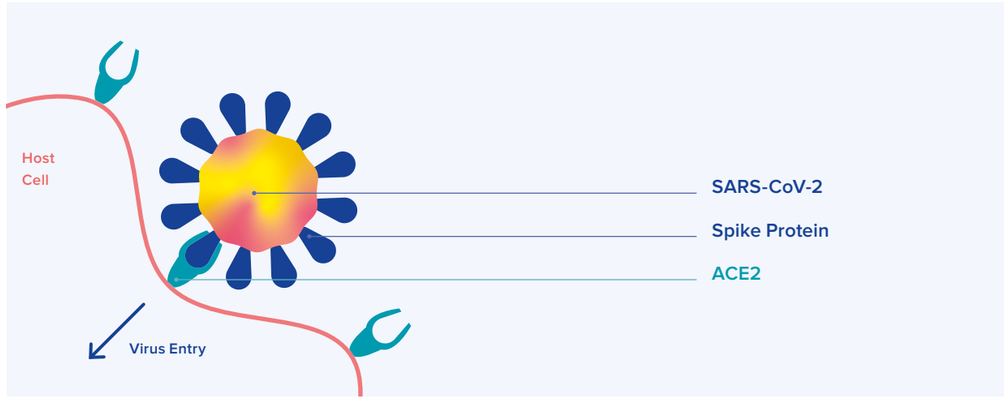


Figure 1: SARS-CoV-2 infection pathway

The FYB207 fusion protein and its unique mechanism of action

Laboratory studies have shown that the introduction of a soluble form of ACE2 blocks the SARS-CoV-2 and earlier SARS-CoV coronaviruses, thereby preventing cells from becoming infected. FORMYCON has built on this scientific knowledge by linking the human ACE2 protein with the constant portion of the human immunoglobulin G4 (IgG4) protein using computer-aided structural design techniques (Figure 2), thereby creating a highly effective SARS-CoV-2 blocker (FYB207). FORMYCON has demonstrated, through in vitro testing, that FYB207 completely prevents the infection of cells. Because ACE2 is the human receptor for the spike protein used by the SARS-CoV-2 virus to gain entry, FYB207 provides maximal protection even against attempts by the virus to evade the block through mutation (Figure 3). In addition, FYB207 can potentially be used to defend against any other coronavirus which exploits ACE2 as an entry point for cell infection.

Activity of FYB207 in known SARS-CoV-2 variants

In vitro laboratory results have demonstrated that FYB207 has, compared to its effect against earlier virus variants, an even more potent effect against the B.1.1.7 mutation (the “alpha” variant), which is considered particularly contagious. In the study, which is based upon previously published data (BioRxiv Preprint: https://doi.org/10.1101/2020.12.06.413443), the fusion protein was tested against a number of

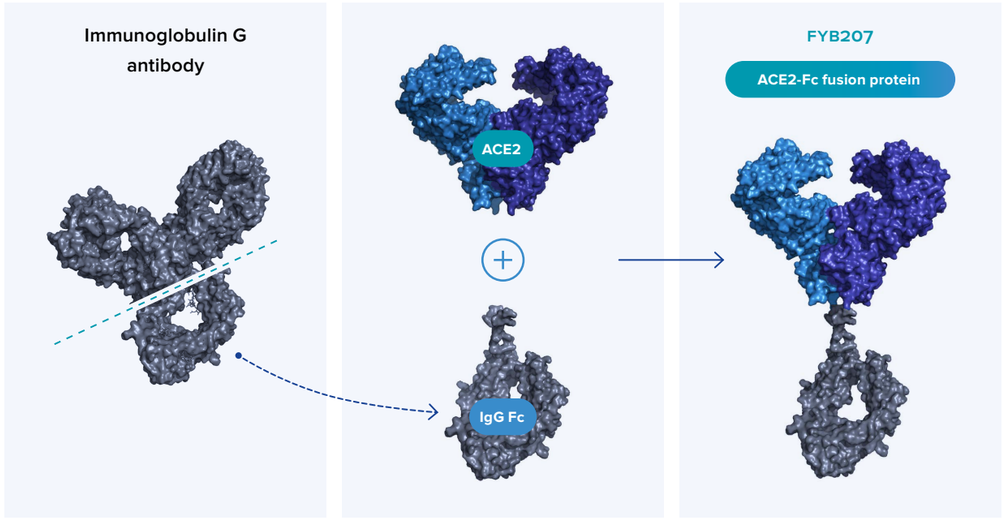


Figure 2: Composition of the FYB207 fusion protein

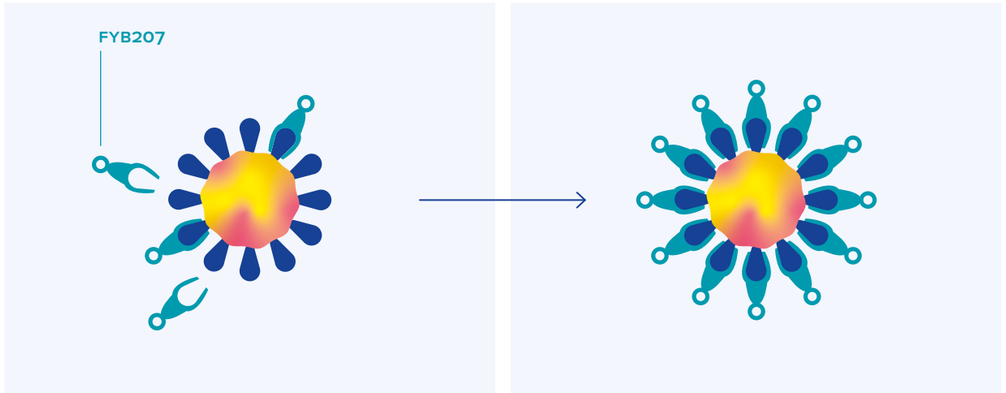


Figure 3: FYB207’s mechanism of action

SARS-CoV-2 variants, including the alpha variant first identified in the UK in September of 2020. The FYB207 concentration necessary for 50 % inhibition in vitro (IC50 value) was shown to be in the low nanomolar range and, in fact, decreased with subsequent variants, providing scientific evidence that the neutralizing effect of FYB207 is even greater in the case of the more infectious and harmful SARS-CoV-2 variants. In particular, the IC50 values for FYB207 suggest a high neutralizing effect against the SARS-CoV-2 alpha variant. The in vitro neutralization test is a first step prior to clinical testing which could demonstrate therapeutic effectiveness in patients infected with SARS-CoV-2.

Possible future indications for FYB207 include hospitalized COVID-19 patients, newly infected but asymptomatic COVID-19 patients, and preventive use in risk situations such as care facilities. Large molecules have specific advantages over small-molecule antiviral drugs, in particular their significantly longer half-life, thus making them potentially suitable for prophylactic use. Moreover, FYB207 could potentially be used for any other coronavirus which exploits ACE2 as an entry point, thus offering hope that it might be used to prevent similar future coronavirus pandemics.

The natural enzyme activity of ACE2 may possibly serve to protect vital organs such as the lungs, and thus another potential indication for FYB207 might be in the treatment of acute respiratory distress syndrome (ARDS) of various etiologies.

Structure of FORMYCON Group

The corporate **structure of FORMYCON Group** corresponds to this business model. The actual research and development work is performed by FORMYCON AG, which conducts these activities not only for its own projects and on behalf of its subsidiaries, such as FORMYCON Project 201 GmbH and FORMYCON Project 203 GmbH, but also for associated companies in which FORMYCON holds a minority investment participation, such as FYB 202 GmbH & Co. KG. This arrangement also generates, and has already been generating, reported sales revenue, since FORMYCON continues to provide development work for the biosimilar candidates which is paid for by the licensing or co-operation partners even after the projects have been transferred to the partnership ventures. Once the already out-licensed biosimilar candidates FYB201 and FYB203 enter the marketing phase, FORMYCON will participate in future sales revenue in the form of royalties, thereby directly participating in the ultimate market success of its out-licensed projects.

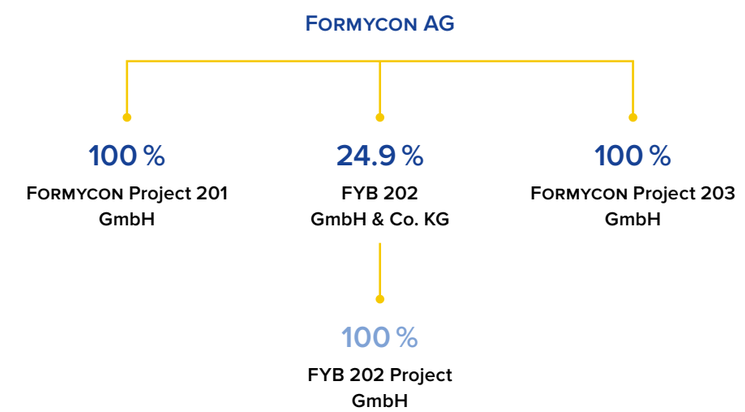
FORMYCON Project 201 GmbH was the first project to be spun off into a separate subsidiary, during fiscal year 2014, and into which all project activities for biosimilar candidate FYB201 were transferred to facilitate an out-licensing deal. It remains a 100%-owned subsidiary of FORMYCON AG. FORMYCON's license partner for FYB201 is Bioeq AG, a 50/50 joint venture between the Polpharma SA, Poland's largest pharmaceutical company, and Santo Holding (Deutschland) GmbH, a holding company owned by the Strüngmann family.

A similar arrangement is in place with **FORMYCON Project 203 GmbH**, which is likewise a 100%-owned subsidiary of FORMYCON AG. FORMYCON AG originally signed an exclusive worldwide out-licensing agreement for FYB203 in 2015 with Santo Holding (Deutschland) GmbH. The worldwide marketing rights have since been internally shifted within the Santo Group to another Santo entity, Klinge Biopharma GmbH.

In the case of the third project vehicle, **FYB 202 GmbH & Co. KG**, FORMYCON AG holds an investment participation. The company was founded in 2017 as a joint venture between FORMYCON AG, which owns a 24.9 % share, and Aristo Pharma GmbH, which owns the remaining 75.1 % and is likewise part of the Strüngmann Group. FYB 202 GmbH & Co. KG, in turn, owns 100 % of another project-specific subsidiary company, **FYB 202 Project GmbH**, into which FORMYCON contributed the project rights for its FYB202 biosimilar candidate. Following the successful completion of the pilot phase at the start of the second quarter of 2019, the terms of the joint venture agreement stipulated that already incurred and future development costs of both FORMYCON and Aristo Pharma GmbH, as well as future sales proceeds, be shared pro rata according to shareholding.

The rights to **FYB207**, the COVID-19 drug development project, are entirely owned by **FORMYCON AG**. In order to accelerate further development and clinical studies, FORMYCON is considering options for financial and strategic partnerships.

The structure of FORMYCON Group may thus be summarized as follows:



The current focus of FORMYCON Group is on research and development activities for its own biosimilar projects, as well as on the development of its COVID-19 drug candidate (FYB207). To the extent that it engages in other business activities, these are primarily in support of these research and development activities.

The future market for FORMYCON's biosimilar and COVID-19 product candidates is the global pharmaceutical market. Healthcare policy and regulation should therefore be recognized as an important external influence factor.

II Report on Business Performance

General economic conditions

The performance of Germany's national economy during the first half of the year continued to be significantly affected by the ongoing COVID-19 pandemic. As the third wave of COVID-19 hit Germany in the winter, accompanied by highly restrictive government measures to contain the rising number of infections, the tentative economic recovery of the preceding months was brought to a halt in the first quarter of 2021. According to figures published in July by the German Federal Ministry for Economic Affairs and Energy, gross domestic product in the first quarter was down 1.8 % compared to the final quarter of 2020.[1–2]

The decline in private consumption was particularly evident, falling by 5.4 % after adjustment for price change, seasonality and calendar effects[3] Construction investment, on the other hand, increased by 1.1 % and government consumption spending by 0.2 %, providing some degree of economic stabilization.[4] Exports increased slightly, although not nearly as much as in the previous three-month period. Imports also picked up and, in terms of growth rate, ended the quarter slightly ahead of the previous quarter.[5]

During the second quarter of 2021, on the other hand, Germany's economic situation brightened, with striking growth rates in some areas, particularly in comparison with the corresponding months of the previous year. Incoming orders in the manufacturing sector were 80 % higher in April than in April of 2020, and 54 % higher in May than in May 2020.[6] This dramatic jump over the second quarter of 2020 was driven by both domestic and foreign demand. Industrial production likewise posted a sharp rise over the prior-year quarter, with April up 35 % and May up 21 % over the same months in 2020.[7] Slightly weaker growth since May has been resulting from global supply chain issues resulting from the pandemic, creating supply bottlenecks in materials and intermediate products, for example supply shortages of semiconductors for automobile production. On the international trade side, both imports and exports continued to grow in the second quarter,[8] with exports in particular approaching pre-crisis levels.[9]

The economic upturn in the second quarter, as well as the easing of restrictive COVID-19 measures and opening up of social activities, had a positive effect on the labor market. In June of 2021, a total of 2,613,825 people were registered as unemployed throughout Germany, 239,482 fewer than in June of 2020.[10] The number of employees temporarily not working regular hours under special government subsidies to avoid outright layoffs (*Kurzarbeit*) fell even more dramatically compared to the prior-year months. For example, in May of 2021 some 112,023 employees were on *Kurzarbeit*,[11] compared to 1,027,641 in May of 2020.[12]

1 German Federal Ministry for Economic Affairs, selected data from "The economic situation in Germany in July 2021"
2 On 30 July 2021, the German Federal Statistical Office (Destatis) announced a subsequent recalculation of GDP for the first quarter of 2021 to –2,1 %.
3–4 German Federal Ministry for Economic Affairs, selected data from "The economic situation in Germany in July 2021"
5 German Federal Statistical Office (Destatis), "Gross domestic product: detailed results on the economic performance in the 1st quarter of 2021"
6–8 German Federal Ministry for Economic Affairs, selected data from "The economic situation in Germany in July 2021"
9 German Federal Ministry for Economic Affairs, "The economic situation in Germany in May 2021"
10–12 German Federal Employment Agency (Bundesagentur für Arbeit), "Monatsbericht zum Arbeits- und Ausbildungs¬markt, Juni 2021"

General industry conditions

The German chemical and pharmaceutical industry began the current year with a promising outlook. In terms of both sales and production, Germany's third largest industrial sector was able to compensate for the pandemic-induced slump of the prior quarters and return to pre-crisis levels.[13] Business performance within the pharmaceutical industry was particularly strong, with figures from the German Chemical Industry Association (VCI) showing total German pharmaceutical sales revenue for the first quarter of 2021 up 1.0 % compared to the corresponding period of the previous year, as the pandemic was just beginning, and up 6.7 % compared to the final quarter of 2020.[14]

According to IQVIA, a leading information platform for human data science, combined first-quarter pharmaceutical sales in Germany's clinical and pharmacy segments were € 12.8 billion.[15] A 4.9 % increase in sales in the clinical segment was offset by a 0.4 % decline in sales in the pharmacy segment, which is the larger of the two market segments.[16] The divergence in trends is presumed to be because patients were, in view of the prevailing high infection rates in the winter, less likely to go to their usual doctor or pharmacy.

In terms of current key industry themes, the focus during the first half of 2021 was clearly on combating the pandemic through newly approved vaccines. Upon European approval of the first vaccine against COVID-19, Germany launched a nation-wide vaccination campaign at the close of December 2020 which gained momentum through the first half of 2021. As of June 30, 2021, some 54.5 % of the German population had received at least one injection of vaccine, and 36.5 % were fully vaccinated.[17] The country's focus on the national vaccination campaign and on the new vaccines had positive effects upon the companies and industries involved. Germany's biotechnology industry, in particular, gained considerable attention and respect. Especially because of the fact that the first approved vaccine was developed and created in Germany, interest in the biotech industry, in its innovative power and business potential, and in Germany as a biotech hotbed increased multifold. These developments should yield long-term benefits for the German biotech industry.

In the course of the first half of 2021, it gradually became clear that vaccinations, along with protection through natural antibodies among those recovered from the disease, would probably not be sufficient to completely defeat COVID-19 and that the virus and its mutations would likely remain prevalent, meaning long-term challenges to contain infections and manage the disease. With treatment options for COVID-19 patients once again the focus of national and global attention, the search for drugs that can serve as an additional pillar in the fight against COVID-19 has been gaining in importance.

13–14 German Chemical Industry Association (VCI), "Quartalsbericht 1/2021"
15–16 IQVIA, "Marktbericht Classic, Entwicklung des deutschen Pharmamarktes im ersten Quartal 2021"
17 Robert Koch Institute (RKI), "Täglicher Lagebericht des RKI zur Coronavirus-Krankheit-2019 (COVID-19)"

Developments in the global biosimilar market

Industry experts are assuming that the COVID-19 pandemic will lead throughout the world to a significant boost in the role and importance of biosimilars. This prediction is based, in particular, upon the fact that national health systems, already severely strained in pre-crisis times, are now having to cope with major additional financial burdens resulting from the COVID-19 pandemic and will possibly also face long-term cost issues resulting from continued serious COVID-19 sickness. For example, IQVIA expects that the cost of vaccinations alone will reach € 130 billion by the year 2025.[18] At the same time, additional spending on medications due to COVID-19 is expected to create a further deficit of € 73 billion.[19]

Biosimilar medicines offer promising new alternatives to offset these these financial burdens on national healthcare systems and can thus make a significant contribution to their survival and to the economic efficiency with which they are able to care for patients. By way of example, the economic impact of biosimilars on rheumatoid arthritis treatment costs illustrates the magnitude of this potential. In Germany alone, the market introduction of biosimilars for etanercept in 2016 and for adalimumab in 2018 resulted in total cost savings of some € 900 million through the end of 2020.[20] Looking at the growth trajectory, moreover, the amount saved annually soared from € 47.61 million in 2018 to € 547.30 million in 2020.[21]

Beyond this additional cost burden resulting from COVID-19, the cost drivers for healthcare systems already established before the pandemic, including megatrends such as the aging world populations and global expectations of higher standards for healthcare, continue to have profound effects. The combination of these cost burdens on national healthcare budgets should continue to provide the biosimilars market with above-average growth opportunities well into the future. In a study published in June 2021, BCC Research projects that the global biosimilar market should reach a total size of USD 60.1 billion by 2025 (vs. 2020: USD 15.7 billion).[22] Looking at this in terms of market growth over the period from 2020 to 2025, this corresponds to an average annual growth rate (CAGR) of 30.9 %.[23]

[18–19] IQVIA, "IQVIA Flashlight", 2021
[20–21] AG Pro Biosimilars, "Grafik des Monats", May 2021
[22–23] BCC Publishing, "Biosimilars: Global Markets", June 2021

Total German Biosimilars Market Revenue in € Billion

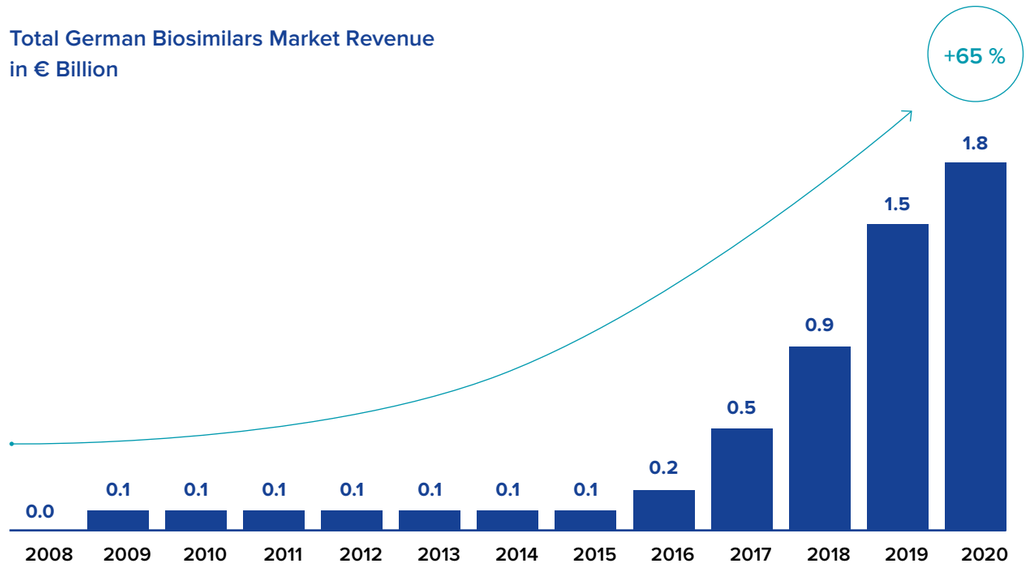


Figure 4: Total biosimilars market revenue (Germany only)

Business development during the period

Business performance during the first half of fiscal year 2021 was satisfactory, for both FORMYCON Group and FORMYCON AG. The Group ended the period with a consolidated six-month net loss of € 10,170K on consolidated period revenue of € 20,309K. For the parent company only, the net loss was € 10,082K on revenue of € 12,364K. Neither FORMYCON AG nor FORMYCON Group has any financial debt.

Chronological review of key developments during the first half of 2021

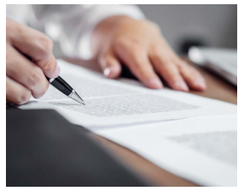
JAN

In **January**, FORMYCON's academic partners at the Technical University of Munich presented the **published results of testing** on FORMYCON's **COVID-19 drug (FYB207)** at the **Keystone Symposia** international e conference on **"Antibodies and Vaccines as Drugs for COVID-19"**. A link to the poster presentation, entitled "Highly efficient inhibition of SARS-CoV-2 entry by a biologically unique ACE2-IgG4-Fc fusion protein with a stabilized hinge region", may be found on the FORMYCON website at https://www.formycon.com/en/pipeline/fyb207/.

FEB

In **February**, the **Paul Ehrlich Institute** (PEI), an agency of the German Federal Ministry of Health, **granted pre-approval under its scientific advice procedure for the proposed development concept** for FORMYCON's innovative SARS-CoV-2 blocker FYB207, thus establishing official support for the project from Germany's National Institute for Vaccines and Biomedical Medicines. The consultation with PEI specifically included **analysis, process development, production** (particularly the chemistry, manufacturing and control, or "CMC", components), **preclinical development** and the design of **phase I and II clinical trials**, including the associated **bioanalytical strategy**. The review of subsequent applications for clinical testing is to be carried out under an accelerated procedure. In addition, FORMYCON has already secured GMP[24]-compliant production capacity for FYB207 from an experienced German biopharmaceutical manufacturer.

MAR



In **March**, following a **pre-BLA consultation with the U.S. Food and Drug Administration** (FDA), FORMYCON and its license partner Bioeq AG **confirmed the planned timeline for the resubmission** of their biologics license application (BLA) for the regulatory approval of Lucentis® biosimilar candidate FYB201. As announced at the end of 2020, the original submission strategy was modified to simplify the approval process. Through **optimization of the commercial supply chain**, moreover, FYB201 can now be directly approved for large-scale commercial production. During the consultation with the FDA, the data requested by the authorities were reviewed and further procedures agreed. On this basis, it was thus announced that **applications for approval** would be submitted to the **FDA** and to the **European Medicines Agency** (EMA) during the first half of 2021.

Likewise in **March**, FORMYCON and **Leukocare AG** announced a **collaboration** to jointly develop high-quality biopharmaceuticals. Under the terms of the agreement, Leukocare will use its **formulation development technologies**, which combine state-of-the-art protein analysis, bioinformatics and artificial intelligence, to design stable drug formulations for several potential candidates in **FORMYCON's product pipeline**. The first project, involving the development of a formulation for a candidate biosimilar to a blockbuster therapeutic antibody, has already commenced. By bringing together the formulation and bioinformatics expertise of Leukocare with the comprehensive biopharmaceutical development abilities of FORMYCON, the partners strive to achieve better stability profiles for these drug candidates, thereby **boosting the development projects' value creation potential**.

In the same month, FORMYCON and its academic partners at the Technical University of Munich, Prof. Dr. Ulrike Protzer, Chair of Virology, and Prof. Dr. Johannes Buchner, Chair of Biotechnology, announced new **results on the in vitro neutralization action** of FORMYCON's COVID-19 drug FYB207 on **SARS-CoV-2 variants**. The results demonstrate that FYB207 has an **even more potent effect against the B.1.1.7 mutation** (the particularly contagious "alpha" variant) than against previous variants.

APR

In **April**, FORMYCON received **approval** from the agency responsible for the oversight of our grant from the Bavarian Ministry of Economic Affairs, Regional Development and Energy so that **government-funded measures for the development of our COVID-19 drug (FYB207) may begin, ahead of original schedule**. The government grant is intended to support the further development of FYB207 through to the end of clinical testing phase IIa and was applied for in the **total amount of € 11 million**. The early start of government-funded development is making it possible for FORMYCON to carry out preclinical development activities in accordance with the submitted plan and to manufacture the test product under GMP conditions even before the final approval notice is issued. Through the special **"BayTherapie 2020"** grant program, the German state of Bavaria aims to foster development and innovation projects with a total of up to €50 million of government funding with the goal of creating new therapeutic options to combat the COVID-19 pandemic and to treat serious COVID-19 sickness.

MAY

In **May**, FORMYCON released its **audited financial results for fiscal year 2020**. For the year ending December 31, 2020, **total consolidated sales revenue was € 34.2 million**. With **EBITDA of negative € 4.8 million, an operating loss (EBIT) of € 5.7 million**, and a **consolidated annual net loss of € 5.9 million**, compared to a net loss of € 2.3 million in the prior fiscal year, the full-year figures were closely in line with expectations. As of December 31, 2020, FORMYCON Group held **cash and liquid resources**, including short-term trade receivables and other assets, of € **49.3 million**.

24 "Good manufacturing practice"

JUL

As the first half of the year drew to a close, FORMYCON announced a strategic partnership between Bioeq AG and **Teva Pharmaceutical Industries Ltd.** ("Teva"). Under the **exclusive marketing agreement**, Teva will be responsible for **commercializing FYB201**, FORMYCON's candidate biosimilar to Lucentis®, in **Europe, Canada, Israel and New Zealand**. With a portfolio of over 3,500 products spanning virtually every therapeutic area, Teva Pharmaceutical Industries Ltd. is among the world's leading providers of generic and specialty drugs. At the end of 2019, Bioeq AG had already signed a license and development agreement with **U.S. biosimilar specialist Coherus BioSciences, Inc.**, which will distribute FYB201 exclusively in the United States of America.

The very next day, FORMYCON and Bioeq announced the **formal submission** of their marketing authorization application (MAA) to the **European Medicines Agency** (EMA) for the **regulatory approval of FYB201**, FORMYCON's candidate biosimilar to Lucentis®.

Q1

In its reporting of **financial results for the first quarter**, FORMYCON AG announced **consolidated sales revenue and other income of € 9.4 million** for the three months ending March 31, 2021. **EBITDA** was **negative € 1.7 million**, while the **operating loss (EBIT)** and **net loss after tax** for the period were each approx. **€ 2.0 million**, in line with expectations. As of the reporting date, FORMYCON held **cash and liquid resources**, including short-term trade receivables and other assets, of **€ 46.0 million**.

Summary

FORMYCON continues to strategically position itself as a leading and independent developer of high-quality biopharmaceuticals, particularly biosimilar medicines. As a pioneer in the creation and engineering of these follow-on biopharmaceuticals, particularly within the rapidly growing therapeutic areas such as ophthalmology and inflammatory skin and intestinal diseases, the Company is now focused on achieving regulatory approval in the highly regulated markets of the European Union, the United States, Japan, Canada and Australia and on positioning itself as a potential partner for major pharmaceutical corporations and generic drug producers. In this way, FORMYCON seeks to make a significant contribution to serving patients throughout the world with access to vital and affordable biopharmaceuticals, to providing urgently needed cost savings to healthcare systems, and thus to making highly effective healthcare more sustainable.

Shares and the capital markets

General stock market environment and performance of FORMYCON shares

The first half of 2021 was marked by dramatic and sustained rises in market price levels, both in Germany and internationally. The DAX index of Germany's largest blue chips posted a six-month surge of almost 2,000 points or roughly 13 %, while the MDAX index of German mid-cap stocks followed with a gain of 10.6 %. The Euro Stoxx 50 index of Eurozone stocks and the U.S. S&P 500 were each up an even greater 14.4 % for the period (Figure 5), while market gains were somewhat less in the emerging markets at 11 % and an anemic 1.4 % in Japan.[25] By the close of June, 14 companies had brought a total of € 8.8 billion in initial public offerings to the Frankfurt Stock Exchange since the start of the year, of which ten took place in the second quarter. According to an analysis by PricewaterhouseCoopers, the last time this many IPOs were launched in Frankfurt in a single quarter was 20 years ago.[26]

Figure 5: General stock market environment during first half of 2021

[25] cf. 4investors, "Dax & Co.: Jahresziele schon im Sommer erreicht?"
[26] cf. WirtschaftsWoche, "Börsengänge brechen Rekorde"

Figure 6: Share price performance and trading volume of FORMYCON shares

FORMYCON shares opened the trading year 2021 with their market price holding steady at around € 60.00, then rose to € 68.80 due to the general positive mood among investors and a press release on January 13, 2021 regarding FORMYCON's COVID-19 drug development project FYB207, then finally leveled off again to € 60.00 towards the end of January. At the beginning of February the share price caught a fresh wind and surged to € 78.60 in the middle of the month, which was its high point for the half-year period. Starting in mid-February, stock markets came under pressure again, with rising prices, fears of coming inflation, and the associated rise in bond yields creating competition with equities as an asset class.[27] Following the surge in the FORMYCON share price to its peak of € 78.60, there was also presumably a certain amount of profit taking. With the Company's announcement on February 24, 2021 of the positive scientific advice received from the Paul Ehrlich Institute regarding COVID-19 drug FYB207, FORMYCON shares rose once again above the € 65.00 mark before falling back from the beginning of March through mid-April, with some volatility in the share price in the range of € 59.00 to € 64.00. The general stock market environment during the second quarter of 2021 was more buoyant as investors began to bet on a rapid economic recovery following the subsiding coronavirus pandemic. This investor optimism was further boosted by strong company results, and German retail sales for the month of March were also significantly better than expected. The market seemed to take all of this together as a sign that the

[27] cf. ntv, "Der Börsen-Tag: Dax testet Richtung 13.800 – und kämpft"
[28] cf. Finanzen.net, "Konjunkturoptimismus treibt Europas Börsen weiter an"

economic upturn was gaining momentum.[28] A further and particularly important trigger for the brightening mood on capital markets was the progress in vaccinations and the associated hopes of containing the pandemic. FORMYCON shares closed Xetra trading on June 30, 2021 at € 63.10, representing a six-month rise of roughly 19 % (Figure 6).

During the first half of 2021, the total number of FORMYCON shares traded across all trading venues was 4,144,437, an increase in trading liquidity of almost 135 % compared to the comparable period during 2020 (1,764,467 shares traded), and corresponding to a daily average trading volume of 33,155 shares (1H 2020: 14,115 shares). Brisk trading during January and February of 2021 accounted for some 2.6 million shares traded, or roughly 62 % of the six-month total. Of total trading across all venues, approx. 48 % of the shares were traded on the Xetra trading system, 6 % on the Frankfurt Stock Exchange, and 46 % on other stock exchanges (of which approx. 86 % via Tradegate).

FORMYCON shares: Basic information

Ticker symbol	FYB
German securities identifier (WKN)	A1EWVY
ISIN	DE000A1EWVY8
Listed exchange, Market segment	Frankfurt Stock Exchange, Scale (Open Market)
Trading venues	Xetra, Berlin, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart, Tradegate
Designated Sponsors	Wolfgang Steubing AG / mwb fairtrade Wertpapierhandelsbank AG

FORMYCON shares: Performance information[29]

In €	1H 2021	1H 2020
Closing price at December 30, 2020/2019 (Xetra)	53.00	31.90
Closing price at June 30, 2021/2020 (Xetra)	63.10	23.40
Average price (Xetra closing prices)	62.82	24.87
in shares		
Total shares traded (on all trading venues)	4,144,437	1,764,467
Daily average shares traded (on all trading venues)	33,155	14,115
Total shares issued as of June 30, 2021/2020	11,046,500	10,000,000

29 Onvista, historical share price data for FORMYCON AG (Xetra)

Shareholder structure

If certain voting rights thresholds are exceeded, the relevant shareholders are required, under German law, to file a notification thereof with the respective issuing company as well as with the German Federal Financial Supervisory Authority (BaFin). According to sec. 33 para. 4 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), however, this provision regarding voting rights thresholds does not apply to all domestic issuers. The term "issuer" is restricted to those issuing companies whose shares are listed on an organized market within the meaning of sec. 2 para. 11 of the Act. Thus, these provisions of the Securities Trading Act do not extend to companies which, like FORMYCON, are listed in the unofficial regulated market (*Freiverkehr*), or "Open Market",[30] as these companies are not legally considered to be listed on an official exchange.

As of the financial statement closing date of June 30, 2021, the Company had received no such notifications that any such voting rights thresholds had been exceeded. Nevertheless, as part of its targeted investor relations activities, FORMYCON strives to ascertain its shareholder structure to the greatest extent possible.

With some 35 % of shares in the hands of family offices and another 15 % held by institutional investors, the shareholder structure of FORMYCON AG remained stable. Founders and management held approx. 15 % of shares, with the remaining 35 % in free float. As of June 30, 2021, and on the basis of total registered capital (*Grundkapital*) of € 11,046,500.00, divided into 11,046,500 no-par value bearer shares with an imputed nominal value of € 1.00 per share, Mr. Peter Wendeln, anchor shareholder and long-time FORMYCON supervisory board member, held a total of 21.65 % of the Company's outstanding shares by way of asset management company Wendeln & Cie. KG and other entities under the control of Mr. Wendeln. This holding is included within the aforementioned figure for family office holdings. Since October 22, 2020, the Active Ownership Group has held 1,000,000 shares, representing a 9.05 % stake in FORMYCON AG as of June 30, 2021.

30 cf. German Federal Financial Supervisory Authority (BaFin), "General principles for filing notifications under sections 33, 38 and 39 of the WpHG"

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

During the first half of 2021, members of the Executive Board or Supervisory Board conducted the following securities transactions subject to reporting requirements under article 19 of the Market Abuse Regulation (MAR):

Name of Executive or Supervisory Board Member	Position	Transaction date	Type of transaction	Average price	Aggregate value	Trading venue
Dr. Carsten Brockmeyer	CEO	3 Mar. 2021	Purchase of shares under Employee Stock Ownership Plan 2015	64.90 €	486,750.00 €	Off exchange
Dr. Nicolas Combé	CFO	3 Mar. 2021	Purchase of shares under Employee Stock Ownership Plan 2015	64.90 €	973,500.00 €	Off exchange
Dr. Stefan Glombitza	COO	3 Mar. 2021	Purchase of shares under Employee Stock Ownership Plan 2015	64.90 €	973,500.00 €	Off exchange
Dr. Carsten Brockmeyer	CEO	3 Feb. 2021	Purchase of shares under Employee Stock Ownership Plan 2015	20.70 €	155,250.00 €	Off exchange
Dr. Nicolas Combé	CFO	3 Feb. 2021	Purchase of shares under Employee Stock Ownership Plan 2015	20.70 €	310,500.00 €	Off exchange
Dr. Stefan Glombitza	COO	3 Feb. 2021	Purchase of shares under Employee Stock Ownership Plan 2015	19.46 €	291,900.00 €	Off exchange

Scale (Open Market) market segment

The Company's shares have, since March 1, 2017, been listed in the Frankfurt Stock Exchange's "Scale" segment for small- to medium-sized companies. The initial listing requirements and ongoing obligations of this Open Market (unofficial regulated) segment are designed to facilitate capital raising for small- to medium-sized companies and to provide access to German and international investors. FORMYCON shares were added to the Deutsche Börse's "Scale 30 Index" of the 30 most liquid shares within the Exchange's Scale segment in February 2018, soon after the launch of this new market index of Germany's most actively traded small- to medium-sized companies at the start of 2018. The inclusion of FORMYCON within the Scale 30 Index was based primarily upon order book turnover on the Xetra and Frankfurt Stock Exchange trading venues as well as its market capitalization. The composition of the Scale 30 Index is regularly adjusted. The index is calculated in real time, is denominated in euros, and is available in both price and performance variants. Since the creation of this select index of the most traded stocks in the Scale segment, these stocks have been gaining greater visibility among investors. During the first half of 2021, the Scale 30 Index posted a gain of 15.5 %, beating not only Germany's blue chip DAX index (13 %) but also the EUROSTOXX 50 (ca. 14 %) and the NASDAQ (13 %) – and thereby living up to its name as an attractive market for growth stocks (Figure 7).

Figure 7: Scale 30 benchmark

FORMYCON has, since its introduction throughout the EU in July 2016, been subject to the requirements of the Market Abuse Regulation, replacing key parts of the German Securities Trading Act with the stated goal of promoting the integrity of the financial markets by improving transparency. Under the MAR, the Company is obligated to publicly release ad hoc announcements of information relevant to its share price, to report securities transactions by its executives (directors' dealings), and to maintain a registry of Company insiders. FORMYCON has implemented these requirements, integrating appropriate compliance processes into its existing risk management system as necessary.

Subscribed capital

As of December 31, 2020, the registered capital (*Grundkapital*) of FORMYCON AG was € 11,000,000.00, divided into 11,000,000 bearer shares without par value but with an imputed nominal value of € 1.00 per share. During the first half of 2021, 46,500 new shares were issued from Conditional Capital 2015, as resolved on June 30, 2015 to facilitate the Company's Employee Stock Ownership Plan 2015. By resolution of the Supervisory Board on February 3, 2021, Section 4 of the Company's Articles of Association (*Satzung*), governing the amount and division of registered capital conditional capital, was amended accordingly. The registered capital of FORMYCON AG thus amounted to a total of € 11,046,500.00 as of June 30, 2021. For detailed information on the Approved Capital and Conditional Capital of FORMYCON AG, please refer to the Notes to the Interim Financial Statements of FORMYCON AG (section IV: "Additional notes to the Balance Sheet") or Notes to the Consolidated Interim Financial Statements (section V: "Additional notes to the Consolidated Balance Sheet") included in this report.

Investor relations

Professional dialogue with investors and with the international capital markets forms an important component of FORMYCON's corporate strategy. As a result of the ongoing coronavirus pandemic, all conferences and events during the period were held in virtual form. During the first half of 2021, FORMYCON's senior management presented the Company at selected investor conferences, such as Metzler MicroCap Day, the Jefferies Pan-European Mid-Cap Virtual Conference, the Deutsche Börse Equity Forum (spring conference), and Kepler Life Science Day. Through such conferences as well as other outreach activities, notably including virtual non-deal roadshows in the UK and USA, the Company has strived to maintain active contact with existing and potential investors and to increase its visibility on the capital markets. As of June 30, 2021, six analysts were regularly providing equity research coverage on FORMYCON AG.

The following analysts published research studies on FORMYCON during the first half of 2021:

Bank or research provider	Analyst
B. Metzler seel. Sohn & Co. KGaA	Tom Diedrich
Edison Investment Research Limited	Dr. John Savin
First Berlin Equity Research GmbH	Simon Scholes
Hauck & Aufhäuser Privatbankiers AG	Aliaksandr Halista
Kepler Cheuvreux	Damien Choplain
SRH AlsterResearch AG	Oliver Drebing

More information about FORMYCON and its investor relations activities may be found in the "Investors" section of the Company's website (formycon.com/en/investor-relations/shares). FORMYCON believes in open dialogue with its investors and with the capital markets, as an integral part of its corporate philosophy. In this spirit, the Investor Relations department of FORMYCON AG stands ready to respond to any questions or suggestions:

FORMYCON AG	
Contact Person	Sabrina Müller Senior Manager Corporate Communications & Investor Relations
Street address	Fraunhoferstraße 15, 82152 Martinsried/Planegg, Germany
Phone	+49 89 864 667 149
Email	ir@formycon.com
Web	https://www.formycon.com/en/investor-relations/shares/

Staffing, organizational structure, and corporate social responsibility

The business success of FORMYCON depends, among other factors, on the expertise of highly educated and skilled professional staff whose behavior in their decisions and business dealings is built upon a foundation of responsibility and ethical principles. This foundation is specifically defined through FORMYCON's Code of Conduct, with which all staff are expected to fully comply. In its corporate and management culture, FORMYCON attaches particular importance to a spirit of mutual trust, thereby encouraging a free and open exchange of views spanning the entire organization, across all levels. FORMYCON views this open and candid work environment as crucial for shared success. By participating in this open dialogue and actively participating in the company, each and every employee can make decisive contributions to the company's success.

As of June 30, 2021, FORMYCON had a total of 159 employees (prior year: 119). The average staffing during the respective first halves of 2021 and 2020 is shown below, divided by functional area, and expressed in terms of full-time equivalents (FTEs) to more meaningfully reflect part-time staff:

Average staffing during the period by function
(in FTE, rounded, excluding Executive Board members)

	1H 2021	1H 2020	% increase
Research & development	123	86	43 %
Business operations[31]	3	–	–
General & administrative	16	12	58 %[32]
Total	**142**	**98**	**45 %**

The scientific areas of protein analytics and process sciences were, in particular, strengthened over the period in order to have the resources in place needed for the extensive work efforts entailed in the Company's existing and new development projects. General administration was also further expanded to keep pace with the growing organization, while staffing in the IT department was boosted to aggressively drive forward with further expansion of the Company's technology infrastructure and to meet the increasing demands for system administration and first-level support. The finance department was strengthened with the addition of a seasoned manager with critically important experience and expertise in International Financial Reporting Standards (IFRS). Staff additions were likewise made in business operations – which is responsible, among other things, for the further development of the Company's purchasing capabilities and its digitization efforts – in order to take into account both existing and future requirements as fully as possible while ensuring maximum digital adaptability of the growing organization.

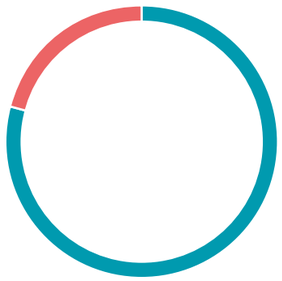
Staff expenses during the first half of 2021 were € 6,234K (1H 2020: € 4,894K), with the increase due primarily to the greater average number of employees.

[31] Beginning with fiscal year 2021, business operations, previously included under general and administrative, is shown separately.

[32] For reasons of comparability, business operations is combined with general and administrative for purposes of calculating the percentage increase (i.e. calculated on the basis of 19 FTEs during 1H 2021).

Full-Time vs. Part-Time Staff

as of June 30, 2021

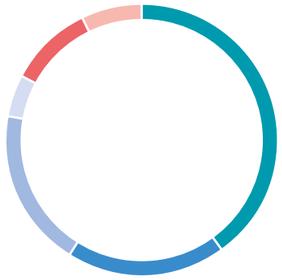


78 % full-time

22 % part-time

Educational Level of Staff

as of June 30, 2021



40 % PhD

19 % Master's

19 % Diplom (equiv. Master's)

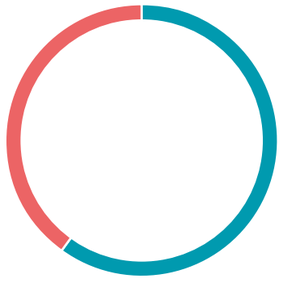
5 % Bachelor's

10 % Vocational training (technical)

7 % Vocational training (administrative)

Percentage of Total Staff by Gender

as of June 30, 2021

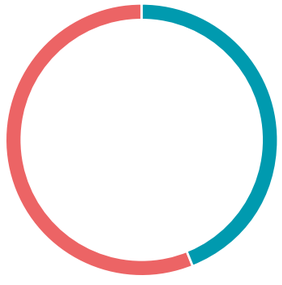


61 % female

39 % male

Percentage of Second Management Level by Gender

as of June 30, 2021



44 % female

56 % male

Employees from twenty-three different countries

Among FORMYCON's key success factors is the recruiting and retention of highly educated and skilled employees with extraordinary abilities. FORMYCON recruits its staff without regard to gender, nationality or age. Our corporate culture is characterized by an affirmative attitude towards integration, respect for diversity and equality of opportunity. Despite the particular challenges created by the COVID-19 pandemic, FORMYCON has been able to recruit outstanding talent and to successfully integrate new staff into the organization.

83 % of the Company's total employees have a university degree, and 40 % a doctorate. In terms of gender, 61 % are female and 39 % male. The average employee age as of June 30, 2021 was 39 years. The percentage of women within the second management level (director level) is 44 %. FORMYCON is proud of the stable organization and diverse workforce that it has built over the years, with employees from 23 different countries (Austria, Bosnia and Herzegovina, China, Colombia, Croatia, Cyprus, France, Germany, Hungary, India, Iran, Iraq, Italy, Japan, Macedonia, Montenegro, Nepal, Poland, Portugal, Romania, Tunisia, UK, USA).

To further these efforts to attract and retain talent, the Company has implemented an employee referral program which offers incentives to staff who contribute to the recruitment process by recommending suitable candidates.

In order to maximize the attraction and retention of talent which is so vital to the Company, FORMYCON pursues a strategy of actively fostering long-term loyalty of its staff throughout the Company's various functional areas. In order to further this strategic aim, FORMYCON offers individual opportunities for advanced training, not only for present job responsibilities but also to prepare staff for future career progression. The Company has, in addition, established a "scientific career path" for its research staff as well as a "managerial career path" program for staff in the regulatory affairs, quality management and project management areas, thereby fostering career planning within the Company. In addition to offering such specific benefits as flexible working hours, a company pension scheme, health and wellness programs, and teambuilding events, FORMYCON places great importance on overall employee satisfaction, which is – along with technical excellence – essential to the Company's ultimate success. In order to objectively measure the overall satisfaction of its workforce, FORMYCON regularly conducts anonymous surveys using an external service provider, focusing in particular on any psychological issues which might present a risk to the Company. The survey thus includes specific questions not only about the employee's satisfaction with the Company but also about psychological stresses within the workplace. The company also offers individual health assessments to its employees, along with coaching on relevant health topics. Through all of these measures, the Company strives to achieve and maintain the highest possible levels of employee satisfaction and loyalty.

Against the backdrop of the ongoing COVID-19 pandemic, FORMYCON promptly took extensive measures to protect its staff from infection to the maximum possible extent. At a very early stage, and even before the COVID-19 crisis fully reached Germany, FORMYCON took proactive measures by decentralizing its organization. By responding with maximum flexibility, and by adjusting working hours and models around the needs of staff, FORMYCON was able to meet the requirements of the extraordinary situation while ensuring operational continuity. In order to help our staff reconcile the demands of their work and private lives, even beyond the immediate COVID-19 crisis, we are developing a new and forward-looking work concept which will better balance today's needs and lifestyles in terms of working hours, place of work, and means and methods of working. Finally, and needless to say, the entire FORMYCON workforce was also promptly equipped with vital protective equipment such as medical-grade mouth and nose protection as well as disinfectants. In addition, we made arrangements so that we were able to offer COVID-19 vaccinations to all employees starting from mid-June 2021 by way of our company doctor. We would like to take this opportunity once again to thank the entire FORMYCON team for their excellent cooperation as we have navigated together through this public health crisis.

Research and development

As in the previous fiscal year, the Group's activities during the six-month period ending June 30, 2021, were primarily in the area of research and development.

The consolidated expenditures for these Group activities may be broken down as follows:

In €	1H 2020
Cost of raw materials, consumables and supplies	1,059,446
Third-party services	20,592,821
Staff expenses	6,233,697
Depreciation and amortization	454,907
Other	2,074,962
	30,415,833

As of June 30, 2021, 123 staff members (FTE) worked in research and development (prior year: 86). Expenditures during the period totaled € 30,415,833, and these were all charged as current expense. No research and development expenditures were capitalized, although certain expenses for the FYB206 project, such as reference material, were capitalized. In the area of patent protection, the Group continued to push forward with the international phase of its pending patent applications. Product development activities are proceeding on schedule, and thus prospects for the success of these development activities remain strong.

Financial performance

The financial results herein are reported for the six-month period from January 1, 2021 to June 30, 2021. Because of rounding errors, it is possible that the figures cited do not precisely add up to the stated total, or that percentages do not precisely correspond to the absolute figures.

a. Results of operations

During the first half of 2021, **FORMYCON Group** generated consolidated revenue of € 20,309K, compared to € 16,509K in the prior year period, resulting in a six-month consolidated net loss of € 10,170K (1H 2020: net loss of € 1,382K). Cost of materials for the period was € 21,652K (1H 2020: € 10,777K), yielding consolidated six-month gross profit (loss) of −€ 1,403K (1H 2020: + € 5,757K).

During the same period, **FORMYCON AG** continued to drive forward with the development of its four biosimilar projects according to its defined business model. As a result of the out-licensing deals for FYB201 signed in late 2013 and for FYB203 in 2015, the Company continued to post significant sales revenue. Under the terms of these deals, FORMYCON AG received ongoing payments for its product development services provided on behalf of the licensee.

As part of the creation of a new joint venture with Aristo Pharma GmbH in 2017, FORMYCON transferred the intellectual property rights for its FYB202 biosimilar project to the joint venture entities, FYB 202 GmbH & Co. KG and its subsidiary FYB 202 Project GmbH. FORMYCON holds a 24.9 % stake in the joint venture with Aristo Pharma GmbH and bears a pro rata share of accumulated project investments and further development costs. FORMYCON AG also receives ongoing remuneration for the development services which it provides to the joint venture. The six-month net loss for FORMYCON AG (parent company only) was thus € 10,082K on revenue of € 12,365K.

b. Financial position

The financial position of both FORMYCON AG and FORMYCON Group remains stable, with key liquidity ratios significantly above average, as in prior years. Current assets totaled € 44,072K, compared to total current liabilities of € 12,135K. The Company did not have any bank loans or long-term loans during the period.

As of the period closing date, consolidated cash and equivalents amounted to € 33,473K, while marketable securities, also included in cash and liquid resources in the following Statements of Cash Flows, totaled € 153K. Return on sales (net income/loss divided by sales revenue) for the period was −50.1 %, while EBIT (operating profit/loss) was −€ 10,167K and EBITDA (operating profit/loss plus depreciation and amortization) was −€ 9,712K.

The Company did not have any financial debts. Its cash flows during the period are summarized in the following Statements of Cash Flows:

Consolidated Statement of Cash Flows

per German Accounting Standard (DRS) 21

		1H 2021	FY 2020	Change	
		€K	€K	€K	%
	Net loss	−10,170	−5,926	−4,244	72
+/−	Depreciation, amortization, writedowns (impairments) and write-ups of fixed assets	455	915	−460	−50
+/−	Additions to/subtractions from provisions and reserves	338	269	69	26
+/−	Other non-cash expenses/income	0	30	−30	−100
−/+	Gain/loss resulting from disposals of fixed assets	1	37	−36	−99
−/+	Changes to inventories and trade receivables, as well as other assets not included among investing and financing activities	−2,558	−2,483	−75	3
+/−	Changes to trade payables, as well as other liabilities not included among investing and financing activities	4,234	1,950	2,284	117
+/−	Interest expense/interest income	79	104	−25	−24
=	**Cash flow from operating activities**	**−7,621**	**−5,104**	**−2,517**	**49**
−	Payments for investments in intangible assets	−338	−92	−246	267
−	Payments for investments in property, plant and equipment	−530	−558	28	−5
−	Payments for investments in financial assets	−996	0	−996	0
+	Interest received	1	2	−1	**−56**
=	**Cash flow from investing activities**	**−1,863**	**−648**	**−1,215**	**188**
+	Proceeds from shareholders for additions to equity capital	944	25,750	−24,806	−96
−	Interest paid	−80	−106	26	−25
=	**Cash flow from financing activities**	**864**	**25,644**	**−24,780**	**−97**
	Total changes in cash and liquid resources from cash flows	−8,620	19,893	−28,513	−143
+	Cash and liquid resources at the beginning of the period	42,247	22,354	19,893	89
=	**Cash and liquid resources at the end of the period***	**33,626**	**42,247**	**−8,621**	**−20**

* Cash and liquid resources includes cash and cash equivalents as well as short-term marketable securities available for sale (balance sheet items B. III and B. IV).

c. Net assets

As of the close of the period, the Group's equity capital ratio was 82.9 %, thereby remaining at its above-average level, although slightly less than at the close of the prior-year period (90 %). Non-current assets, which rose as a result of investing activities, continued to be completely covered by equity capital, suggesting a healthy balance sheet structure.

The Group's current assets consist almost completely of cash and marketable, highly liquid securities and thus involve negligible risks.

Financial and non-financial performance indicators

Because FORMYCON remains in the product development phase, the informative value of customary financial indicators is necessarily limited. The performance indicators of importance to the Group are those which measure its long-term, sustainable financial strength.

Cash flow from operating activities was −€ 7,621K (1H 2020: −€ 1,736K), in line with forecast. Cash flow from investing activities was −€ 1,863K (1H 2020: −€ 356K).

As expected, return on equity (annual net income(loss)/average equity) and total return on capital (annual net income(loss)/average total capital) were both negative for the fiscal year. As to non-financial performance indicators, please refer to the above "Research and development" section of this report.

FORMYCON undertakes development for selected clients who see themselves as partners of FORMYCON and whose interests as to successful product development and subsequent market launch are fully aligned. The cooperative partnership arrangements and congruent objectives suggest a relatively low conflict potential. The Company's staff works primarily in research and development.

III Report on Outlook

Development pipeline

Over the past years, FORMYCON has successfully gone through various phases of its development as a business and as an organization, culminating in the Company's significantly increased capitalization and initiation of multiple biosimilar drug development projects. The focus of fiscal year 2021 is on continuing to execute on the Company's defined strategy and, in particular, driving forward with the further development of its biosimilar candidates and COVID-19 drug (FYB207). In addition to these existing pipeline projects, FORMYCON is working hard to steadily expand its future development pipeline. With the anticipated market launch of its first product in 2022, FORMYCON is drawing closer to its next phase as a company, whereby it will be able to finance new growth opportunities from existing cash flows. In this way, marketing revenues already being brought in by late-stage biosimilar candidates will enable the Company to financing its own development pipeline from its own resources through to a more advanced stage, making it possible to delay out-licensing or joint venture deals until this later stage, meaning that FORMYCON will be in a position to retain a substantially greater share in the projects, thereby reaping far more of their potential for value creation. As the Company grows and matures, FORMYCON is also looking into the prospect of uplisting to a more visible and regulated stock exchange segment, or potentially even pursuing a listing on the American NASDAQ market with the aim of broadening its investor base. Whatever the outcome, FORMYCON will work to further strengthen its maturing organization and to ensure that the organizational framework is in place to begin IFRS financial reporting starting in fiscal year 2022 in parallel with the Company's existing German statutory (HGB) accounting.

FYB201 – candidate biosimilar to Lucentis®

FYB201, FORMYCON's candidate biosimilar to ophthalmic blockbuster drug ranibizumab (reference product: Lucentis®), is the furthest advanced development project within the product pipeline. Together with our license partner Bioeq AG, we are working hand in hand towards the successful launch of our first product. Due to the COVID-19 pandemic, which restricted patient access and adversely affected patient visits to ophthalmological practices, Lucentis® sales in the United States fell by 3 % during the first half of 2021. The situation, however, was quite different in Europe, where Lucentis® was able to grow by almost 15 % compared to the first half of 2020, so that, according to the manufacturer, global product revenue in the first half of 2021 totaled approx. USD 1.8 billion. Building upon modifications made to the original submission strategy, including improvements to simplify the approval process and facilitate optimization of the commercial supply chain, preparations were made during the first half of 2021 for the resubmission to the U.S. Food and Drug Administration (FDA) of the biologics license application (BLA) for FYB201 as well as for the parallel submission to the European Medicines Agency (EMA) of the corresponding application for regulatory

approval. Alongside U.S. biosimilar specialist Coherus BioSciences, Inc., the exclusive distributor of our Lucentis® biosimilar candidate FYB201 in the U.S. market, we have selected Teva Pharmaceutical Industries Ltd., a leading global provider of generic and specialty drugs, for the market launch of FYB201 in Europe, Canada, Israel and New Zealand. In addition to regulatory approval in the United States and in the countries of the European Union, FORMYCON and Bioeq are likewise seeking regulatory approval in other highly regulated markets including Canada, Australia, the UK and Switzerland.

FYB202 – candidate biosimilar to Stelara®

FYB202, FORMYCON's candidate biosimilar to reference product Stelara® (active ingredient: ustekinumab), targets multiple indications for the treatment of serious inflammatory diseases. With the transfer of the FYB202 project into a joint venture (24.9 % participation) with Aristo Pharma GmbH, FORMYCON created a strong basis to drive forward with the remaining development work. Thus far, FORMYCON has invested some € 22 million into the FYB202 project. Under current planning, FORMYCON will be able to fund its remaining pro rata obligations to the joint venture from its available liquidity resources. The manufacturing process for the active ingredient has already now been scaled up to a commercial production level. The start of phase I clinical trials was announced in October of 2019. Phase III clinical trials (the VESPUCCI study) were launched in November 2020, marking the third FORMYCON biosimilar candidate to be successfully moved into phase III clinical trials, with the aim here of demonstrating the comparability of FYB202 to reference product Stelara® in patients with moderate to severe psoriasis vulgaris (plaque psoriasis) in terms of efficacy, safety and immunogenicity. With the VESPUCCI study, FORMYCON and its license partner Bioeq were among the world's first to initiate phase III trials of a Stelara® biosimilar. As to the overall market for Stelara®, the growth dynamics are likewise extremely encouraging: According to the manufacturer, sales revenue for the first six months of this year grew by almost 26 % over the first half of 2020 to approx. USD 4.2 billion, with this growth partly fueled by the regulatory approval during 2019 of ulcerative colitis as an additional treatment indication.

FYB203 – candidate biosimilar to Eylea®

FYB203, a candidate biosimilar to Eylea® (active ingredient: aflibercept), is – like Lucentis® above – used in the treatment of neovascular age-related macular degeneration (nAMD) along with other serious eye diseases. In 2015, FORMYCON signed a deal to license out FYB203 to cooperation partner Santo Holding (Deutschland) GmbH. In this drug development project as well, the manufacturing process for FYB203's active ingredient has already been scaled up to a commercial production level. In August of 2020, FORMYCON AG and Bioeq GmbH, sponsor of the phase III clinical study, announced the kick-off of phase III trials for FYB203 (the MAGELLAN-AMD study). The randomized, double-blind, multi-center phase III trials are examining the comparability of FORMYCON's biosimilar candidate FYB203 to reference product Eylea® in terms of efficacy, safety and immunogenicity in patients with nAMD. The study was designed in consultation with the U.S. FDA, the European Medicines Agency (EMA) and the Japanese Pharmaceuticals and Medical Devices Agency (PMDA) with the aim of facilitating regulatory approval in each of these key regions. The worldwide marketing rights were more recently shifted internally within the Santo Group to another Santo entity, Klinge Biopharma GmbH. Despite the COVID-19 pandemic, reference drug Eylea® posted a rise in sales during the first half of 2021: With six-month global revenue of some USD 4.5 billion, the manufacturer announced 25 % growth over the first half of 2020.

FYB206 – biosimilar candidate not yet announced

Details of FYB206, an early-phase project in the Company's development pipeline, have not yet been publicly announced. Development efforts for the biosimilar drug candidate are currently in the pre-clinical phase, and intellectual property (IP) rights specific to the project have been established. Beyond this specific project, several other potential biosimilar candidates are under active evaluation.

FYB207 – development of an antibody-based COVID-19 drug

Building upon on its extensive and clinically validated experience with antibodies and antibody fusion proteins, the Company launched development of an innovative COVID-19 drug (FYB207) in March 2020, promptly following the outbreak of the COVID-19 pandemic in Europe. In addition to vaccines, as well as conventional pharmaceuticals produced through chemical synthesis, SARS-CoV-2 blocking antiviral biopharmaceuticals will also play a critical role in the fight to contain the COVID-19 pandemic and treat infected patients. With its FYB207 project, FORMYCON is, together with its renowned academic partners at the Technical University of Munich, Prof. Dr. Ulrike Protzer, Chair of Virology, and Prof. Dr. Johannes Buchner, Chair of Biotechnology, working to develop an efficient antiviral SARS-CoV-2 blocker based on a long-acting ACE2-immunoglobulin fusion protein. SARS-CoV-2 and other coronaviruses exploit ACE2 on the surface of human cells as a gateway for infection of the respiratory tract. Drawing upon this scientific knowledge, FORMYCON has linked the human ACE2 protein with the constant portion of human immunoglobulin G4 (IgG4) using computer-aided structural design techniques in order to create a highly effective SARS-CoV-2 blocker which has been shown in vitro to completely prevent the infection of cells. Through its scientific advice procedure, the Paul Ehrlich Institute (PEI), an agency of the German Federal Ministry of Health, granted pre-approval to FORMYCON in February 2021 for the Company's proposed development concept, thus marking official support of the country's Federal Institute for Vaccines and Biomedicines for FORMYCON's planned development of FYB207. The consultation with PEI specifically included analysis, process development, production (particularly the chemistry, manufacturing and control, or "CMC", components), preclinical develop-

ment and the design of phase I and II clinical trials, including the associated bioanalytical strategy. Review of FORMYCON's applications for clinical trials will be carried out under an accelerated procedure. FYB207 is currently in the preclinical development phase, and preparations for subsequent clinical testing are already underway. In addition, FORMYCON is preparing for a scientific advice meeting with the U.S. FDA and has already secured GMP-compliant production capacity for FYB207 from an experienced biopharmaceutical manufacturer.

Financial profile and organization of FORMYCON Group

With its financial soundness and its strong portfolio of capabilities, FORMYCON Group is well positioned in the market. As in the past, FORMYCON will continue to invest a large part of these resources into the development of new biosimilar medicines. No significant changes in the Company's balance sheet structure are anticipated. Provided that the development of its current biosimilar candidates proceeds as planned, FORMYCON could enter the royalty phase starting from 2022. Exchange rate or inflation risks are not currently viewed as relevant factors.

FORMYCON has been able to successfully cope with the coronavirus pandemic by taking prompt and proactive measures to protect its staff. The Company's emergency task force established for this purpose quickly worked to develop a comprehensive pandemic policy for the entire organization and remains in regular working contact with senior management as well as the relevant department heads to review the emergency measures taken so far and to improve and strengthen them as necessary. The early-stage decentralization of the FORMYCON organization by quickly putting into place a new work model focused on flexibility and mobility has proven to be extremely practical as well as effective in ensuring operational continuity. Nevertheless, it must be recognized that the risk of an infection spreading within or otherwise impacting the Company cannot be entirely eliminated and that such an event could have an impact on the Company's business operations, potentially hindering development activities of its biosimilar candidates. In order to counter this risk, the task force team is working on longer-term improvements to protect the health of our staff. For a further discussion of potential risks relating to the ongoing coronavirus pandemic, please refer to the following section (IV. Report on opportunities and risks).

Sales revenue for the first half of 2021 was in line with forecast. EBIT and EBITDA were, as expected, negative for both FORMYCON Group and FORMYCON AG.

As a result of the continuing rise in the number of staff during the first six months of 2021, as well as additional investments into new development programs including the COVID-19 project, the Company expects a further rise in expense levels during the remainder of fiscal year 2021 and thus likewise expects to report negative full-year earnings for the current fiscal year.

All of us at FORMYCON feel a great responsibility for the work we are doing. Through our biosimilar medicines, we aim to make a significant contribution to broadening access to vital medications so that as many patients as possible may receive effective treatment and, through the development of our new COVID-19 drug, to make a contribution to the fight against the coronavirus pandemic. FORMYCON is aware of its social responsibilities and strives to live up to them in every possible way.

FORMYCON has since 2019 been a member of the UN Global Compact, one of the world's largest and most important initiatives for responsible corporate governance, which has set itself the goal of an inclusive and sustainable global economy, supporting companies in aligning their strategies and activities with social and sustainability goals. In addition to the protection of human rights, these also include the elimination of all forms of forced labor, the abolition of child labor, the elimination of discrimination in hiring and employment, and protection of the environment, with a focus on a precautionary approach, the promotion of environmental awareness, and the development and diffusion of environmentally friendly technologies. FORMYCON stands firmly for global action with responsibility and will maintain this principled commitment long into the future. On a final note, the "Social Day" which had originally been planned for 2020, and through which FORMYCON and its staff would have the opportunity to further demonstrate their social commitment through various environmental and societal initiatives, has regrettably been postponed due to the prevailing coronavirus pandemic. Building on this commitment based on our beliefs, FORMYCON will continue to involve itself in other important environmental, social and governance (ESG) initiatives and to steadily integrate the goals of sustainability and social responsibility into the principles of its corporate governance.

IV Report on Opportunities and Risks

Opportunities

Last year, the COVID-19 pandemic, more commonly known as the “corona crisis”, initially put certain vaccine developers at the center of attention of the world’s governments, media and general public. As the pandemic continued to rage, however, it quickly became apparent that vaccines alone would not be enough to overcome this global health crisis because already infected people also need to be treated, especially if their symptoms are severe or life-threatening.

Recognizing this critical need at an early stage, FORMYCON promptly applied its vast expertise in biopharmaceutical development to launch, together with renowned university experts, the development of a new drug based on a long-acting ACE2-IgG fusion protein. Through this project, internally designated as FYB207, FORMYCON is breaking new ground, not only in terms of scientific research but also in its development as a drug company, as this marks the first-ever innovative biopharmaceutical candidate to enter the Company’s product pipeline.

As a matter of principle, however, FORMYCON’s core business continues to be the development of high-quality biosimilar medicines for the world’s most stringently regulated markets. In this global market, FORMYCON seeks growth through the expansion of its product portfolio, not only in terms of the number of biosimilar candidates under development but also, and at least as importantly, through their quality and the market opportunity which they represent. Possible strategic collaborations may significantly contribute toward maximizing these opportunities.

Biosimilar medicines have the advantage over their reference products of more cost-effective development because of procedures which are, for the most part, already scientifically proven and development processes which are largely well established. Because the similarity and comparability of a biosimilar to its reference product must already be demonstrated analytically, the likelihood that the development of the biosimilar will fail in one of the subsequent clinical phases is generally far lower than in the case of innovative biopharmaceuticals.

At the same time, the level of competition in the area of biosimilar development is generally, with few exceptions, modest compared to the market for conventional generic drugs due to the comparatively high barriers to market entry, in particular the complexity of producing biopharmaceuticals and the specialized expertise required. FORMYCON is able to overcome these considerable barriers through the long and proven experience of its staff, the innovative concepts and the reliability of the scientific processes which the Company applies for its biosimilar development projects, the stringent selection of strong and reliable partners, and finally the quality and scientific expertise of the service providers and advisors on which FORMYCON additionally relies.

Within this business area and market, FORMYCON continues to see a favorable future outlook:

Firstly, demographic trends, particularly in Western countries, point to a continued increase in the proportion of the population over 55 years of age. This demographic segment has a higher incidence of requiring intensive medical treatment. In addition, the life expectancy is increasing around the world, meaning that long-term treatments, in particular recurring drug administrations, are often possible or even medically necessary over longer remaining lifespans.

Finally, anticipated and now recently implemented regulatory changes in the today’s most important biopharmaceutical markets, the U.S. and Europe, have been reinforcing the broad expectation that the conditions for the growing biosimilar market in these countries will continue to improve in the future. In addition to taking share in existing markets where their reference products are already being sold, biosimilar medicines may, because of their lower price, be able to unlock new markets where the more expensive reference products are not currently available or accessible to patients.

FORMYCON established its position in the highly promising market for biosimilars development at an early stage and, with its comprehensive expertise, is able to exploit the potential of this fast-growing market. FORMYCON’s business model is scalable. The continued growth of both the market environment and the Company itself shows that FORMYCON is on the right path with its corporate strategy.

Risks

Principles

FORMYCON, one of the few independent developers of biosimilar medicines, operates in a global market with many different participants and influencers. Business success is determined by the identification of profit opportunities, along with the best possible assessment of the many and varied risks associated with these. In order to ensure that this happens, the entire staff of FORMYCON, up to and including the Executive Board, must adhere to the Company’s established risk management system, thereby aiming to ensure that that these risks are handled optimally while at the same time providing the necessary entrepreneurial and operational flexibility. Regular reviews of this system further ensure that it is constantly improved and that, as circumstances change, changes are likewise made to the system promptly and in accordance with evolving needs. Towards this end, individual risks are identified across all relevant business areas and projects and are categorized according to the probability of occurrence as well as to their potential harmfulness. Where changes in these individual risks occur, or structural changes, these are then reevaluated through periodic reviews. This process aims to ensure that the Company steers clear of such risks to the extent possible, or if they arise, that their consequences are managed as effectively and expeditiously as possible.

Strategic risks

Compared to the development of an entirely new biopharmaceutical, the financial investment required for the development of a biosimilar drug is considerably less. Nevertheless, the development of a biosimilar may cost in the range of USD 100 to 200 million, requiring cost-intensive analytical, preclinical and clinical studies to

demonstrate its comparability to the reference product in terms of quality, safety and efficacy. Because of these complex requirements, the development of a biosimilar also requires a relatively long development timeframe of six to eight years.

The prospects for the future commercial success of a biosimilar development project are largely determined by the selection of product candidates at the start of the process. With its FYB201 and FYB203 projects, FORMYCON is focusing on ophthalmic preparations, while its FYB202 project is targeted at immunological disorders. The intended therapeutic applications of the Company's other biosimilar development projects have not yet been announced.

The future size and growth trajectory of these markets may be derived from existing sales statistics for the respective reference products. Declining sales of a reference product could, however, result in a potential future market size for a biosimilar under development by FORMYCON which is significantly smaller than originally assumed. This could, in the worst case, lead to future product sales inadequate to make the biosimilar development effort profitable. At present, FORMYCON is developing biosimilars to compete with three of the world's best-selling biopharmaceuticals set to lose their patent protection following the year 2020, so that – provided that their development reaches successful completion – the profitability of the projects would seem assured.

Through its established out-licensing partnerships as well as its joint venture with Aristo Pharma GmbH, FORMYCON has the benefit of reliable partners with great expertise, who have already been working closely with FORMYCON for years. While the potential unplanned termination of such a partnership constitutes a significant strategic risk as a matter of principle, the likelihood of such event occurring is viewed as minimal.

Industry and market risks

From the standpoint of FORMYCON, conditions in the healthcare sector remain favorable. Demographic trends around the globe are also playing a key role as populations continue to age and live longer. Older people require more extensive medical care, regardless of economic cycles and consumer purchasing power.

Moreover, advances in medical technology have been enabling the treatment of diseases which a few decades or even years ago were regarded as untreatable or only poorly treatable. Biopharmaceuticals, in particular, have been a significant driver of these treatment advances. Of the world's best-selling drugs, most are biopharmaceuticals. Specifically within Germany, biopharmaceuticals comprised 30.7 % of the total drug market in 2020, equal to € 14.6 billion in sales revenue[33] – and the trend is continuing upward.

At the same time, however, the high cost of these powerful treatments, which in some cases may cost € 100,000 per patient per year or more, is a major burden on health-

[33] cf. Statista, "Umsatz mit Biopharmazeutika in Deutschland im Vergleich zum gesamten deutschen Pharmamarkt in den Jahren 2007 bis 2020"

care system costs. The political will to act as a result of these cost pressures could also, by increasing the pressure on biopharmaceutical prices, impact FORMYCON's business environment.

Controlling

Through its internal control system, FORMYCON ensures the correctness of its accounts and accounting processes, including the correctness and reliability of its financial reporting as this appears in its consolidated financial statements and group management report. In this, FORMYCON relies upon the standards established by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland, IDW*) for accounting-related internal control systems and risk management systems.

Environmental protection, health protection, and workplace safety

Workplace safety and health, as well as the protection of employees and the environment, is a top priority for FORMYCON. FORMYCON therefore places great importance not only on the fulfillment of statutory and regulatory requirements but also on the regular training and further qualification of all of its staff in the relevant aspects of workplace safety. In addition to our biological safety officer, our designated project manager as required under the German Genetic Engineering Act (*Gentechnikgesetz*) and our trained safety specialist, FORMYCON has designated several other experienced employees with specific responsibilities in the area of workplace safety and protection. A company doctor regularly conducts preventive examinations and advises employees and senior management on medical matters. FORMYCON holds all permits and approvals required for its operations. Compliance with all regulatory requirements regarded safety and the protection of employees and the environment is monitored internally on an ongoing basis.

Special risks relating to the COVID-19 pandemic

The proactive measures taken by FORMYCON in the very early stages of the COVID-19 pandemic to protect its workforce and avoid infection have proven their worth: FORMYCON's staff has been able to continue to work on a largely decentralized basis and with minimal disruption. A comprehensive hygiene concept was developed in cooperation with the company doctor and introduced as company policy, through which FORMYCON also fully complies with applicable government regulations and occupational medical requirements. Where cases of suspected or potential COVID-19 infection have arisen, these have been promptly identified and tested, with no influence thus far on the course of business.

Nevertheless, the possibility cannot be ruled out that, despite these far-reaching protective measures, an infection within the Company's workforce could arise with a po-

tentially considerable impact on business operations, projects and/or timelines. There is likewise the possibility that, despite all these measures taken within FORMYCON, one of its partners or suppliers could be impacted by a COVID-19 outbreak, thereby indirectly impacting the Company.

Financing and liquidity risks

FORMYCON's liquidity situation and equity capitalization is stable, and the Company's liquidity position is particularly strong for a company whose products are still in the development stage. Irrespective of this, conditions within the Company's operating business may change, giving rise to financial risks. As none of the Company's product candidates has yet obtained regulatory approval, it cannot be ruled out that one or more such approvals could come later than anticipated, or that the scope of approval could be different than planned, or that approval could be denied. Moreover, the required financial outlays for product development, regulatory approval and market launch could substantially exceed planned budgets. There is also the possibility that future license income, even subsequent to regulatory approval, could be less than anticipated.

In order to mitigate such financial risks in its ongoing operating business, FORMYCON undertakes highly detailed and long-term planning, drawing also on outside expertise. The financial risks of project development, which FORMYCON bears entirely by itself during the initial development phase, have been significantly reduced in the case of the FYB201 and FYB203 projects through the successful out-licensing deals and in the case of FYB202 through the establishment of a joint venture partnership. The Bavarian Ministry of Economic Affairs, Regional Development and Energy has granted funding of up to € 12.7 million to FORMYCON in support of its FYB207 project to develop a COVID-19 drug. This funding is dependent upon the success of the development project in accordance with the submitted plan, and thus there is a risk that this government funding might not be disbursed in full. Furthermore, in the event of significant deviations from the development and project realization plan, the government has the right to revoke funding already granted or even to reclaim funding already paid out.

The possibility cannot be excluded, however, that such one or more development partnerships could be terminated for reasons not under FORMYCON's control. Such an event could have a material adverse impact on the Company's profit and loss accounts as well as on its financial planning. At the present time, FORMYCON assesses this risk as very low.

FORMYCON will continue to fund its future development pipeline projects from its own financial resources, with the aim of moving these into attractive partnership arrangements starting from a certain product development stage.

Risks to the Company's future financial performance could arise from the general economic environment, in which potential bank insolvencies cannot be ruled out. FORMYCON invests its liquid assets exclusively with financial institutions with strong and stable ratings and which can be regarded as relatively safe in the event of a financial crisis.

With its strong financial footing, FORMYCON is well positioned to overcome future financial risks as these may arise. The Company's existing financial resources should be sufficient to cover its short- to medium-term capital needs. This, however, cannot be used to infer any sort of assurance as to the availability of long-term financial resources. There are, at present, no identifiable fundamental risks which would jeopardize the Company's continued existence.

Organizational risks

FORMYCON's operating activities depend upon the proper functioning of its laboratories and IT infrastructure. Various risks can be identified which might impair or interrupt the availability of these critical resources, temporarily or even over an extended period. To the extent possible, the financial risks which might result from such events are insured. In addition, FORMYCON employs state-of-the-art security technology to eliminate or mitigate such risks – for example, relating to cyberattacks or data loss. The Company also regularly conducts maintenance and inspections of its critical equipment by trained personnel or specialized service providers, making changes to equipment as necessary to ensure that it remains at the state of the art.

Patent risks

The possibility of patent infringements, even if only alleged, is an inherent risk in biosimilar development because of the large number of potentially relevant patents which must be considered. Disputes with competitors or other patent owners, or defense against lawsuits claiming patent infringement, may pose a considerable financial burden. Particularly in the U.S., such legal actions generally involve very high costs. In the worst case, such a dispute could result in restrictions on, or even the prohibition of, the marketing of one or more products on one or more relevant markets, and/or the imposition of sizable fines. Such a legal action could also make it necessary to cease the development, launch, or ongoing marketing of one or more products.

In order to avoid infringements upon the intellectual property rights of others, FORMYCON conducts exhaustive patent searches already at the time that project candidates are selected, then continues to closely monitor the relevant patent environment over the course of the development of its biosimilar candidates. Nevertheless, the possibility cannot be excluded that FORMYCON could be the subject of patent litigation, even if such litigation is unjustified.

Staff risks

The expertise and many years of experience of its employees are key pillars of FORMYCON's success. In particular, the development of a biosimilar drug, from early-stage analysis through to regulatory approval, requires highly qualified specialists. Over re-

cent years, FORMYCON has been able to recruit numerous highly qualified scientists and managers. This demonstrates that the Company is a highly attractive employer, able to successfully fill these critical positions, even in a fiercely competitive labor market. For a growing organization, staff turnover is relatively low. The loss of key staff would constitute a significant risk. To keep this risk as low as possible, the Company has implemented a number of staff motivation and retention initiatives, along with talent planning to ensure that future succession is in place. It is also impossible to rule out the risk of staff absences due to illness. The rate of sick leave at FORMYCON is, compared to other industries in Germany, very low. FORMYCON has, nevertheless, established a health management system to mitigate the impact of staff absences resulting from illness.

Risks associated with product development

The quality, comparability, efficacy and safety of a biosimilar medicine must be comprehensively demonstrated to the regulatory authorities through analytical and preclinical studies along with clinical trials. Both the planning and implementation of any individual stage of product development could potentially entail delays which are generally not predictable and which, in turn, would result in higher costs. There is, moreover, the risk that final regulatory approval of a biosimilar candidate might take longer than planned, or that the drug might not be approved at all.

In its biosimilar development work, FORMYCON relies in part upon external partners. Should an external partner fail to provide the required resources, or fail to provide them within the required timeframe, or should the timeframe in which such resources are made available be shifted for other reasons, this could lead to delays in the Company's development projects.

With this in mind, FORMYCON plans all steps of product development with the greatest possible care and, to the extent feasible, with reasonable time allowances for delays that might arise. Preclinical and clinical studies as well as the extensive program of analytical characterization take place in close consultation with the respective authorities and with assistance and expert advice from outside specialists. Notwithstanding this, the precise results or outcome of any such study cannot be completely predicted in advance.

It cannot be ruled out that particular stages of a product development program might need to be repeated, that one or more such studies might not reach successful conclusion, or that a development program might fail in its entirety. Within the scope of the Company's development activities, the production of active ingredients and finished products by third-party producers represents a substantial cost component. It should be specifically noted here, in the context of risks that might arise, that such production capacities must typically be planned and arranged with lead times of one to two years and that, for this reason, short-term changes to the project cycle could result in additional waiting periods along with substantial cancellation fees.

Another risk is that such outside partners might not be able to comply with the stringent regulatory requirements which apply to gaining regulatory approval of a biosimilar drug. Should such an event arise, regulatory approval could be delayed or completely denied. In addition, difficulties arising in the recruitment of patients for clinical trials, for example as the result of the ongoing coronavirus pandemic, could have an impact on these trials and thus also adversely affect the timeline and/or profitability of a drug development project or even jeopardize the project in its entirety.

The above risks apply not only to the development of a biosimilar candidate but also, and to a very substantial degree, to the development of a new and innovative COVID-19 drug under the FYB207 development project.

Legal risks

FORMYCON does business in an international environment and in highly regulated markets. There is thus the possibility that FORMYCON could be drawn into legal disputes which might even be unjustified or frivolous, based upon patent law, competitive or antitrust law, tax law or environmental law, or arising from other contractual claims. The possibility cannot be excluded that such legal actions might, whether through court judgements, binding arbitration or regulatory or other official decisions, result in financial burdens which are, for example, not covered by insurance or only partially insured. In particular, it appears likely that the producer of the reference drug will pursue legal avenues available to it with regards to the regulatory approval of FYB201 in the United States. While the possibility cannot be excluded that FORMYCON might be drawn into such a legal dispute, the Company is prepared for this contingency. At the present time, no other legal conflicts of material relevance are identifiable.

Additional risks arise from the Company's compliance obligations. Actions or inactions by the Company could, for example, be legally contested, inadequate or untimely financial communications could result in fines, or improperly conducted shareholder meetings or shareholder resolutions could be disputed. With these risks in mind, FORMYCON assesses and monitors all of its relevant processes, procedures and decisions from a legal standpoint, using in house and/or outside expertise as necessary.

Regulatory and political risks

The requirements and conditions for the regulatory approval of drugs by the relevant authorities are subject to constant change. The risk cannot be excluded that these authorities might change the regulatory requirements in such a way as to impede, or even entirely preclude, the regulatory approval required for a biosimilar to reach market. Moreover, the political and public policy environment, particularly in the European Union and the United States, may have a significant influence on market opportunities

for biosimilars as a whole or within specific areas of indication. For example, politically influenced changes to regulations governing the permitted choice of prescription drug, the eligibility of biosimilars for reimbursement, and/or their interchangeability with the originator drug may have an impact on competition or pricing, and thus have a significant impact on sales revenue for the biosimilar market as a whole and on future FORMYCON products in particular. Furthermore, the possibility cannot be ruled out, particularly in the U.S., that a partial or complete government shutdown could lead to delays in the regulatory approval process.

Competitive risks

The current aim of FORMYCON is to launch its products, through its respective partners, upon expiry of patent protection on the reference product in the respective market. In each such market, FORMYCON must compete not only with the manufacturer of the reference drug, who might attempt to defend its market position and establish barriers to market entry (e.g. through life-cycle management), but also with other biosimilar producers. The competition situation in each specific case will depend upon the pricing of the reference drug as well as the pricing of any new competitors in the market. It is, in addition, entirely possible that the manufacturer of the originator product might reduce its pricing upon patent expiry, or seek to enter into discount agreements with health insurers or other major buyers over extended contractually binding periods, in order to retain market share. This would improve its defensive competitive position against a new biosimilar entry and make it more difficult for the biosimilar to take share.

Through the experience and expertise of its staff and its strategic partners, the strategic positioning of its product development portfolio, and its strong financial footing, FORMYCON strives to face these competitive challenges. Nevertheless, it cannot be excluded that competitors might, in an unexpected or unpredictable way, find themselves in an advantageous competitive position relative to, and to the detriment of, FORMYCON.

Summary assessment of risks

While there is always a possibility that one or more of FORMYCON's biosimilar development projects could fail partially or completely for any of various scientific, technological, regulatory, economic or other reasons, this risk is inherently far lower than in the case of the development of an entirely new and innovative biopharmaceutical. The FYB207 project is, in contrast, an innovative project, and thus the associated risks are fundamentally those of any such innovative biopharmaceutical development project.

In particular areas, FORMYCON must draw upon the services of outside partners and providers, which necessarily entails dependencies. Risks could thus potentially also arise within areas over which FORMYCON has no direct management control.

It must, moreover, be fundamentally recognized that the Company faces not only various known and identifiable risks but also unknown risks and uncertainties. These include, but are not limited to, risks associated with research and development, the regulatory approval process, the workings of regulatory and other authorities, the results of clinical trials, changes in laws and regulations, product quality, patient safety and patent disputes. With regards to projects in its pipeline, FORMYCON AG provides no representations, warranties or other guarantees that these will receive the regulatory or other related approvals required for market entry, or that these will be profitable and/or successful.

The ongoing coronavirus crisis has demanded and continues to demand that FORMYCON make significant changes to its organization and work processes, which the Company has been able to successfully achieve – thanks in no small part to the excellent cooperation and support from its staff. Up until the present, there has been no indication of any circumstances arising as a result of the coronavirus crisis, neither within the organization nor externally, which would significantly impair the Company's business activities. However, the possibility cannot be ruled out that the infection statistics in Germany might rise, and/or measures be imposed in other areas, in such a way as to significantly and adversely impact work activities at FORMYCON.

Overall assessment

Compared to the previous fiscal year, there has been no fundamental change in the risks facing the Company as these relate to its biosimilar development business activities. The risks with regard to FYB207 as an innovative project are comparable to those of any such innovative biopharmaceutical development project.

At present, no risks can be identified which might endanger the Company's continued existence. Through the use of internal control mechanisms, the Company is in a position to identify changes in its risk exposure at an early stage and to take appropriate action. Furthermore, in view of its financial stability, the Company is well equipped to deal with potential future risks.

The measures made necessary by the coronavirus crisis have, of course, affected the organizational functioning and day-to-day activities at FORMYCON, and great care has been taken to put these changes into place within the respective organizational areas in the best way possible. That being said, it must be recognized that the risks which the ongoing coronavirus pandemic continue to present can only be countered under the prevailing medical guidance and government emergency measures, as well as to the best of our ability and current understanding.

As with so many other companies and industries, the COVID-19 pandemic has presented FORMYCON with an array of completely new challenges. As a biotechnological company with extensive expertise in antibody development, FORMYCON has been striving to turn these challenges into an opportunity by applying its scientific know-how and specialized resources to the FYB207 project, thus rising to the moment as it reaches beyond its core business of biosimilar development.

V Report on Risks Relating to the Use of Financial Instruments

The financial instruments currently used by FORMYCON Group to any significant extent are receivables, liabilities and bank balances. Liabilities are settled within the stipulated period. Potential currency risks, which could have a negative effect on the Group's asset situation, financial position and profitability, are mitigated by avoiding the accumulation of significant foreign-currency positions.

The Group's most significant foreign-currency exposure arises from purchases of third-party services in Swiss francs (CHF) and U.S. dollars, which are paid promptly in order to minimize currency risks.

FORMYCON's risk management policy is fundamentally to protect against financial risks of all kinds.

In managing its financial position, the Group follows a conservative risk policy. To the extent that payment default or other credit risks are identifiable with regard to financial assets, these risks are reflected through value adjustments.

No risks are foreseen which might endanger the Company as a going concern.

VI Report on Branches

The Company does not currently maintain any branches.

Martinsried/Planegg, Germany,
August 12, 2021

Dr. Carsten Brockmeyer

Dr. Nicolas Combé

Dr. Stefan Glombitza

C

FORMYCON Group
Consolidated Interim Financial Statements

Consolidated Interim Balance Sheet – Assets

as of June 30, 2021

In €K	June 30, 2021	Dec. 31, 2020
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial property rights, and similar rights and assets, as well as licenses for such rights and assets	277	223
2. Goodwill	197	276
3. Advance payments	244	0
	718	**499**
II. Property, plant and equipment		
1. Land and buildings, including property-like rights and buildings on third-party land	130	152
2. Technical equipment and machinery	2,974	2,818
3. Other plant, production equipment and office equipment	590	530
	3,695	**3,501**
III. Financial assets		
Investment participations	21,669	20,673
	21,669	**20,673**
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	216	240
2. Unfinished products and services	650	755
3. Advance payments	0	241
	866	**1,235**
II. Receivables and other assets		
1. Trade accounts receivable	9,496	6,894
2. Other assets	83	130
	9,580	**7,025**
III. Securities		
Other securities	153	238
	153	**238**
IV. Cash and cash equivalents	**33,473**	**42,009**
C. Prepaid expenses	**430**	**138**
D. Deferred tax asset	**360**	**280**
	70,944	**75,598**

Consolidated Balance Sheet – Liabilities and Equity

as of June 30, 2021

In €K	June 30, 2021	Dec. 31, 2020
A. Equity		
I. Subscribed capital[1]	11,047	11,000
II. Capital reserve	77,886	76,989
III. Loss carryforward	−30,123	−19,954
	58,809	**68,035**
B. Provisions		
1. Other provisions	2,485	2,147
	2,485	**2,147**
C. Liabilities		
1. Trade accounts payable	8,321	4,484
of which due within one year € 8,321K (prior year: € 4,484K)		
2. Other liabilities	1,330	933
of which due within one year € 786K (prior year: € 535K)		
of which due in more than one year € 544K (prior year: € 398K)		
of which from taxes € 358K (prior year: € 165K)		
of which relating to social security € 2K (prior year: € 0K)		
	9,651	**5,416**
	70,944	**75,598**

[1] Conditional Capital 2020: € 724,000
Conditional Capital 2019: € 4,284,740
Conditional Capital 2015: € 329,500

Consolidated Interim Income Statement

for the period from January 1, 2021 to June 30, 2021

	In €K	June 30, 2021	June 30, 2020
1.	Sales revenue	20,309	16,509
2.	Increase or decrease in inventories of finished and unfinished products	–105	0
3.	Other operating income	45	42
	of which income attributable to foreign currency translation € 8K (prior year: € 17K)		
4.	Cost of materials		
	a. Cost of raw materials, consumables and supplies and of purchased goods	1,059	1,395
	b. Cost of purchased services	20,593	9,382
		21,652	10,777
5.	Staff expenses		
	a. Wages and salaries	5,261	4,157
	b. Social contributions and costs for retirement benefits and for support benefits	972	737
	of which for retirement benefits € 69K (prior year: € 58K)		
		6,234	4,894
6.	Depreciation, amortization and writedowns of intangible assets and on property plant and equipment	455	448
7.	Other operating expenses	2,075	1,784
	of which expense arising from foreign currency translation € 45K (prior year: € 34K)		
8.	Other interest and similar income	1	1
9.	Writedowns of financial assets and securities held in current assets	0	3
10.	Interest and similar expense	80	29
11.	Taxes on income	0	0
12.	**Income after tax**	**–10,169**	**–1,382**
13.	Other taxes	1	1
14.	**Period net loss**	**–10,170**	**–1,382**
15.	Loss carryforward from prior year	19,953	14,028
16.	**Accumulated loss to balance sheet**	**–30,123**	**–15,410**

Notes to the Consolidated Interim Financial Statements for the Period from January 1, 2021 to June 30, 2021

I General Information About the Company

FORMYCON AG ("FORMYCON" or the "Company"), together with the subsidiary companies within its scope of consolidation (the "Group"), is a leading independent developer of high-quality biosimilar drugs, meaning follow-on products to biopharmaceuticals already on the market.

FORMYCON AG has its registered offices in Martinsried/Planegg, Germany, and is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HRB 200801. The Company's shares are listed in the Frankfurt Stock Exchange's Open Market "Scale" segment for small- to medium-sized companies (Deutsche Börse: Open Market, Scale, German securities identifier (WKN): A1EWVY, ticker symbol: FYB, ISIN: DE000A1EWVY8).

II General Information About the Content and Structure of These Consolidated Interim Financial Statements

The Consolidated Interim Financial Statements and Interim Management Report, presented here in translation from the German original, have been prepared in accordance with the legal provisions of the Commercial Code as well as the applicable sections of the German Stock Corporation Act (*Aktiengesetz*, AktG).

Items in the Consolidated Balance Sheet and Consolidated Income Statement for which there is no reportable amount either in the current or prior period are omitted as provided under sec. 298 para. 1 and sec. 265 para. 8 of the German Commercial Code (*Handelsgesetzbuch*, HGB).

The Consolidated Interim Financial Statements have been prepared in accordance with the principles of accounting and valuation prescribed for large corporations under the Commercial Code, in particular sections 297 and 298.

The Consolidated Balance Sheet uses the presentation structure required by sec. 298 para. 1 and sec. 266 para. 2 and 3 of the Commercial Code.

The Consolidated Income Statement retains the total expenditure format, as used in prior years. This format is appropriate to the Group's structure.

III Consolidation

Fiscal year and period of consolidation

These Consolidated Interim Financial Statements have been prepared as of June 30, 2021, which is the balance sheet closing date for FORMYCON AG, the parent company.

These Consolidated Interim Financial Statements are based upon the interim financial statements of the individual consolidated companies, the first-half periods of which likewise end on the same date.

Scope of consolidation

These Consolidated Interim Financial Statements include, in addition to FORMYCON AG, two other companies in which FORMYCON AG has a direct or indirect controlling interest. Further information about shareholdings may be found in these Notes to the Consolidated Financial Statements, within the relevant table in the section "Other information".

Principles of consolidation

For subsidiaries which are fully consolidated into the Consolidated Interim Financial Statements (per sec. 301 of the Commercial Code), capital is consolidated in accordance with the revaluation method, under which assets and liabilities are stated at their full present value and the acquired cost of the shareholding offset against the owned percentage share of the present value of the subsidiary's equity at the time of its acquisition. Should this difference be positive, i.e. an asset, it is carried as goodwill. Should this difference be negative, i.e. a liability, it is shown as an excess resulting from capital consolidation. Such items were not required.

Sales revenue, expenses and earnings, as well as receivables and liabilities, between fully consolidated companies are eliminated in accordance with sec. 303 and sec. 305 of the Commercial Code.

The elimination of intermediate results in accordance with sec. 304 para. 2 of the Commercial Code was not necessary because the influence of intracompany sales of goods and services was of minimal importance for the presentation of a true and fair view of the Group's net assets, earnings and financial position.

In the procedures for consolidation, deferred tax items were taken into account in accordance with sec. 306 of the Commercial Code, with the resulting effect on reported net income, so long as the difference in tax expense is expected to be reversed in subsequent fiscal years.

IV Balance Sheet Presentation and Valuation Methods

Foreign currency translation

In preparing these Consolidated Financial Statements, there were no consolidated companies with accounts in other currencies.

The remaining term of liabilities, along with their collateralization through liens or similar rights, as well as their relationship to other balance sheet items, is shown in the Consolidated Schedule of Liabilities included as Attachment 3 to these Notes.

Derivatives

The Company did not hold any derivative financial instruments as of June 30, 2021.

Principles of balance sheet presentation and valuation

The Consolidated Balance Sheet includes all assets, all liabilities and all prepaid and deferred items. Assets and liabilities are valued individually. The valuation of assets and liabilities takes all risks into account which are identifiable based on the principles of prudent business judgment.

Fixed assets

Purchased **intangible assets** are capitalized at their cost of acquisition and amortized based upon expected useful life.

No use has been made of the elective right under sec. 248 para. 2 of the Commercial Code to capitalize self-produced intangible assets.

Goodwill derived from acquisitions is amortized on a linear pro rata basis over a business-customary useful life of ten years. The long useful life (extending until September 30, 2022) was chosen because this goodwill represents, among other factors, licensing opportunities over long periods.

Property, plant and equipment are valued at their cost of acquisition, less accumulated depreciation. The depreciation of all moveable assets is linear, with depreciation in the year of acquisition on a pro rata basis. In the event of any impairment in value which is expected to be permanent, the respective asset is written down to the lower fair value.

Financial assets are stated at their cost of acquisition, or should there be an impairment in value, regardless of whether it is expected to be permanent or temporary, written down to the lower fair value.

Current assets

Raw materials, consumables and supplies as well as purchased goods in **inventories** are valued at their average cost of acquisition, insofar as a write-down to a lower value as of the balance sheet closing date is not required. Finished and unfinished products are valued at their cost of production in accordance with sec. 255 para. 2 sentence 2 of the Commercial Code.

Receivables and other assets are valued at the lower of nominal or fair value. In the case of doubtful receivables, bad debt allowances are made individually. There are no general provisions for bad debts.

Securities are stated at the lower of their cost of acquisition or fair (market) value as of the balance sheet closing date.

Cash and cash equivalents are stated at their nominal value.

Prepaid and deferred items

Prepaid and deferred items are posted in accordance with sec. 250 of the Commercial Code.

Deferred taxes

The calculation of deferred taxes, in accordance with sec. 274 of the Commercial Code, is based upon timing differences between balance sheet items as these are stipulated under the Commercial Code and under German tax law. The resulting cumulative deferred tax relief (deferred tax asset) and cumulative deferred tax burden (deferred tax liability) are determined on a net basis in accordance with sec. 274 para. 1 sentence 3 of the Commercial Code. In addition, the deferred tax relief resulting from existing loss carryforwards has now been recognized. The income tax rate used to calculate deferred taxes is 26.68 %, or in the case of investment participations in partnerships, 15.83 %.

On this basis, the deferred tax amounts are calculated as follows:

	Difference in taxable amount (in €K)	Tax rate (in %)	Deferred taxes (in €K)
Valuation of participation in FYB 202 GmbH & Co. KG	17,575	15.83	−2,781
Deferred tax asset from loss carryforward		26.68	3,143
Deferred tax assets to balance sheet			362
Deferred tax assets to balance sheet (rounded)			360
Prior year			**280**
Addition to deferred tax assets			80

Provisions

Tax provisions and other provisions take into account all uncertain obligations and all identifiable risks. These are stated at the amount required for their fulfillment using prudent business judgment, including future increases in prices and costs. Provisions due after more than one year are discounted from the time of their expected fulfillment at the average market interest rate over the past seven fiscal years.

Liabilities

Liabilities are stated at the amount required for their fulfillment.

V Additional Notes to the Consolidated Balance Sheet

Fixed assets

A **Consolidated Schedule of Fixed Assets**, including depreciation and amortization taken in the current period, is provided in Attachment 1 to these Notes.

Receivables and other assets

The remaining term of receivables and other assets, and their relationship to other balance sheet items, is shown in the **Consolidated Schedule of Receivables** included as Attachment 2.

Equity capital

Changes to equity are presented in the **Consolidated Schedule of Changes in Equity** included as Attachment 4.

Information required per sec. 160 of the Stock Corporation Act

Number of shares outstanding

The Company has registered capital (*Grundkapital*) of € 11,046,500, which is divided into 11,046,500 bearer shares without par value.

Approved capital

By resolution of the Annual General Meeting of June 27, 2019, the Executive Board is authorized, subject to the approval of the Supervisory Board, to increase the Company's registered capital one or more times at any time until June 26, 2024, and by no more than a total of € 4,000,000, through the issuance of up to 4,000,000 new no-par-value common bearer shares, against contributions in cash and/or in kind (the "Approved Capital 2019"). The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Company's shareholders shall, in general, be granted subscription rights. The shares may, however, also be assumed by one or more banks subject to the obligation that they offer these to the Company's shareholders for subscription (indirect subscription rights). Notwithstanding the foregoing, the Executive Board is authorized, subject to the approval of the Supervisory Board, to exclude the general statutory subscription rights of shareholders in the following specific cases:

- for fractional shares;
- in the case that the capital increase is made against cash contributions and the issue price of the new shares is not significantly lower than the stock exchange price and the new shares issued under exclusion of subscription rights do not exceed 10 % of the share capital, either at the time this authorization takes effect or at the time this authorization is exercised, whereby this 10 % limit is to be calculated based on the proportion of share capital attributable to new shares issued, or repurchased treasury shares sold, subsequent to December 10, 2020 under a simplified exclusion of subscription rights pursuant to or in accordance with sec. 186 para. 3 sentence 4 of the German Stock Corporation Act, as well as calculated based on the proportion of share capital relating to stock options and/or conversion rights or obligations arising from bonds issued subsequent to December 10, 2020, likewise in accordance with sec. 186 para. 3 sentence 4 of the Stock Corporation Act; and
- in the case of capital increases against non-cash contributions for the granting of shares for the purchase of companies, parts of companies, or equity interests in companies (including increases of existing equity investments), or in satisfaction of financial obligations of the Company.

The Executive Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such capital increase from Approved Capital 2019. The Supervisory Board is further authorized to amend the Company's articles of incorporation (*Satzung*) to reflect the increase in registered capital and corresponding decrease in Approved Capital 2019 in the event of any such full or partial utilization of the Approved Capital 2019, or in the event of its expiry.

This action was entered into the Company's commercial register on October 22, 2020.

Number of subscription rights per sec. § 192 para. 2 no. 1 of the Stock Corporation Act

Conditional Capital 2019

The Company's registered capital has been conditionally increased by a maximum of € 4,284,740, divided into a maximum of 4,284,740 no-par-value bearer shares (the "Conditional Capital 2019"). This capital increase is conditional upon the exercise of warrants or conversion rights by the holders of convertible bonds and/or bonds with attached warrants issued under the authority granted to the Executive Board by the resolution of the Annual General Meeting of June 27, 2019 and valid until June 26, 2024, or upon the triggering of obligations to issue shares arising from such warrants or convertible bonds. The newly issued shares shall participate in profits from the start of the fiscal year in which they arise due to such exercise, or due to the fulfillment of such obligations arising from such warrants or convertible bonds. The Executive Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase.

The Supervisory Board is authorized to amend the Company's articles of incorporation to reflect the issuance of shares under these subscription rights, as well as to make other minor amendments thereto involving only wording. The same amendment authority applies if authorization to issue bonds with warrants or convertible bonds has not been utilized upon expiry of the authorization period or if the Conditional Capital 2019 has not been utilized upon the expiry of option or conversion rights and of the Company's conversion or option exercise obligations relating thereto.

Number of subscription rights per sec. § 192 para. 2 no. 3 of the Stock Corporation Act

Conditional Capital 2015

The Company's registered capital has been conditionally increased by a maximum of € 376,000 for the issuance of a maximum of 376,000 new no-par-value bearer shares (the "Conditional Capital 2015"). The Conditional Capital 2015 serves exclusively to secure subscription rights (stock options) granted to members of the Executive Board and Company employees, as well as executives and employees of Company subsidiaries and affiliates, under the authority granted by resolution of the Annual General Meeting of June 30, 2015 to issue such stock options at any time up to and including June 29, 2020 (the "Stock Option Plan 2015"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Executive Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Executive Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

During the reporting period, 46,500 stock options were exercised on February 3, 2021, in accordance with the conditions for exercise thereof. Thus, as of the period closing date, a total of 329,500 stock options remained issued under the Conditional Capital 2015 and not either expired or exercised.

Conditional Capital 2020

The Company's registered capital has been conditionally increased by a maximum of € 724,000 for the issuance of a maximum of 724,000 new no-par-value bearer shares (the "Conditional Capital 2020"). The Conditional Capital 2020 serves exclusively to secure subscription rights (stock options) granted to members of the Executive Board and Company employees, as well as executives and employees of Company subsidiaries and affiliates, under the authority granted by resolution of the Annual General Meeting of December 10, 2020 to issue such stock options at any time up to and including December 9, 2025 (the "Stock Option Plan 2020"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Executive Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Executive Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

As of the period closing date, a total of 49,000 stock options were issued thereunder and not either expired or exercised.

Provisions

Other provisions are substantially comprised of the following:

In €K	June 30, 2021
Bonuses	415
Unpaid invoices	1,243
Accrued vacation	519
Safekeeping obligations	136
Audit and advisory costs	45
Costs of litigation	0
Occupational cooperative and other social expenses	35
Miscellaneous staff provisions	93

Liabilities

The remaining term of liabilities, along with their collateralization through liens or similar rights and their relationship to other balance sheet items, is shown in the **Consolidated Schedule of Liabilities** included as Attachment 3 to these Notes.

Other financial obligations

The total amount of other financial obligations, within the meaning of sec. 314 para. 2 no. 2a of the Commercial Code, results from contractual obligations for ongoing performance. For obligations up to one year, the total amount is € 741,007, for obligations between one and five years € 777,441, and for obligations beyond five years, € 0.

VI Additional Notes to the Consolidated Income Statement

Sales revenue during the six-month reporting period, which was € 20,309,125 , was derived entirely from the provision of development services.

Total research and development costs during the reporting period were € 30,415,833.

VII Other Information

Number of staff

Sec. 314 para. 1 no. 4 of the Commercial Code requires the following information regarding the average number of staff during the reporting period:

Average number of staff	1H 2021
Administration	20
Research & development	130
Total company staff	**150**

Information on the Executive Board and Supervisory Board

Information on members of the Executive Board per sec. 314 para. 1 no. 6 of the Commercial Code:

- **Dr. Carsten Brockmeyer**, residing in Marzling, Chief Executive Officer
- **Dr. Nicolas Combé**, residing in Munich, Chief Financial Officer
- **Dr. Stefan Glombitza**, residing in Holzkirchen, Chief Operating Officer

Information on members of the Supervisory Board per sec. 314 para. 1 no. 6 of the Commercial Code:

- **Dr. Olaf Stiller**, residing in Marburg (Chairman)
  Member of the executive board of Paedi Protect AG
- **Peter Wendeln**, residing in Oldenburg (Deputy Chairman)
  Managing partner of Wendeln & Cie. Asset Management GmbH
- **Klaus Röhrig**, residing in Vienna (member)
  Founding partner and managing director, Active Ownership Capital S.àr.l., Grevenmacher, Luxembourg

The following members of the Supervisory Board are members of other supervisory boards:

- **Dr. Olaf Stiller**: Member of supervisory board, BodenWert Immobilien AG
  Chairman of supervisory board, NanoRepro AG
- **Klaus Röhrig**: Member of board of directors, Agfa-Gevaert NV
  Chairman of supervisory board, Francotyp-Postalia Holding AG

Renumeration

During the reporting period, the members of the Supervisory Board received total remuneration of € 41,500.00, while total remuneration to members of the Executive Board, within the meaning of sec. 285 no. 9 of the Commercial Code, was € 676,047 (of which € 212,500.00 was success-based). These remuneration amounts do not include stock options.

Information on shareholdings per sec. 313 para. 2 no. 1 to 8 of the Commercial Code

The following subsidiary companies were included within these Consolidated Financial Statements in accordance with sec. 313 para. 2 no. 1 of the Commercial Code:

	Share of capital (in %)	Equity (in €K)	Period net income/loss (in €K)
FORMYCON Project 201 GmbH (Planegg/Martinsried)	100	−156	−32
FORMYCON Project 203 GmbH (Planegg/Martinsried)	100	−2.034	−56
FYB 202 GmbH & Co. KG (Berlin)*	24.9	16,444	−13,724

* Investment participations within the meaning of sec. 313 para. 2 no. 4 of the Commercial Code that have not been consolidated in accordance with no. 1 to no. 3 thereof.

Number of subscription rights per sec. § 192 para. 2 no. 3 of the Stock Corporation Act

As of the balance sheet closing date, there were no subscription rights issued but not yet exercised.

Significant events subsequent to balance sheet closing date

There have been no events of material significance which occurred following the end of the reporting period and are not reflected in these Consolidated Interim Financial Statements.

With regard to the ongoing COVID-19 pandemic, FORMYCON has been able to adapt well to the prevailing situation by reacting promptly and by implementing appropriate measures to decentralize organizational functions, so that the impact of the pandemic on the Company's operational activities, particularly for development, has thus far been minimal.

On April 27, 2021, FORMYCON AG issued a press release announcing approval by the agency responsible for the oversight of our grant from the Bavarian Ministry of Economic Affairs, Regional Development and Energy so that government-funded measures for the development of our COVID-19 drug (FYB207) may begin, ahead of original schedule. Through the special "BayTherapie 2020" grant program, the German state of Bavaria aims to foster development and innovation projects with a total of up to €50 million of government funding with the goal of creating new therapeutic options to combat the COVID-19 pandemic and to treat serious COVID-19 sickness. FORMYCON AG had applied for a grant in the amount of approx. € 11 million to enable the further development of FYB207 through to the end of clinical testing phase IIa. The formal grant approval notification, which was received by FORMYCON in July 2021 and thus subsequent to the close of the reporting period, provides for grant funding to FORMYCON of up to € 12.7 million.

On August 5, 2021, FORMYCON AG published an ad hoc announcement of the submission to the U.S. Food and Drug Administration of its biologics license application (BLA) for the regulatory approval of FYB201, FORMYCON's candidate biosimilar to Lucentis®.

On August 11, 2021, FORMYCON AG published an update on the status of its COVID-19 drug development project (FYB207). As part of ongoing preclinical in vivo studies, data on pharmacokinetics are being collected using two different models, while data on the efficacy of FYB207a and FYB207b are being collected in a further model. In all of the studies carried out thus far, the drug candidate was administered safely and without any noticeable side effects. While the evaluations of the study results are still ongoing and are expected to be completed in November, further efficacy data are required prior to the launch of the clinical studies so that the most efficacious FYB207 drug candidate may be selected. Due to the expanded scope of this preclinical work, clinical development is now expected to commence in the first half of 2022.

Martinsried/Planegg, Germany,
August 12, 2021

Dr. Carsten Brockmeyer

Dr. Nicolas Combé

Dr. Stefan Glombitza

Consolidated Schedule of Fixed Assets

Attachment 1

for the period from January 1, 2021 to June 30, 2021

In €K	Changes in historical cost of acquisition					Changes in accumulated depreciation & amortization				Changes in net book value		
	Historical cost of acquisition or production at Dec. 31, 2020	Additions	Rebookings	Historical cost of disposals	Historical cost of acquisition or production at June 30, 2021	Accumulated depreciation & amortization at Dec. 31, 2020	Current-year depreciation & amortization	Write-downs on disposals	Accumulated depreciation & amortization at June 30, 2021	Net book value at Dec. 31, 2020	Disposals at book value	Net book value at June 30, 2021
Intangible assets												
Purchased concessions, industrial property rights, and similar rights and assets, as well as licenses for such rights and assets	671	338	−244	0	765	447	41	0	488	223	0	277
Goodwill	1,576	0	0	0	1,576	1,300	79	0	1,379	276	0	197
Advance payments	0	0	244	0	244	0	0	0	0	0	0	244
Property, plant and equipment												
Land and buildings, including property-like rights and buildings on third-party land	613	0	0	0	613	461	22	0	483	152	0	130
Technical equipment and machinery	5,780	393	0	15	6,158	2,962	236	15	3,184	2,818	0	2,974
Other plant, production equipment and office equipment	1,548	137	0	21	1,664	1,018	76	21	1,073	530	0	590
Advance payments and plant under construction	0	0	0	0	0	0	0	0	0	0	0	0
Financial assets												
Investment participations	20,673	996	0	0	21,669	0	0	0	0	20,673	0	21,669
Total	**30,862**	**1,864**	**0**	**36**	**32,689**	**6,188**	**455**	**36**	**6,608**	**24,673**	**0**	**26,082**

Consolidated Schedule of Receivables

Attachment 2

for the period from January 1, 2021 to June 30, 2021

In €K	June 30, 2021	of which due in more than 1 year	of which trade receivables	of which other assets	of which from affiliated companies	of which from companies in which an ownership interest exists
Trade accounts payable	9,496	0	–	–	0 (1H 2020: 0)	0 (1H 2020: 0)
Other assets	83	0	–	–	0 (1H 2020: 0)	0 (1H 2020: 0)
Total	**9,580**	**0**	**0**	**0**	**0**	**0**

Consolidated Schedule of Liabilities

Attachment 3

for the period from January 1, 2021 to June 30, 2021

In €K	June 30, 2021	of which due within 1 year	of which due in 1–5 years	of which due in more than 5 years	of which pledged as security	of which trade payables	of which toward affiliated companies	of which toward companies in which an ownership interest exists	of which other liabilities	of which toward shareholders
Trade accounts payable	8,321	8,321	0	0	0	–	0 (1H 2020: 0)	0 (1H 2020: 0)	–	0 (1H 2020: 0)
Other liabilities	1,330	786	544	**0**	0	–	0 (1H 2020: 0)	0 (1H 2020: 0)	–	0 (1H 2020: 0)
Total	**9,651**	**9,107**	**544**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Consolidated Schedule of Changes in Equity

Attachment 4

for the period from January 1, 2021 to June 30, 2021

In €K	Subscribed capital	Capital reserves	Profit reserves	Loss carryforward	Consolidated net income (loss)	Consolidated equity
as of Dec. 31, 2020	**11,000**	**76,989**	**0**	**−14,028**	**−5,926**	**68,035**
Additions to equity	47	897	0	0	0	**944**
Carryforward of prior-year loss	0	0	0	−5,926	5,926	**0**
Period consolidated net income (loss)	0	0	0	0	−10,170	**−10,170**
as of June 30, 2021	**11,047**	**77,886**	**0**	**−19,954**	**−10,170**	**58,809**

Consolidated Statement of Cash Flows

Attachment 5

per German Accounting Standard (DRS) 21

		1H 2021	FY 2020	Change	
		€K	€K	€K	%
	Net loss	−10,170	−5,926	−4,244	72
+/−	Depreciation, amortization, writedowns (impairments) and write-ups of fixed assets	455	915	−460	−50
+/−	Additions to/subtractions from provisions and reserves	338	269	69	26
+/−	Other non-cash expenses/income	0	30	−30	−100
−/+	Gain/loss resulting from disposals of fixed assets	1	37	−36	−99
−/+	Changes to inventories and trade receivables, as well as other assets not included among investing and financing activities	−2,558	−2,483	−75	3
+/−	Changes to trade payables, as well as other liabilities not included among investing and financing activities	4,234	1,950	2,284	117
+/−	Interest expense/interest income	79	104	−25	−24
=	**Cash flow from operating activities**	**−7,621**	**−5,104**	**−2,517**	**49**
−	Payments for investments in intangible assets	−338	−92	−246	267
−	Payments for investments in property, plant and equipment	−530	−558	28	−5
−	Payments for investments in financial assets	−996	0	−996	0
+	Interest received	1	2	−1	**−56**
=	**Cash flow from investing activities**	**−1,863**	**−648**	**−1,215**	**188**
+	Proceeds from shareholders for additions to equity capital	944	25,750	−24,806	−96
−	Interest paid	−80	−106	26	−25
=	**Cash flow from financing activities**	**864**	**25,644**	**−24,780**	**−97**
	Total changes in cash and liquid resources from cash flows	−8,620	19,893	−28,513	−143
+	Cash and liquid resources at the beginning of the period	42,247	22,354	19,893	89
=	**Cash and liquid resources at the end of the period***	**33,626**	**42,247**	**−8,621**	**−20**

* Cash and liquid resources includes cash and cash equivalents as well as short-term marketable securities.

Review Report of Independent Auditor

To FORMYCON AG:

We have reviewed the accompanying consolidated interim financial statements as of June 30, 2021, consisting of the consolidated balance sheet, consolidated income statement, notes to the consolidated financial statements, consolidated statement of cash flows and consolidated schedule of changes in equity, as well as the interim group management report for the period from January 1, 2021 to June 30, 2021.

The preparation of the consolidated interim financial statements and interim group management report in accordance with German commercial law, as well as supplementary provisions under the Company's articles of incorporation (*Satzung*), are the responsibility of the Company's management. Our responsibility is to issue a certified report, based on our review, on the consolidated interim financial statements and interim group management report.

We have conducted our review of the consolidated interim financial statements and interim group management report in accordance with German generally accepted standards for the review of financial statements as established by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer, IDW*). These standards require that we plan and perform our review so as to exclude the possibility, with a reasonable degree of certainty in our critical appraisal, that the consolidated interim financial statements are not, in all material respects, in accordance with the requirements of German commercial law and supplementary provisions under the Company's articles of incorporation, or that the Company's net assets, financial position and profitability are not presented in accordance with [German] principles of proper accounting, or that the interim group management report is not consistent with the consolidated interim financial statements, or as a whole does not provide a suitable view of the Company's position or does not suitably present the opportunities and risks of future developments.

A review, which consists primarily of asking questions of Company staff and of making analytical assessments, does not offer the degree of assurance which may be attained through an audit examination. Because we have not been commissioned to conduct an audit examination [of these consolidated interim financial statements], we cannot provide an audit opinion.

Based upon our review, nothing has come to our attention that causes us to believe the consolidated interim financial statements are not, in all material respects, in accordance with the requirements of German commercial law and supplementary provisions under the Company's articles of incorporation, or that the Company's net assets, financial position and profitability are not presented in accordance with [German] principles of proper accounting, or that the interim group management report is not consistent with the consolidated interim financial statements, or as a whole does not provide a suitable view of the Company's position or does not suitably present the opportunities and risks of future developments.

This certified report is directed to the Company for informational purposes.

The mandate under which we have provided our services to FORMYCON AG as described above is subject to the General Terms of Engagement for German Public Auditors and Public Audit Firms of January 1, 2017. By acknowledging and using the information contained within this report, the recipient confirms acceptance of the terms and conditions therein (including the liability provision under item 9 of the General Terms of Engagement), specifically the applicability thereof in relation to us.

The publication or dissemination of the interim financial statements and interim group management report in any form deviating from that which was the subject of our review shall, insofar as this report is quoted, or reference is made to our review, require our renewed review.

Munich, Germany
August 16, 2021

SRS Audit GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Doris Wolff
Wirtschaftsprüferin
[German Public Accountant]

Legal Information

Company name	FORMYCON AG
Legal form	German stock corporation (*Aktiengesellschaft*)
Registered location	Martinsried/Planegg, Germany
Street address	Fraunhoferstraße 15 82152 Martinsried/Planegg, Germany
Company founding and articles of incorporation	The Company was established through its articles of incorporation (*Satzung*) dated 5 May 2010, which were most recently amended on February 19, 2021.
Subject of business	The subject of the Company's business is the development of pharmaceutical and biopharmaceutical products, the development of drug delivery systems, the provision of diagnostic laboratory services and works for third parties, and the carrying out of diagnostic laboratory services.
Commercial register	The Company is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HR B 200801.
Fiscal year	The Company's fiscal year runs from January 1 to December 31 of each year.
Registered capital	€ 11,046,500
Executive Board (*Vorstand*)	Dr. Carsten Brockmeyer, Marzling
	Dr. Nicolas Combé, München
	Dr. Stefan Glombitza, Holzkirchen
Supervisory Board (*Aufsichtsrat*):	Dr. Olaf Stiller, residing in Marburg, Chairman
	Peter Wendeln, residing in Oldenburg, Deputy Chairman
	Klaus Röhrig, residing in Vienna

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FORMYCON AG
Interim Financial Statements

Interim Balance Sheet – Assets

as of June 30, 2021

In €K	June 30, 2021	Dec. 31, 2020
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial property rights, and similar rights and assets, as well as licenses for such rights and assets	277	223
2. Goodwill	197	276
3. Advance payments	244	0
	718	**499**
II. Property, plant and equipment		
1. Land and buildings, including property-like rights and buildings on third-party land	130	152
2. Technical equipment and machinery	2,974	2,818
3. Other plant, production equipment and office equipment	590	530
	3,695	**3,501**
III. Financial assets		
1. Shares in affiliated companies	50	50
2. Loans to affiliated companies	2,000	2,000
3. Investment participations	21,669	20,673
	23,719	**22,723**
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	216	240
2. Unfinished products and services	330	52
3. Advance payments	0	241
	546	**532**
II. Receivables and other assets		
1. Trade accounts receivable	1,937	2,002
2. Receivables from affiliated companies	8,639	5,878
3. Other assets	83	130
	10,659	**8,010**
III. Securities		
Other securities	153	238
	153	**238**
IV. Cash and cash equivalents	**31,059**	**39,190**
C. Prepaid expenses	**430**	**138**
D. Deferred tax asset	**360**	**280**
	71,339	**75,113**

Interim Balance Sheet – Liabilities and Equity

as of June 30, 2021

In €K	June 30, 2021	Dec. 31, 2020
A. Equity		
I. Subscribed capital[1]	11,047	11,000
II. Capital reserve	77,886	76,989
III. Loss carryforward	–27,883	–17,801
	61,050	**70,188**
B. Provisions		
1. Tax provisions	0	0
2. Other provisions	2,152	1,426
	2,152	**1,426**
C. Liabilities		
1. Trade accounts payable	6,807	2,566
of which due within one year € 6,807K (prior year: € 2,566K)		
2. Other liabilities	1,330	933
of which due within one year € 786K (prior year: € 398K)		
of which due in more than one year € 544K (prior year: € 535K)		
of which from taxes € 358K (prior year: € 165K)		
of which relating to social security € 2K (prior year: € 0K)		
	8,137	**3,499**
	71,339	**75,113**

[1] Conditional Capital 2020: € 724,000
Conditional Capital 2019: € 4,284,740
Conditional Capital 2015: € 329,500

Interim Income Statement

for the period from January 1, 2021 to June 30, 2021

In €K		June 30, 2021	June 30, 2020
1.	Sales revenue	12,364	11,969
2.	Increase or decrease in inventories of finished and unfinished products	278	146
3.	Other operating income	41	41
	of which income attributable to foreign currency translation € 5K (prior year: € 17K)		
4.	Cost of materials		
	a. Cost of raw materials, consumables and supplies and of purchased goods	1,059	1,395
	b. Cost of purchased services	13,035	4,981
		14,094	6,376
5.	Staff expenses		
	a. Wages and salaries	5,261	4,157
	b. Social contributions and costs for retirement benefits and for support benefits	972	737
	of which for retirement benefits € 69K (prior year: € 58K)		
		6,234	4,894
6.	Depreciation, amortization and writedowns of intangible assets and on property plant and equipment	455	448
7.	Other operating expenses	2,025	1,764
	of which expense arising from foreign currency translation € 10K (prior year: € 27K)		
8.	Other interest and similar income	42	28
	of which from affiliated companies € 41K (prior year: € 28K)		
9.	Writedowns of financial assets and securities held in current assets	0	3
10.	Interest and similar expense	75	27
11.	Taxes on income	−77	0
12.	**Income after tax**	**−10,081**	**−1,328**
13.	Other taxes	1	1
14.	**Period net loss**	**−10,082**	**−1,329**
15.	Loss carryforward from prior year	−17,801	−9,870
16.	**Accumulated loss to balance sheet**	**−27,883**	**−11,199**

Notes to the Interim Financial Statements for the Period from January 1, 2021 to June 30, 2021

I General Information about the Company

FORMYCON AG ("FORMYCON" or the "Company"), together with the subsidiary companies within its scope of consolidation (the "Group"), is a leading independent developer of high-quality biosimilar drugs, meaning follow-on products to biopharmaceuticals already on the market.

FORMYCON AG has its registered offices in Martinsried/Planegg, Germany, and is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HRB 200801. The Company's shares are listed in the Frankfurt Stock Exchange's Open Market "Scale" segment for small- to medium-sized companies (Deutsche Börse: Open Market, Scale, German securities identifier (WKN): A1EWVY, ticker symbol: FYB, ISIN: DE000A1EWVY8).

II General Information About the Content and Structure of These Interim Financial Statements

These Interim Financial Statements, presented here in translation from the German original, have been prepared in euros (€) in accordance with sections 242 et seq. of the German Commercial Code (*Handelsgesetzbuch*, HGB) under observance of the supplementary provisions of sections 264 et seq. of the Commercial Code applicable to medium-sized corporations as well as sections 150 et seq. of the German Stock Corporation Act (*Aktiengesetz*, AktG).

The Company is a medium-sized corporation within the sense of sec. 267 of the Commercial Code and thus makes use of the simplified requirements depending upon company size as provided under sec. 266 para. 1, sec. 276 and sec. 288 of the Commercial Code.

The Income Statement has been prepared using the total expenditure format in accordance with sec. 275 para. 2 of the Commercial Code.

The Company's fiscal year corresponds to the calendar year.

III Balance Sheet Presentation and Valuation Methods

General

The valuation methods used were selected in conformity with the general stipulations listed in sec. 252 of the Commercial Code and applied in observance of the principles of balance sheet continuity, going concern, individual valuation and prudent business judgment.

The Balance Sheet was structured in accordance with the provisions of Section 266 of the German Commercial Code and Section 152 of the German Stock Corporation Act, organized into fixed assets, current assets, equity, liabilities, and deferred and prepaid items.

The accounting and valuation methods applied to balance sheet and income statement items in the prior year were retained.

Foreign currency translation

Assets and liabilities denominated in foreign currency are translated into euros at the average spot exchange rate on the day of their original posting. Changes in exchange rates between then and the balance sheet date are reflected by write-downs of assets or write-ups of liabilities only for amounts due in more than one year and only to the extent necessary so that valuation on the balance sheet date is without losses. Items due within a period of less than one year are translated at the average spot exchange rate as of the date of the financial statements. The resulting income or expense arising from currency translation is shown separately in the Income Statement under other operating income or expenses.

Derivatives

The Company did not hold any derivative financial instruments as of June 30, 2021.

Principles of balance sheet presentation and valuation

The Balance Sheet includes all assets, all liabilities and all prepaid and deferred items. Assets and liabilities are valued individually. The valuation of assets and liabilities takes all risks into account which are identifiable based on the principles of prudent business judgment.

Fixed assets

Purchased **intangible assets** (including software and licenses) are capitalized at their cost of acquisition and amortized based upon expected useful life.

No use has been made of the elective right under sec. 248 para. 2 of the Commercial Code to capitalize self-produced intangible assets.

Goodwill derived from acquisitions is amortized on a linear pro rata basis over a business-customary useful life of ten years. The long useful life (extending until September 30, 2022) was chosen because this goodwill represents, among other factors, licensing opportunities over long periods.

Property, plant and equipment are valued at their cost of acquisition, less accumulated depreciation. The depreciation of all moveable assets is linear, with depreciation in the year of acquisition on a pro rata basis. In the event of any impairment in value which is expected to be permanent, the respective asset is written down to the lower fair value.

Financial assets are stated at their cost of acquisition, or should there be an impairment in value, regardless of whether it is expected to be permanent or temporary, written down to the lower fair value.

Current assets

Raw materials, consumables and supplies as well as purchased goods in **inventories** are valued at their average cost of acquisition, insofar as a write-down to a lower value as of the balance sheet closing date is not required. Finished and unfinished products are valued at their cost of production in accordance with sec. 255 para. 2 sentence 2 of the Commercial Code.

Receivables and other assets are valued at the lower of nominal or fair value. In the case of doubtful receivables, bad debt allowances are made individually. There are no general provisions for bad debts.

Securities are stated at the lower of their cost of acquisition or fair (market) value as of the balance sheet closing date.

Cash and cash equivalents are stated at their nominal value.

Prepaid and deferred items

Prepaid and deferred items are posted in accordance with sec. 250 of the Commercial Code.

Deferred taxes

The calculation of deferred taxes, in accordance with sec. 274 of the Commercial Code, is based upon timing differences between balance sheet items as these are stipulated under the Commercial Code and under German tax law. The resulting cumulative deferred tax relief (deferred tax asset) and cumulative deferred tax burden (deferred tax liability) are determined on a net basis in accordance with sec. 274 para. 1 sentence 3 of the Commercial Code. In addition, the deferred tax relief resulting from existing loss carryforwards has now been recognized. The income tax rate used to calculate deferred taxes is 26.68 %, or in the case of investment participations in partnerships, 15.83 %.

On this basis, the deferred tax amounts are calculated as follows:

	Difference in taxable amount (in €K)	**Tax rate** (in %)	**Deferred taxes** (in €K)
Valuation of participation in FYB 202 GmbH & Co. KG	17,575	15.83	−2,781
Deferred tax asset from loss carryforward		26.68	3,143
Deferred tax assets to balance sheet			362
Deferred tax assets to balance sheet (rounded)			360
Prior year			**280**
Addition to deferred tax assets			80

Provisions

Tax provisions and other provisions take into account all uncertain obligations and all identifiable risks. These are stated at the amount required for their fulfillment using prudent business judgment, including future increases in prices and costs. Provisions due after more than one year are discounted from the time of their expected fulfillment at the average market interest rate over the past seven fiscal years.

Liabilities

Liabilities are stated at the amount required for their fulfillment.

IV Additional Notes to the Balance Sheet

Fixed assets

A Schedule of Fixed Assets, including depreciation and amortization taken in the current period, is provided in Attachment 1 to these Notes.

Receivables and other assets

The remaining term of receivables and other assets, and their relationship to other balance sheet items, is shown in the **Schedule of Receivables** included as Attachment 2.

Equity capital

Changes to equity are presented in the **Schedule of Changes in Equity** included as Attachment 4.

Information required per sec. 160 of the Stock Corporation Act

Number of shares outstanding

The Company has registered capital (*Grundkapital*) of € 11,046,500, which is divided into 11,046,500 bearer shares without par value.

Approved capital

By resolution of the Annual General Meeting of June 27, 2019, the Executive Board is authorized, subject to the approval of the Supervisory Board, to increase the Company's registered capital one or more times at any time until June 26, 2024, and by no more than a total of € 4,000,000, through the issuance of up to 4,000,000 new no-par-value common bearer shares, against contributions in cash and/or in kind (the "Approved Capital 2019"). The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Company's shareholders shall, in general, be granted subscription rights. The shares may, however, also be assumed by one or more banks subject to the obligation that they offer these to the Company's shareholders for subscription (indirect subscription rights). Notwithstanding the foregoing, the Executive Board is authorized, subject to the approval of the Supervisory Board, to exclude the general statutory subscription rights of shareholders in the following specific cases:

— for fractional shares;

— in the case that the capital increase is made against cash contributions and the issue price of the new shares is not significantly lower than the stock exchange price and the new shares issued under exclusion of subscription rights do not exceed 10 % of the share capital, either at the time this authorization takes effect or at the time this authorization is exercised, whereby this 10 % limit is to be calculated based on the proportion of share capital attributable to new shares issued, or repurchased treasury shares sold, subsequent to December 10, 2020 under a simplified exclusion of subscription rights pursuant to or in accordance with sec. 186 para. 3 sentence 4 of the German Stock Corporation Act, as well as calculated based on the proportion of share capital relating to stock options and/or conversion rights or obligations arising from bonds issued subsequent to December 10, 2020, likewise in accordance with sec. 186 para. 3 sentence 4 of the Stock Corporation Act; and

— in the case of capital increases against non-cash contributions for the granting of shares for the purchase of companies, parts of companies, or equity interests in companies (including increases of existing equity investments), or in satisfaction of financial obligations of the Company.

The Executive Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such capital increase from Approved Capital 2019. The Supervisory Board is further authorized to amend the Company's articles of incorporation (*Satzung*) to reflect the increase in registered capital and corresponding decrease in Approved Capital 2019 in the event of any such full or partial utilization of the Approved Capital 2019, or in the event of its expiry.

This action was entered into the Company's commercial register on October 22, 2020.

Number of subscription rights per sec. § 192 para. 2 no. 1 of the Stock Corporation Act

Conditional Capital 2019

The Company's registered capital has been conditionally increased by a maximum of € 4,284,740, divided into a maximum of 4,284,740 no-par-value bearer shares (the "Conditional Capital 2019"). This capital increase is conditional upon the exercise of warrants or conversion rights by the holders of convertible bonds and/or bonds with attached warrants issued under the authority granted to the Executive Board by the resolution of the Annual General Meeting of June 27, 2019 and valid until June 26, 2024, or upon the triggering of obligations to issue shares arising from such warrants or convertible bonds. The newly issued shares shall participate in profits from the start of the fiscal year in which they arise due to such exercise, or due to the fulfillment of such obligations arising from such warrants or convertible bonds. The Executive Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase.

The Supervisory Board is authorized to amend the Company's articles of incorporation to reflect the issuance of shares under these subscription rights, as well as to make other minor amendments thereto involving only wording. The same amendment authority applies if authorization to issue bonds with warrants or convertible bonds has not been utilized upon expiry of the authorization period or if the Conditional Capital 2019 has not been utilized upon the expiry of option or conversion rights and of the Company's conversion or option exercise obligations relating thereto.

Number of subscription rights per sec. § 192 para. 2 no. 3 of the Stock Corporation Act

Conditional Capital 2015

The Company's registered capital has been conditionally increased by a maximum of € 376,000 for the issuance of a maximum of 376,000 new no-par-value bearer shares (the "Conditional Capital 2015"). The Conditional Capital 2015 serves exclusively to secure subscription rights (stock options) granted to members of the Executive Board and Company employees, as well as executives and employees of Company subsidiaries and affiliates, under the authority granted by resolution of the Annual General Meeting of June 30, 2015 to issue such stock options at any time up to and including June 29, 2020 (the "Stock Option Plan 2015"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Executive Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Executive Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

During the reporting period, 46,500 stock options were exercised on February 3, 2021, in accordance with the conditions for exercise thereof. Thus, as of the period closing date, a total of 329,500 stock options remained issued under the Conditional Capital 2015 and not either expired or exercised.

Conditional Capital 2020

The Company's registered capital has been conditionally increased by a maximum of € 724,000 for the issuance of a maximum of 724,000 new no-par-value bearer shares (the "Conditional Capital 2020"). The Conditional Capital 2020 serves exclusively to secure subscription rights (stock options) granted to members of the Executive Board and Company employees, as well as executives and employees of Company subsidiaries and affiliates, under the authority granted by resolution of the Annual General Meeting of December 10, 2020 to issue such stock options at any time up to and including December 9, 2025 (the "Stock Option Plan 2020"). This capital increase is conditional upon such subscription rights having been issued and upon the exercise of such subscription rights by the holders thereof, and further provided that the Company does not grant treasury shares or provide a cash settlement in fulfillment of such subscription rights. The newly issued shares shall participate in profits from the start of the fiscal year for which, at the time of their issuance, no resolution has yet been taken by the Annual General Meeting as to the application of retained profits. The Executive Board is authorized, subject to approval of the Supervisory Board, to determine further details regarding the specific implementation of any such contingent capital increase. In the case of such subscription rights (stock options) being granted to Executive Board members, the Supervisory Board is similarly authorized. The Supervisory Board is further authorized to amend the Company's articles of incorporation to reflect such utilization of conditional capital.

As of the period closing date, a total of 49,000 stock options were issued thereunder and not either expired or exercised.

Provisions

Other provisions are substantially comprised of the following:

In €K	June 30, 2021
Bonuses	415
Accrued vacation	519
Safekeeping obligations	135
Unpaid invoices	922
Audit and advisory costs	34
Occupational cooperative and other social expenses	35
Miscellaneous staff provisions	93

Liabilities

The remaining term of liabilities, along with their collateralization through liens or similar rights and their relationship to other balance sheet items, is shown in the **Schedule of Liabilities** included as Attachment 3 to these Notes.

Contingent liabilities

The Company has issued a letter of comfort (*Patronatserklärung*) in support of its subsidiaries FORMYCON Project 201 GmbH and FORMYCON Project 203 GmbH. To the best of our knowledge, the respective companies will be able, in all cases, to fulfill their underlying obligations. Claims thereunder are thus not anticipated.

Other financial obligations

The total amount of other financial obligations, within the meaning of sec. 285 sentence 1 no. 3a of the Commercial Code, results from contractual obligations for ongoing performance. For obligations up to one year, the total amount is € 741,007, for obligations between one and five years € 777,441, and for obligations beyond five years, € 0.

V Additional Notes to the Income Statement

Total research and development costs during the reporting period were € 22,808,174.

VI Other Information

Number of staff

Sec. 285 no. 7 of the Commercial Code requires the following information regarding the average number of staff during the reporting period:

Average number of staff	1H 2021
Administration	20
Research & development	130
Total company staff	**150**

Information on the Executive Board and Supervisory Board

Information on members of the Executive Board per sec. 285 no. 10 of the Commercial Code:

- **Dr. Carsten Brockmeyer**, residing in Marzling, Chief Executive Officer
- **Dr. Nicolas Combé**, residing in Munich, Chief Financial Officer
- **Dr. Stefan Glombitza**, residing in Holzkirchen, Chief Operating Officer

Information on members of the Supervisory Board per sec. 285 no. 10 of the Commercial Code:

- **Dr. Olaf Stiller**, residing in Marburg (Chairman)
  Member of the executive board of Paedi Protect AG
- **Peter Wendeln**, residing in Oldenburg (Deputy Chairman)
  Managing partner of Wendeln & Cie. Asset Management GmbH
- **Klaus Röhrig**, residing in Vienna (member)
  Founding partner and managing director, Active Ownership Capital S.à r.l., Grevenmacher, Luxembourg

The following members of the Supervisory Board are members of other supervisory boards:

- **Dr. Olaf Stiller**: Member of supervisory board, BodenWert Immobilien AG
  Chairman of supervisory board, NanoRepro AG
- **Klaus Röhrig**: Member of board of directors, Agfa-Gevaert NV
  Chairman of supervisory board, Francotyp-Postalia Holding AG

Renumeration

During the reporting period, the members of the Supervisory Board received total remuneration of € 41,500.00, while total remuneration to members of the Executive Board, within the meaning of sec. 285 no. 9 of the Commercial Code, was € 676,047 (of which € 212,500.00 was success-based). These remuneration amounts do not include stock options.

Information on shareholdings per sec. 285 no. 11 of the Commercial Code

	Share of capital (in %)	Equity (in €K)	Period net income/loss (in €K)
FORMYCON Project 201 GmbH Planegg/Martinsried	100	−156	−32
FORMYCON Project 203 GmbH Planegg/Martinsried	100	−2.034	−56
FYB 202 GmbH & Co. KG Berlin	24.9	16,444	−13,724

Number of subscription rights per sec. § 192 para. 2 no. 3 of the Stock Corporation Act

As of the balance sheet closing date, there were no subscription rights issued but not yet exercised.

Significant events subsequent to balance sheet closing date

There have been no events of material significance which occurred following the end of the reporting period and are not reflected in these Interim Financial Statements.

With regard to the ongoing COVID-19 pandemic, FORMYCON has been able to adapt well to the prevailing situation by reacting promptly and by implementing appropriate measures to decentralize organizational functions, so that the impact of the pandemic on the Company's operational activities, particularly for development, has thus far been minimal.

On April 27, 2021, FORMYCON AG issued a press release announcing approval by the agency responsible for the oversight of our grant from the Bavarian Ministry of Economic Affairs, Regional Development and Energy so that government-funded measures for the development of our COVID-19 drug (FYB207) may begin, ahead of original schedule. Through the special "BayTherapie 2020" grant program, the German state of Bavaria aims to foster development and innovation projects with a total of up to €50 million of government funding with the goal of creating new therapeutic options to combat the COVID-19 pandemic and to treat serious COVID-19 sickness. FORMYCON AG had applied for a grant in the amount of approx. € 11 million to enable the further development of FYB207 through to the end of clinical testing phase IIa. The formal grant approval notification, which was received by FORMYCON in July 2021 and thus subsequent to the close of the reporting period, provides for grant funding to FORMYCON of up to € 12.7 million.

On August 5, 2021, FORMYCON AG published an ad hoc announcement of the submission to the U.S. Food and Drug Administration of its biologics license application (BLA) for the regulatory approval of FYB201, FORMYCON's candidate biosimilar to Lucentis®.

On August 11, 2021, FORMYCON AG published an update on the status of its COVID-19 drug development project (FYB207). As part of ongoing preclinical in vivo studies, data on pharmacokinetics are being collected using two different models, while data on the efficacy of FYB207a and FYB207b are being collected in a further model. In all of the studies carried out thus far, the drug candidate was administered safely and without any noticeable side effects. While the evaluations of the study results are still ongoing and are expected to be completed in November, further efficacy data are required prior to the launch of the clinical studies so that the most efficacious FYB207 drug candidate may be selected. Due to the expanded scope of this preclinical work, clinical development is now expected to commence in the first half of 2022.

Martinsried/Planegg, Germany,
August 12, 2021

Dr. Carsten Brockmeyer

Dr. Nicolas Combé

Dr. Stefan Glombitza

Schedule of Fixed Assets

Attachment 1

for the period from January 1, 2021 to June 30, 2021

In €K	Changes in historical cost of acquisition					Changes in accumulated depreciation & amortization				Changes in net book value		
	Historical cost of acquisition or production at Dec. 31, 2020	Additions	Rebookings	Historical cost of disposals	Historical cost of acquisition or production at June 30, 2021	Accumulated depreciation & amortization at Dec. 31, 2020	Current-year depreciation & amortization	Write-downs on disposals	Accumulated depreciation & amortization at June 30, 2021	Net book value at Dec. 31, 2020	Disposals at book value	Net book value at June 30, 2021
Intangible assets												
Purchased concessions, industrial property rights, and similar rights and assets, as well as licenses for such rights and assets	671	338	−244	0	765	447	41	0	488	223	0	277
Goodwill	1,576	0	0	0	1,576	1,300	79	0	1,379	276	0	197
Advance payments	0	0	244	0	244	0	0	0	0	0	0	244
Property, plant and equipment												
Land and buildings, including property-like rights and buildings on third-party land	613	0	0	0	613	461	22	0	483	152	0	130
Technical equipment and machinery	5,780	393	0	15	6,158	2,962	236	15	3,184	2,818	0	2,974
Other plant, production equipment and office equipment	1,548	137	0	21	1,664	1,018	76	21	1,073	530	0	590
Advance payments and plant under construction	0	0	0	0	0	0	0	0	0	0	0	0
Financial assets												
Shares in affiliated companies	50	0	0	0	50	0	0	0	0	50	0	50
Loans to affiliated companies	2,000	0	0	0	2,000	0	0	0	0	2,000	0	2,000
Investment participations	20,673	996	0	0	21,669	0	0	0	0	20,673	0	21,669
Total	**32,912**	**1,864**	**0**	**36**	**34,739**	**6,188**	**455**	**36**	**6,608**	**26,723**	**1**	**28,132**

Schedule of Receivables

Attachment 2

for the period from January 1, 2021 to June 30, 2021

In €K	June 30, 2021	of which due in more than one year	of which due within 1 year
Trade accounts receivable	1,937	0 (1H 2020: 0)	1,937 (1H 2020: 2,002)
Receivables from affiliated companies	8,639	0 (1H 2020: 0)	8,639 (1H 2020: 5,878)
Receivables from companies in which an ownership interest exists	0	0 (1H 2020: 0)	0 (1H 2020: 0)
Other assets	83	0 (1H 2020: 0)	83 (1H 2020: 130)
Total	**10,659**	**0 (1H 2020: 0)**	**10,659 (1H 2020: 8,010)**

Schedule of Liabilities

Attachment 3

for the period from January 1, 2021 to June 30, 2021

In €K	June 30, 2021	of which due within 1 year	of which due in 1–5 years	of which due in more than 5 years	of which pledged as security	Type and form of security
Liabilities toward banks	0	0	0	0	0	-
Trade accounts payable	6,807	6,807	0	0	0	Industry-customary conditional retention of title
Liabilities toward affiliated companies	0	0	0	0	0	-
Other liabilities	1,330	786	544	0	544	Industry-customary conditional retention of title
Total	**8,137**	**7,593**	**544**	**0**	**544**	

Schedule of Changes in Equity

Attachment 4

for the period from January 1, 2021 to June 30, 2021

In €K	Subscribed capital	Capital reserves	Profit reserves	Loss carryforward	Net income (loss)	Equity
as of Dec. 31, 2020	**11.000**	**76.989**	**0**	**–12.068**	**–5.733**	**70.188**
Capital increases	47	0	0	0	0	**47**
Additions to capital reserves	0	897	0	0	0	**897**
Carryforward of prior-year loss	0	0	0	–5,733	5,733	**0**
Period net income (loss)	0	0	0	0	–10,082	**–10,082**
as of June 30, 2021	**11,047**	**77,886**	**0**	**–17,801**	**–10,082**	**61,050**

Review Report of Independent Auditor

To FORMYCON AG:

We have reviewed the accompanying interim financial statements as of June 30, 2021, consisting of the balance sheet, income statement, notes to the financial statements and schedule of changes in equity as well as the interim management report for the period from January 1, 2021 to June 30, 2021.

The preparation of the interim financial statements and interim management report in accordance with German commercial law, as well as supplementary provisions under the Company's articles of incorporation (*Satzung*), are the responsibility of the Company's management. Our responsibility is to issue a certified report, based on our review, on the interim financial statements and interim management report.

We have conducted our review of the interim financial statements and interim management report in accordance with German generally accepted standards for the review of financial statements as established by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer, IDW*). These standards require that we plan and perform our review so as to exclude the possibility, with a reasonable degree of certainty in our critical appraisal, that the interim financial statements are not, in all material respects, in accordance with the requirements of German commercial law and supplementary provisions under the Company's articles of incorporation, or that the Company's net assets, financial position and profitability are not presented in accordance with [German] principles of proper accounting, or that the interim management report is not consistent with the interim financial statements, or as a whole does not provide a suitable view of the Company's position or does not suitably present the opportunities and risks of future developments.

A review, which consists primarily of asking questions of Company staff and of making analytical assessments, does not offer the degree of assurance which may be attained through an audit examination. Because we have not been commissioned to conduct an audit examination [of these interim financial statements], we cannot provide an audit opinion.

Based upon our review, nothing has come to our attention that causes us to believe the interim financial statements are not, in all material respects, in accordance with the requirements of German commercial law and supplementary provisions under the Company's articles of incorporation, or that the Company's net assets, financial position and profitability are not presented in accordance with [German] principles of proper accounting, or that the interim management report is not consistent with the interim financial statements, or as a whole does not provide a suitable view of the Company's position or does not suitably present the opportunities and risks of future developments.

This certified report is directed to the Company for informational purposes.

The mandate under which we have provided our services to FORMYCON AG as described above is subject to the General Terms of Engagement for German Public Auditors and Public Audit Firms of January 1, 2017. By acknowledging and using the information contained within this report, the recipient confirms acceptance of the terms and conditions therein (including the liability provision under item 9 of the General Terms of Engagement), specifically the applicability thereof in relation to us.

The publication or dissemination of the interim financial statements and interim management report in any form deviating from that which was the subject of our review shall, insofar as this report is quoted, or reference is made to our review, require our renewed review.

Munich, Germany
August 16, 2021

SRS Audit GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Doris Wolff
Wirtschaftsprüferin
[German Public Accountant]

Legal Information

Company name	FORMYCON AG
Legal form	German stock corporation (*Aktiengesellschaft*)
Registered location	Martinsried/Planegg, Germany
Street address	Fraunhoferstraße 15 82152 Martinsried/Planegg, Germany
Company founding and articles of incorporation	The Company was established through its articles of incorporation (*Satzung*) dated 5 May 2010, which were most recently amended on February 19, 2021.
Subject of business	The subject of the Company's business is the development of pharmaceutical and biopharmaceutical products, the development of drug delivery systems, the provision of diagnostic laboratory services and works for third parties, and the carrying out of diagnostic laboratory services.
Commercial register	The Company is entered into the commercial register (*Handelsregister*) of the District Court of Munich under number HR B 200801.
Fiscal year	The Company's fiscal year runs from January 1 to December 31 of each year.
Registered capital	€ 11,046,500
Executive Board (*Vorstand*):	Dr. Carsten Brockmeyer, Marzling
	Dr. Nicolas Combé, München
	Dr. Stefan Glombitza, Holzkirchen
Supervisory Board (*Aufsichtsrat*)	Dr. Olaf Stiller, residing in Marburg, Chairman
	Peter Wendeln, residing in Oldenburg, Deputy Chairman
	Klaus Röhrig, residing in Vienna

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