

# Report of the Supervisory Board



**Dr. Olaf Stiller**  
Chairman of Supervisory Board

Dear Shareholders,

FORMYCON is able to look back upon an eventful and successful year. In my capacity as Chairman of the Supervisory Board of FORMYCON AG, I am pleased to provide you with this overview of the Supervisory Board and its work during fiscal year 2021.

### Composition of Supervisory Board

As established by the prevailing Articles of Association (Satzung) of FORMYCON AG, the Supervisory Board consists of three members:

#### Members of Supervisory Board

		In office since	Elected until
Dr. Olaf Stiller	Chairman of Supervisory Board	2010	2025
Peter Wendeln	Deputy Chairman of Supervisory Board	2010	2025
Klaus Röhrig	Member of Supervisory Board	2020	2025

The composition of the Supervisory Board during 2021 was changed compared to the prior fiscal year. The Deputy Chairman of the Supervisory Board, Hermann Vogt, resigned from his position with effect from December 10, 2020. During the proceedings of the virtual Annual General Meeting on December 10, 2020, Klaus Röhrig was elected as a new member of the Supervisory Board.

### Cooperation between Executive Board and Supervisory Board

Throughout the entire fiscal year, the Supervisory Board, under my chairmanship, duly performed the tasks and duties incumbent on it under German law and under the Company's Articles of Association. The Board intensively considered the operational and strategic development of FORMYCON AG, regularly advising the Executive Board as to its management of the Company and continuously monitoring this management. The Supervisory Board was directly involved in all decisions of fundamental importance. In my capacity as Chairman of the Supervisory Board, I was available to answer questions arising from investor discussions pertaining to the Supervisory Board and its activities.

The Supervisory Board received regular reports from the Executive Board in accordance with its informational obligations in both written and oral form, providing comprehensive and timely information about all business developments and events of substantive importance. These reports fully met the requirements established by the Supervisory Board in terms of both content and scope. On the basis of these reports, the current development status of the Company's biosimilar candidates and COVID-19 drug, the Company's financial position and organizational alignment, and business events of key importance were discussed. Furthermore, regular consultations were held with the Executive Board on matters of the Company's strategy,

business and financial planning, and business performance. The Supervisory Board also closely examined the Company's risk situation and risk management and its compliance with legal requirements and ethical norms.

The Supervisory Board was promptly and directly informed by the Executive Board of, and involved with, all important events and developments of material significance to the Supervisory Board's assessment of the Company's financial condition and business performance and to the corporate management of FORMYCON AG. In addition, I, in my capacity as Chairman of the Supervisory Board, held regular interim discussions with the Executive Board to discuss current business performance as well as individual topics and decisions of particular importance. In this way, I was regularly and extensively informed between meetings.

The cooperation between the Supervisory and Executive Boards during the fiscal year thus met the standards for responsible and goal-oriented action in every respect.

### Supervisory Board meetings and main topics of discussion

With regard to the ongoing COVID-19 pandemic, the Executive Board fully met its responsibilities to safeguard staff by promptly implementing all possible protective measures that enable them to continue their work safely under the prevailing pandemic conditions. This included, above all, the establishment of a detailed company policy on coronavirus from the start of the crisis, the decentralization of the organization by offering remote working arrangements, the offering of COVID-19 rapid tests to staff as part of a company-wide testing concept, and the offering of in house COVID-19 vaccinations by a company doctor. Since the earliest days of the pandemic, the members of the Executive Board have kept the Supervisory Board informed about current developments and precautions put in place.

In the course of the four regular quarterly board meetings during the fiscal year, all business matters and pending decisions requiring concurrence of the Supervisory Board under governing law or under the Company's Articles of Association were discussed in depth before being voted upon. All members of the Supervisory Board were in attendance at the meetings during which they held office, some of which took place by way of video or telephone conferences in lieu of presence meetings in compliance with government hygiene regulations and restrictions on personal contacts to prevent the spread of COVID-19. The Executive Board was also present at, or otherwise participated in, these meetings in order to discuss issues and answer questions.

Attendance at regular quarterly meetings of the Supervisory Board:

	<b>Feb. 9, 2021</b> virtual format	<b>Apr. 27, 2021</b> virtual format	<b>Sep. 22, 2021</b> presence format	<b>Dec. 9, 2021</b> virtual format
Dr. Olaf Stiller	✓	✓	✓	✓
Peter Wendeln	✓	✓	✓ (virtual)	✓
Klaus Röhrig	✓	✓	✓	✓

In these meetings, the Supervisory Board discussed, among other topics, the following regularly recurring agenda items:

- Progress reports on the Company's biosimilar and COVID-19 drug development projects
- Corporate planning, financial performance and adequacy of the Company's financial resources
- Current and future development of the Company's business areas
- Human resources and key staff

Other central core themes of the meetings involved ways to ensure and strengthen the Company's competitiveness and strategic concepts for its future growth as well as review and discussion of the Company's systems for risk management and compliance. There were, in addition, discussions of particular topics such as the design and review of the goals defined and agreed in writing (Zielvereinbarung) with the Executive Board and the approval of the agenda for the Annual General Meeting. In conjunction with the approval of the annual financial statements, discussions specifically focused on key details of accounting valuations and the resulting consequences for the Company's capital structure.

Where agenda items concerning the Executive Board were discussed or voted upon, or where closed discussion or votes of the Supervisory Board were otherwise required, members of the Executive Board were excluded from these meetings or portions of meetings.

### **Supervisory Board committees**

On the basis of the German Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz, FISG) and the recast of section 107 (4) of the German Stock Corporation Act (Aktiengesetz) resulting therefrom, the supervisory board of a public interest company is obligated to establish an audit committee. As stipulated in the Company's prevailing Articles of Association, the Supervisory Board of FORMYCON AG currently consists of three members. Under the second sentence of section 107 (4) of the Stock Corporation Act in the version in force since July 1, 2021, a supervisory board consisting of only three members shall also correspond to the audit committee thereof. The role of the audit committee is to examine the company's annual financial statements, consolidated financial statements and unified management report of the company and consolidated group on behalf of the supervisory board and to review and discuss in detail the auditor's report, including also the auditor's verbal report on the main results of the audit. The Supervisory Board of FORMYCON AG duly established such an audit committee under the chairmanship of Klaus Röhrig (the "Audit Committee"), which accordingly carried out these duties for the Company's annual financial statements and consolidated financial statements for fiscal year 2021.

### **Audit of the financial statements and consolidated financial statements**

The annual financial statements and consolidated financial statements as of December 31, 2021, including the unified management report, were properly examined by the Munich office of PanTaxAudit GmbH, the audit and tax firm appointed by the Annual General Meeting for fiscal year 2021, which has provided its unqualified audit opinion. Furthermore, the audit firm determined that the Executive Board has enacted measures, as required under sec. 91 para. 2 of the German Stock Corporation Act, to establish a risk monitoring system in appropriate form. The system has been adapted in line with the Company's growth and is suitable for recognizing, at an early stage, any developments which might endanger the Company's continued existence.

In its meeting of April 26, 2022 to review the financial statements of FORMYCON AG and consolidated financial statements of FORMYCON Group for fiscal year 2021, the Audit Committee specifically discussed the Company's accounting policies and procedures as well as the respective audit examinations carried out by PanTaxAudit GmbH for fiscal year 2021. A representative of the audit firm attended this meeting, reporting in considerable depth on the primary results of the audit and answering questions of the Audit Committee relating thereto. Advance copies of the audit reports and other documents relating to the annual financial statements and consolidated financial statements were provided to the Audit Committee to facilitate comprehensive review and discussion.

In addition, the Audit Committee asserted its right to inspect the accounts and papers of the Company, in particular by requesting presentation of certain legal agreements it deemed important, including documents not specifically requiring its concurrence. All transactions requiring concurrence of the Supervisory Board under governing law or under the Company's articles of incorporation were examined by the Audit Committee on its behalf before reaching a decision on such concurrence.

Based upon its own examining review, the Audit Committee found no cause to raise any objections to the financial statement documents which it reviewed, including also the concluding statement of the Executive Board. Upon recommendation of the Audit Committee, the Supervisory Board approved the unconsolidated and consolidated financial statements for fiscal year 2021 as presented to it. The annual financial statements of FORMYCON AG have been adopted accordingly.

## Corporate Governance

FORMYCON shares trade within Germany's Open Market segment (formerly Freiverkehr) and, as such, are not legally considered to be listed on an organized market within the meaning of the German Securities Trading Act (Wertpapierhandelsgesetz). The German Corporate Governance Code is therefore not mandatory. Nevertheless, FORMYCON has already voluntarily implemented certain of the corporate governance principles embodied by the Code. Under the Code's basic principle requiring transparency of communication with investors, FORMYCON's Executive Board and Supervisory Board of FORMYCON began planning in 2021 to implement the principles, recommendations and suggestions anchored in the Code to the greatest extent possible, with the aim over the course of the coming fiscal years of ultimately including a voluntary declaration of compliance in the Company's annual financial statements as well as a voluntary report on corporate governance. In doing so, we strive to further strengthen the bond of trust with our investors, our workforce and the public in our management and supervision of the Company and to further raise the level of transparency regarding our decisions and actions.

### Conflicts of interest among Supervisory and Executive Board members

During fiscal year 2021, no conflicts of interest were reported involving Supervisory Board or Executive Board members.

We would like to thank the members of the Executive Board for the excellent cooperation and successful management of the company through a challenging fiscal year. We would also like to express our gratitude and appreciation to all FORMYCON staff members for their extraordinary commitment and performance under the continued difficult pandemic conditions over the past year. Finally, we would like to once again extend our special thanks to our partners, who have likewise made significant contributions to the success of our company.

Munich, April 2022



**Dr. Olaf Stiller**

Chairman of the Supervisory Board