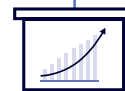


Annual Report 2022

Highlights

Record revenue and earnings – Guidance 2022 achieved

- **Double digit revenue growth** (+18%): both organic and inorganic growth
- **Disproportionately** high EBITDA-pre increase (+43%)
- **Significant strengthening of the Patient-Specific Therapies segment** through acquisitions of NewCo Pharma GmbH (January 2022), Blisterzentrum Baden-Württemberg GmbH (bbw), and the sterile manufacturing collaboration with *Apotheken für Spezialversorgungen OHG* (Afs) agreed as part of the acquisition of bbw as of January 2023



"Adapted growth strategy" presented at the first Capital Markets Day – based on three pillars:

1. Strengthening of the **core business in Germany**
2. Expansion of drug manufacturing into other **European countries**
3. Entry into the compounding of **personalized medicine**

Thereby, aiming to achieve **mid-term targets:**

€2 billion in revenue and an EBITDA pre margin in the mid-single digits.

Already significant progress in strategy implementation:

- **Expansion of the network** from around 600 (January 2022) to around 700 specialized partner pharmacies (January 2023): As a result, various cross-selling opportunities.
- **Substantial expansion of compounding capacities** through acquisitions (NewCo Pharma Group, bbw including sterile manufacturing agreement) and commissioning of **new GMP laboratory** in Berlin
- Further expansion of the digital trading platform for individualized drugs **mediosconnect** (now available in five German states)



Significant further developments in Corporate Governance and Sustainability

- Early contract extension of CEO Matthias Gärtner – continuity on the Executive Board.
- Appointment of Dr. Yann Samson as ESG officer on the Supervisory Board and member of the Sustainability Committee
- First Capital Markets Day: Intensive dialog with the capital market

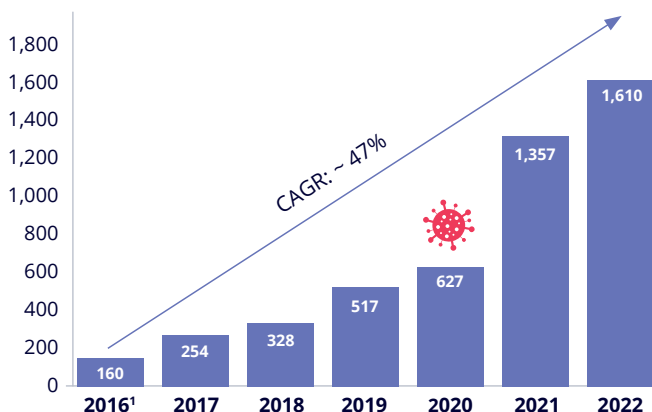
Significant progress in implementing the Sustainability Strategy 2025

- Completion of the implementation of a software-based **ESG platform**
- Continuous improvement of **ESG ratings**



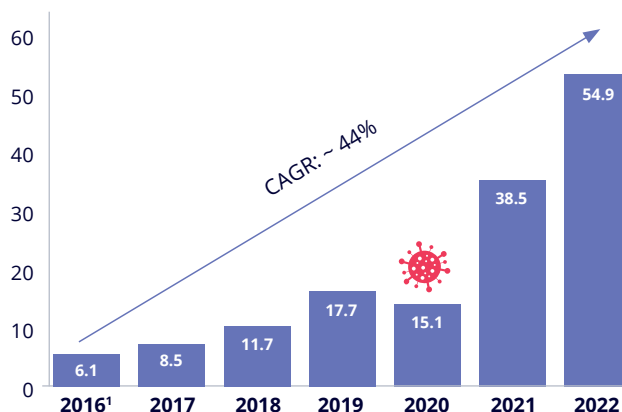
Group revenue 2016 – 2022

in € million



Group EBITDA-pre² 2016 – 2022

in € million



CAGR: Compound Annual Growth Rate; ¹ pro forma; ² adjusted for extraordinary expenses

Key financials (IFRS)

in € thousand	2022	2021	Δ in %
Revenue	1,610,777	1,357,408	18.7
Pharmaceutical Supply	1,390,296	1,294,531	7.4
Patient-Specific Therapies	219,962	62,230	253.5
Services	518	648	-20.1
EBITDA	51,214	34,635	47.9
<i>Margin (in % of Revenue)</i>	3.2	2.6	
EBITDA without extraordinary expenses *	54,875	38,435	42.8
<i>Margin (in % of Revenue)</i>	3.4	2.8	
Pharmaceutical Supply	38,011	33,673	12.9
Patient-Specific Therapies	23,665	7,928	198.5
Services	-6,801	-3,166	114.8
EBIT	28,966	15,261	89.8
<i>Margin (in % of Revenue)</i>	1.8	1.1	
Comprehensive income after tax	18,329	7,402	147.6
Earnings per share (in €)			
Undiluted	0.77	0.37	108.1
Diluted	0.77	0.37	108.1
Investments (CAPEX)			
Cash flow from operating activities	37,123	61,530	-39.7
Cash flow from investment activities	-86,541	17,354	-598.7
Free Cash Flow	-49,419	78,884	-162.6
* Extraordinary expenses			
Expenses from stock options ¹	2,870	2,996	-4.2
Other M&A expenses ¹	790	805	-1.9
Employees as of December 31	531	301	71.8
Employees ² (average)	497	302	64.6
Balance sheet total	575,958	524,142	9.9
Equity (as of December 31)	448,045	394,164	13.7
<i>Equity ratio as of December 31 (in %)</i>	77.8	75.2	

Key Performance Indicators (KPI): Figures used to manage the company's success

¹ related to EBITDA; ² Employees excluding Executive Board members, directors and trainees



Annual Report 2022

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In this annual report, the masculine form is used for all statements relating to groups of persons. This is done solely for the sake of better readability. Of course, all statements refer to genders of any kind.

Founding idea

Millions of people suffer worldwide from rare or complex diseases such as cancer, HIV or hepatitis.

The high demand for therapies tailoring to individual patient needs is a major challenge for healthcare systems. Treatment with individualized medicine is typically lengthy and cost-intensive.

The segment has seen an enormous rise in costs, which are difficult to regulate. It is crucial that the supply of specialty pharmaceuticals to specialized pharmacies, doctors and their seriously ill patients is highly competent, fast and cost-efficient all over Germany.

Mission

Medios sets up regional supply networks and increases the cost-efficiency of complex therapies.

We are dedicated to being the Specialty Pharma partner for specialized pharmacies and physicians.

Together we are Specialty Pharma.

Vision

To manage complex diseases more simply.

Profile

Medios AG is the leading provider of Specialty Pharma solutions in Germany. As a competence partner and expert, Medios covers all relevant aspects of the supply chain in this field: from pharmaceutical supply and the manufacture of patient-specific therapies, including blistering (dispensing of individually dosed tablets). The focus is on providing patients with optimum care via specialized pharmacies.

Specialty Pharmaceuticals are generally high-priced drugs for rare and chronic diseases. Many of the newly developed therapies for these disease patterns are individualized. These include infusions, for example, each of which is compiled and produced on the basis of parameters such as body weight and body surface. Demand for these therapies is steadily increasing. Patient-specific treatment requires a great deal of expertise. Specialty Pharma will continue to transform the future of the healthcare system highly.

In order to meet the increasing demand for specialty pharmaceuticals, Medios has expanded the Patient-Specific Therapies segment by opening a new GMP-certified laboratory

(GMP: Good Manufacturing Practice) in Berlin at the end of October 2022. This will increase the compounding capacity of the Medios Group to up to 600,000 preparations per year.

Medios offers its partners a platform to connect and benefit from each other. As an open supply network, Medios currently cooperates with around 700 of a total of around 1,000 independent Specialty Pharmacies nationwide. The aim of Medios is to ensure the best comprehensive care for patients through partnership and exchange between the various market participants, thus contributing to a sustainable and transparent pharmaceutical supply. In line with this, the company's growth strategy comprises three strands: In addition to strengthening its core business in Germany, Medios intends to expand its Patient-Specific Therapies segment into other European countries and plans to further diversify its business model by tapping into the manufacture of personalized medicine.

Medios operates in the following fields in particular:

PHARMACEUTICAL SUPPLY



Focus of business activities:

Pharmaceutical wholesale with finished Specialty Pharma medications

Indications:

- Oncology
- Neurology
- Autoimmunology
- Ophthalmology
- Infectiology
- Hemophilia: 24-hour on-call service for hemophilia

PATIENT-SPECIFIC THERAPIES



Focus of business activities:

Pharmaceutical manufacturing of patient-specific preparations

Product spectrum for a variety of indications:

- Cytostatic infusions
- Antibody therapies
- Virostatic and antibiotic medications
- Parenteral nutrition solutions
- Investigational medicinal products

Compliance with the **highest international quality standards** (GMP: Good Manufacturing Practice)

In addition, Medios operates the internal **Services** business unit. This comprises, among other things, the Medios Group holding activities as well as the development of software and infrastructure solutions for the Medios Group. These include, among other things, the digital platform **medios-connect**, which connects doctors, health insurers and specialized partner pharmacies and serves as an ordering and billing portal.

Medios AG is Germany's first listed Specialty Pharma. The shares (ISIN: DE000A1MMCC8) are listed on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard).

To our shareholders

Letter of the Executive Board



Matthias Gärtner

Executive Board

Chief Executive Officer | CEO

Chairman of the Sustainability Committee



Falk Neukirch

Executive Board

Chief Financial Officer | CFO



Mi-Young Miehler

Executive Board

Chief Operating Officer | COO



Christoph Prußeit

Executive Board

Chief Innovation Officer | CINO

Dear Shareholders,
Ladies and Gentlemen,

2022 was an excellent year for us; despite the challenging global political and economic situation, we managed to record significant growth and achieve our forecast with record figures. Our consolidated revenue came in at €1.6 billion, which was up considerably against the previous year, and we posted a disproportionate increase in earnings and thus further improved our profitability. Thanks to the systematic implementation of our strategy, we grew both organically and inorganically.

The previous financial year was once again shaped by acquisitions. In January 2022, the takeover of NewCo Pharma was successfully completed. With the addition of five regional GMP-labs to its network, Medios is now able to supply pharmacies almost anywhere in Germany with patient-specific therapies within a very short time. The takeover of Blisterzentrum Baden-Württemberg GmbH ("bbw") and the cooperation agreement with *Apotheken für Spezialversorgungen OHG* ("AfS") in the field of sterile manufacturing, announced in November 2022, were also successfully concluded, with the implementation of the AfS agreement starting in January 2023. Thanks to the acquisition and newly gained partner pharmacies, our pharmacy network grew to around 700 specialist pharmacies. In particular, the takeover of the NewCo Pharma Group enabled us to significantly strengthen the high-margin Patient-Specific Therapies segment and therefore substantially and sustainably increase profit margins across the entire Medios Group.

With the opening of a new GMP-certified laboratory (GMP: Good Manufacturing Practice) at our existing site in Berlin at the end of October 2022, we have once again significantly expanded capacity in the Patient-Specific Therapies segment to up to 600,000 preparations per year. The new laboratory started producing preparations for our specialist pharmacies back in November 2022.

In the 2022 financial year, we were again able to significantly increase both revenue and earnings of the Medios Group. Here, the sharp rise in earnings once again led to a significant increase in the EBITDA pre margin of 3.4%. Alongside the organic growth of our business, this trend reflects, in particular, our successful M&A activities. However, this trend has not been reflected in the development of our share price and we regret the departure of Medios from the SDAX in December, following a short period of readmission in the index beginning in June 2022.

Revenue growth in the 2022 financial year was mainly driven by the **Patient-Specific Therapies** segment, which benefited from a substantial increase in compounding capacities and supply agreements with new specialist pharmacies following the takeover of the NewCo Pharma Group. The acquisition also had a positive impact on revenue growth in the **Pharmaceutical Supply** segment.

We also successfully implemented our strategy in the area of **digitalization** in 2022. mediosconnect, our innovative digital platform for individualized medicine, is now available in five German federal states. We attracted more than 35 new doctors' offices as users; the number of orders placed via mediosconnect rose by approx. 50%. Our aim is to further drive the regional expansion of mediosconnect and tap into additional indication areas for the platform. Playing an active role in shaping the digitalization of the health-care sector will enable us and our partners to achieve shared and sustainable growth.

Expansion of market position through adapted growth and internationalization strategy

Our sustainability program, which is part of our corporate strategy, serves to guide our actions and is scheduled to be implemented by 2025. Our progress in this regard is measured on a regular basis using defined key performance indicators and presented annually in the form of our nonfinancial consolidated statement. In the 2022 financial year, one area of focus was the review of energy-saving measures. In addition, we also implemented a software-based ESG platform. With measures such as these, we intend to achieve our priority goal, which is to be climate-neutral at our own sites by the end of 2023.

In order to anchor our plans for the future, we considerably enhanced our strategy in the 2022 financial year and presented it at our Capital Markets Day (CMD) in November 2022. This growth strategy is in line with our mission of developing regional supply networks to achieve the best nationwide care for patients. It comprises three growth strands: in addition to strengthening our core business in Germany, we intend to expand the Patient-Specific Therapies segment into other European countries and plan to further diversify our business model by tapping into the manufacture of novel therapies in the area of personalized medicine. In the me-

dium term, we are striving to achieve consolidated revenue of more than €2 billion on the basis of this strategy, as well as an EBITDA pre margin in the medium single-digit range.

We are extremely well positioned to continue implementing our strategy and the associated measures; we have a solid balance sheet structure, coupled with high liquidity. If necessary, we can already access credit lines to finance growth.

For the 2023 financial year, we expect a further increase in consolidated revenue to €1.6 to €1.8 billion and EBITDA pre in the range of €56.0 to €63.0 million, coupled with a further increase in profit margins.

Dear shareholders, we would like to take this opportunity to thank you expressly for your trust. We assure you that we will continue to work resolutely on the company's successful growth and on the implementation of our strategy.

Our outstanding business performance is the result of a superb team working together. Therefore, we – as the Executive Board – thank our employees for their tremendous dedication and their excellent work. We are also grateful to our customers and business partners and, last but not least, our Supervisory Board. Without them, our success would not be possible.

We have big plans and would be delighted if you were to continue to support us on our course for growth so that, together, we can manage complex diseases more simply.

Yours faithfully,

Matthias Gärtner
(CEO)

Falk Neukirch
(CFO)

Mi-Young Miehler
(COO)

Christoph Prußeit
(CINO)

The Medios share

The performance of the German stock market was once again characterized by high volatility in 2022. As a result, the DAX suffered sharp losses and closed at 13,924 points at year-end. This corresponds to a decline of 12.3% compared to the closing price for the 2021 financial year (15,885 points). The annual high was reached on January 5, 2022, at 16,272 points, and the annual low was 11,976 on September 29, 2022.

The negative development on the capital markets is primarily due to the increasing macroeconomic challenges in Germany, which were further tightened by the Russia-Ukraine war: persistently high inflation, restrictive monetary policy, and the associated weak economy.

Volatility on the German stock market increased with Russia's invasion of Ukraine on February 24, 2022; significant price drops were followed by considerable recoveries. The strong fluctuations mostly resulted from the publication of new inflation data or announcements by central banks about the extent and duration of monetary policy tightening. After recovering from its low at the end of September by more than 2,000 points in October and November, the German stock index mostly hovered around 14,000 points at the end of the year.

In line with the market situation, the performance of the Medios share was also extremely volatile and negative overall in the 2022 financial year. It closed on the last trading day

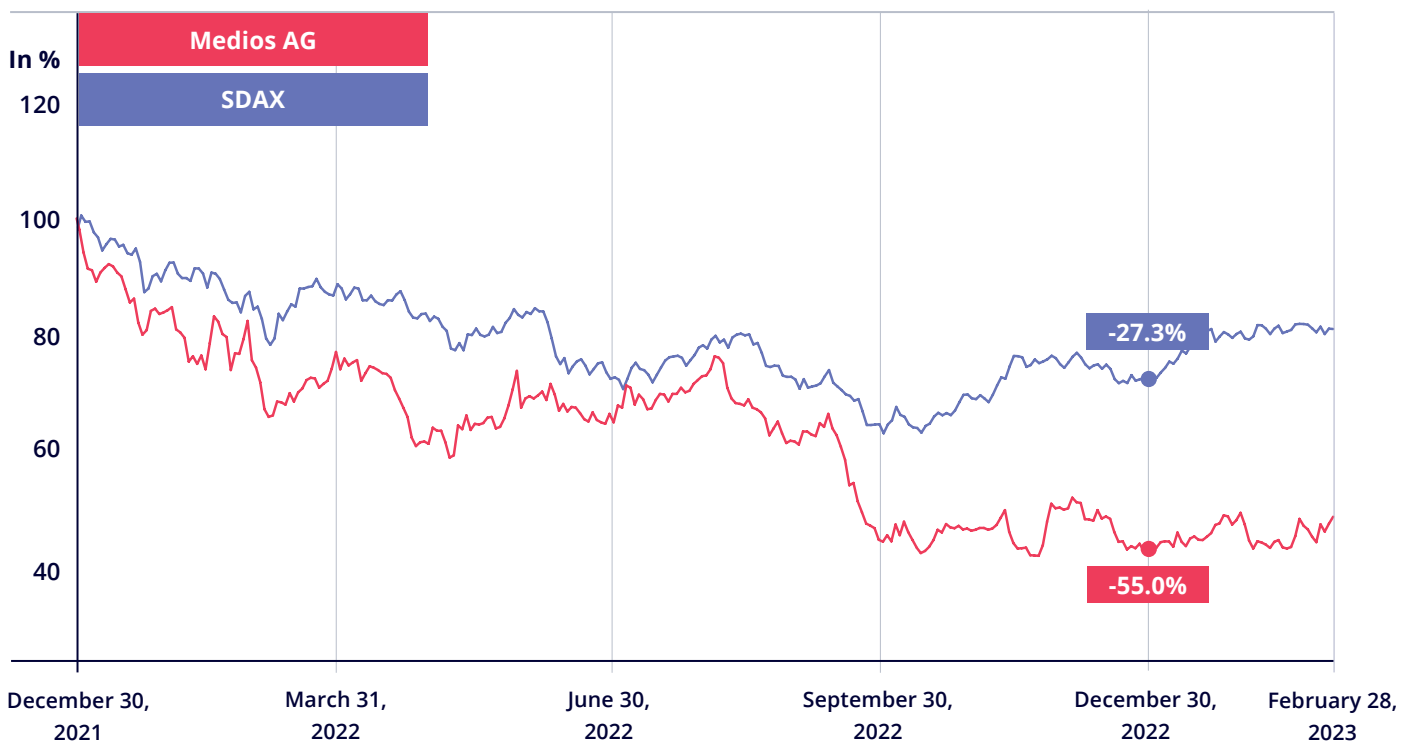
of the year at €17.50, which corresponds to a decrease of 55% compared to the closing price for 2021 (€38.85). The SDAX lost 27.3% in the same period. The high for the year – and at the same time the opening price of Medios shares in 2022 – was €38.20 and was reached on January 3, 2022; the low for the year was €16.96 on November 21, 2022. In the 2022 financial year, the Medios share recorded some significant price declines, particularly at the same time as the movements of the overall market after the start of the war in Ukraine and when the DAX reached its low for the year at the end of September. In addition, the shares were diluted as a result of the capital increase carried out in the 2022 financial year following the acquisition of the NewCo Pharma Group in November 2021. The average daily trading volume of the Medios share in XETRA trading stood at 19,140 shares in 2022, which was up on the comparable prior-year figure of 14,230 shares.

First CMD in Nov 2022

Furthermore, Medios AG was regularly covered by analysts from Berenberg, Jefferies, Kepler Cheuvreux, Metzler Capital Markets, Deutsche Bank, Warburg Research and Bryan Garnier & Co in 2022.

As of the end of the year under review, the share capital of Medios AG amounted to €23,805,723, up on the prior-year figure (December 31, 2021: €22,881,490). The free float of Medios AG amounted to 62.3% at the end of 2022, an increase of 4.8 percentage points compared to the reporting date of the previous year (December 31, 2021: 57.5%).

Performance of Medios shares from December 30, 2021 until February 28, 2023 (indexed)



Share figures (ISIN DE000A1MMCC8), Prime Standard

XETRA (Closing price)	2022	2021
Number of shares issued as of 12/31	23,805,723	22,881,490
Market capitalisation as of 12/31 (€ millions)	416.60	888.95
First trading day as of 01/03 (€)	38.20	38.50
Last trading day as of 12/30 (€)	17.50	38.85
Highest price (€)	38.20	40.95
Lowest price (€)	16.96	32.15
Average daily trading (units)	19,140	14,230

The increase in share capital and free float is primarily due to a capital increase. As part of the takeover of the NewCo Pharma Group, Medios AG carried out an equity offering for contributions in kind from authorized capital in January 2022. Consequently, a total of 924,233 new Medios shares were created and issued as consideration for the acquisition of the NewCo Pharma Group.

The market capitalization of Medios AG amounted to approximately €417 million at the end of the reporting year. As a result, the market value decreased significantly compared to the previous year (December 31, 2021: approx. €889 million) despite the solid course of business, due to the weak performance of the stock market.

Exit from the SDAX

Medios AG withdrew from the SDAX with effect from December 19, 2022, having been initially readmitted to the index on June 20, 2022. Deutsche Börse announced this as part of its regular review of the DAX selection indices on December 5, 2022. Medios remains in the segment of the Regulated Market with additional admission follow-up duties (Prime Standard) on the Frankfurt Stock Exchange.

Intensive Dialogue with the Capital Market

In the 2022 financial year, Medios AG once again maintained an intensive dialogue with the capital market, providing comprehensive updates on the company's course of business on a regular basis. Alongside mandatory notifications, the company also published press releases in order to communicate its course of business and activities in an ongoing and transparent manner.

In addition, Medios held roadshows – both virtually and face-to-face – and participated in numerous national and international conferences to explain the company's business model, growth strategy, and current corporate development to investors, analysts, and press representatives. As part of the first **Capital Markets Day (CMD)** on November 24, 2022, Medios also presented its adjusted growth strategy and, for the first time, medium-term targets to numerous international investors and analysts. Both were positively received by the capital market.

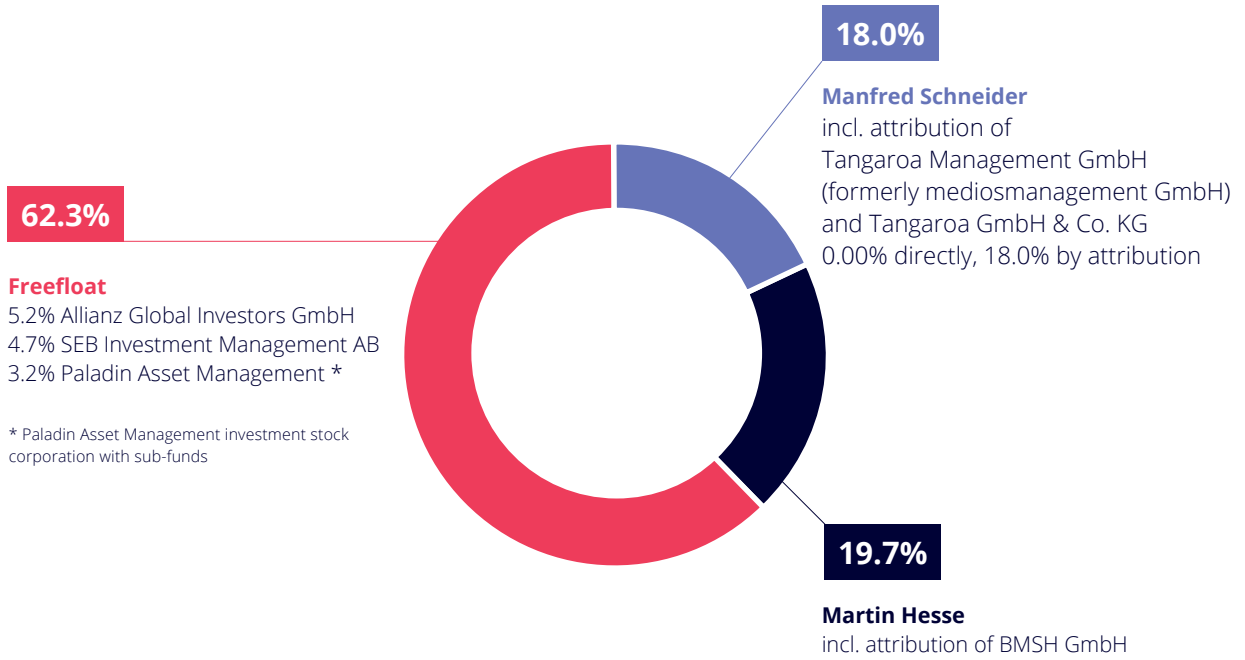
The Annual General Meeting of Medios AG took place on June 21, 2022, and was once again held virtually. The management's proposals to create a new authorized capital and an authorization to issue convertible/warrant bonds were not accepted. All other resolutions on the agenda items put to the vote were passed by the Annual General Meeting by a clear majority.

Medios continued to focus closely on the topic of sustainability in 2022 and again published a voluntary Nonfinancial Consolidated Statement as part of the 2022 Annual Report. The implementation of the sustainability strategy unveiled in December 2021 has been recognized by the ESG rating agencies. For example, the ISS ESG, Sustainalytics, and Gaia ratings have improved. In addition, the sustainability activities of Medios are now also evaluated by S&P, MSCI, and Moody's. In order to expand the ESG data set and improve data management, Medios introduced ESG data software in 2022.



Shareholder structure February 2023

All figures according to voting rights notifications of the notifying parties



Nonfinancial consolidated statement for the 2022 financial year (Unaudited)

1. Sustainability at Medios

This report marks the third time that Medios AG is publishing a nonfinancial consolidated statement (hereinafter referred to as the “nonfinancial statement”) within the meaning of the German Commercial Code (HGB). The reporting period corresponds to the 2022 calendar year.

The requirements of the CSR Directive Implementation Act were in effect up to and including 2022 (CSR-RUG; CSR: Corporate Social Responsibility). From 2023, the provisions of the CSR-RUG and thus the publication of our nonfinancial statement will become legally binding for us.

As part of the “Sustainable Finance” action plan, the EU Taxonomy Regulation was adopted by the European Commission in 2020, with the aim of, among other things, directing capital flows from the economy into ecologically sustainable activities. All necessary and preparatory processes have already been initiated in order to meet these requirements accordingly.

In Germany, Medios is the leading company for all aspects of pharmaceutical supply in the multi-faceted field of Specialty Pharma. Specialty Pharma drugs have an extraordinary role in the treatment of complex and oversight-intensive diseases such as cancer, HIV, and hemophilia. Drugs that are personally tailored to the individual patient are increasingly being used to optimally target treatment to the specific pathology at hand. We are experts with many years of experience in the supply of pharmaceuticals and the manufacture of patient-specific therapies, including blistering. This enables us to cover all the essential points of the supply chain in this special segment. Our mission is to ensure that patients receive the best care with specialty pharmaceuticals across the board by cooperating and exchanging information with all market participants. A comprehensive description of our business model can be found in the Annual Report 2022 (Management Report).

But our business activities are not only having a positive impact in the social sphere, we are also reducing negative impacts on the environment and society by making our day-to-day business sustainable. We are guided by the ten principles of the UN Global Compact. We aim to generate sustainable economic value by making good corporate governance, social responsibility and environmental commitment integral parts of our core business. In addition to the generally applicable laws, rules and standards, our corpo-

rate values of trust, respect, integrity and responsibility also shape the business activities and corporate culture of the Medios Group.

1.1 Sustainable Development Goals

The Sustainable Development Goals (SDGs) of the United Nations also play an important role in the sustainability concept practised at Medios. The 17 SDGs reflect the 2030 Agenda, passed by the global community, and seek to promote sustainable value creation. They include, for example, goals that are about ending poverty and hunger, preserving biodiversity, preventing climate change, and eliminating war and corruption. The 17 SDGs are substantiated across 169 sub-goals and over 200 indicators.

Our aim is to support the achievement of the SDGs through the business activities of Medios. With this in mind, we want to make a visible contribution to the 2030 Agenda, while minimizing the negative impact of our business activities on the SDGs. That’s why we prioritized the SDGs and their sub-goals for us at the start of 2022.

Our analysis showed that our current and planned corporate activities have a significant impact on the following six SDGs

SDG	SDG targets	Measures at Medios
	<p>Good health and well-being</p> <p>3.3: combat AIDS and other communicable diseases</p> <p>3.4: reduce premature mortality due to noncommunicable diseases and promote patients' mental health and well-being</p> <p>3.8: achieve universal health coverage, access to health-care services and safe, high-quality medicines</p>	<ul style="list-style-type: none"> • Drug supply of specialized pharmacies • Drug supply and production of patient-specific therapies • Drug supply and production of patient-specific therapies • Expansion and strengthening of the network of specialized on-site pharmacies • Offer health measures for employees
	<p>Gender equality</p> <p>5.5: women's participation and equal opportunities for leadership positions</p>	<ul style="list-style-type: none"> • Establish support and mentoring programs • Annual analyses of gender pay parity • Introduce authorized representative(s) for diversity and inclusion
	<p>Decent work and economic growth</p> <p>8.4: improve resource efficiency</p> <p>8.5: full and productive employment, decent work, and equal pay for work of equal value</p> <p>8.7: measures to eradicate all forms of modern slavery and human trafficking</p> <p>8.8: protect labor rights and create a safe and secure working environment</p>	<ul style="list-style-type: none"> • Reusable transport boxes • Optimization of logistics through central warehouse, among other things • Checking shipping materials for reusability and environmental compatibility • Washable laboratory protective clothing • Annual analyses of gender pay parity • In-house Code of Conduct • Supplier Code of Conduct • Supplier assessment • In-house Code of Conduct • Whistleblowing system • Introduction of occupational health and safety management system (HSE: Health Safety Environment)
	<p>Industry, innovation and infrastructure</p> <p>9.4: upgrade infrastructure and make it more sustainable and resource-efficient through the adoption of clean technologies</p>	<ul style="list-style-type: none"> • New location for manufacturing with modern laboratories • Optimization of energy use • Expansion of the innovative and digital platform mediosconnect
	<p>Responsible consumption and production</p> <p>12.2: use natural resources efficiently</p> <p>12.4: environmentally sound management of chemicals and waste through their life cycle in order to minimize their adverse impacts on human health and the environment</p> <p>12.5: reduce waste generation through prevention, recycling and reuse</p>	<ul style="list-style-type: none"> • Installation of digital electricity meters to derive efficiency measures • Logistics optimization • Checking shipping materials for reusability and environmental compatibility • Training in the handling of hazardous substances • Separate disposal of cytotoxic waste • Personal protection of manufacturers through state-of-the-art clean rooms with safety workbenches • Checking shipping materials for reusability and environmental compatibility • Washable laboratory protective clothing • Reusable transport boxes
	<p>Climate Action</p> <p>13.2: integrate climate protection measures into strategies and planning</p>	<ul style="list-style-type: none"> • Establishment of a sustainability committee • Green power purchase • Offsetting emissions

1.2 Material topics

During the 2020 financial year, Medios AG identified various sustainability-relevant topics as part of a materiality assessment that serve as the basis for sustainability management and the sustainability strategy. This materiality assessment was based on the provisions of the CSR-RUG. The individual topics were also based on the Global Reporting Initiative's Reporting Standards (GRI Standards): stakeholder inclusiveness, sustainability context, materiality, and completeness.

As part of the materiality assessment, we first developed a catalog of potential topics that corresponded to statutory specifications, generally applicable frameworks, best practices in our peer group, and requirements of various stakeholders. We then made a preselection and clustered the relevant topics. To this end, we held a workshop with the participation of the Executive Board as well as various heads of area and stakeholders. It focussed on the impact of our business on the individual topics and their relevance to the company's long-term success. In this initial materiality assessment, we identified 14 material topics in five action areas or clusters.

The Sustainability Committee reviews the relevance of the materiality assessment on an annual basis and confirms it if the conditions continue to apply. This was most recently done in January 2022. Unless there is a particular need, the materiality assessment is updated every three years, the next time in 2023.

1.3 Sustainability strategy 2025

In 2021, Medios worked extensively with external specialists to develop a sustainability strategy that we want to implement by 2025. Five strategic fields of action were defined: good corporate governance, products and services, employees, the environment and social responsibility.

Our sustainability strategy is based on the key topics and areas of activity. Each theme has an overarching and general cluster objective consisting of different individual objectives. We implement all of our objectives with the help of a comprehensive catalog of measures. We measure target achievement using various key performance indicators (KPIs). We have defined time frames for the implementation of all measures.

Medios AG has defined a total of 34 objectives that are being realized via 65 measures and tracked using around 60 different KPIs. There are further internal objectives and measures.




Material topics pursuant to the CSR directive implementation Act (CSR-RUG)

Nonfinancial matters	Material topics
Employee affairs	Employee satisfaction Diversity and equal opportunities Occupational health Vocational and advanced training
Environmental issues	Energy and emissions Waste and recycling
Combating corruption and bribery	Compliance
Respect for human rights	Business ethics Responsible procurement
Social affairs	Patient health and protection Civic engagement Stakeholder dialog
Additional nonfinancial matters	Data security and data protection Innovative procedures and processes

Area of action	Material topic	Cluster aim
Governance	Compliance	Maintain zero compliance breaches.
	Data security and data protection	Protect and secure our customers' data as far as possible.
	Business ethics	Formalize our values and align our entrepreneurial activities with these values.
	Responsible procurement	Significantly increase the volume of our products procured from suppliers rated according to ESG aspects.
Products and services	Patient health and protection	Ensure that patients have the most-comprehensive access to Specialty Pharma drugs possible.
	Innovative procedures and processes	Improve patient care further with digitization and innovative processes.
Employees	Vocational and advanced training	An overarching training policy for all our employees to develop further.
	Diversity and equal opportunities	Prevent discrimination and promote equal opportunities actively.
	Occupational health	Preserve our employees' health and achieve zero occupational accidents per year.
	Employee satisfaction	Further improve our employees' satisfaction with their workplace and employer.
Environment	Energy and emissions	Be climate-neutral at our sites by 2023.
	Waste and recycling	Conserve resources and recycle and reuse wherever possible.
Social responsibility	Civic engagement	Support social projects.
	Stakeholder dialog	Promote and expand dialog with all stakeholders.

To ensure that they remain up to date, Medios reviews all aims, goals, and measures quarterly and, if necessary, adjusts them in line with the current circumstances. The progress is presented annually in our nonfinancial consolidated statement. The sustainability strategy not only encompasses goals relating to the material topics, but also overarching sustainability management goals.

Strategy program – ESG achievements

				
Achieved	Nearly finalized/ ongoing	In implementation	New	In preparation

Sustainability management

Goals	Measures	Timing	Progress	Explanation
Increase in external transparency	Establishment of an ESG organization in the company (Sustainability Committee)	2021		Successful work of the Sustainability Committee Various responsibilities defined: including Supervisory Board on the Sustainability Committee
	Identification and evaluation of ESG risks	2022		Environmental and social risks included in the management report of the 2022 annual report Inclusion of ESG risks in risk handbook planned for 2023
Constant improvement of ESG ratings	Continuous improvement of key ESG ratings	Ongoing		Continuous improvement of key ESG ratings

KPIs for measuring success:

- ESG Rating

2. Good corporate governance

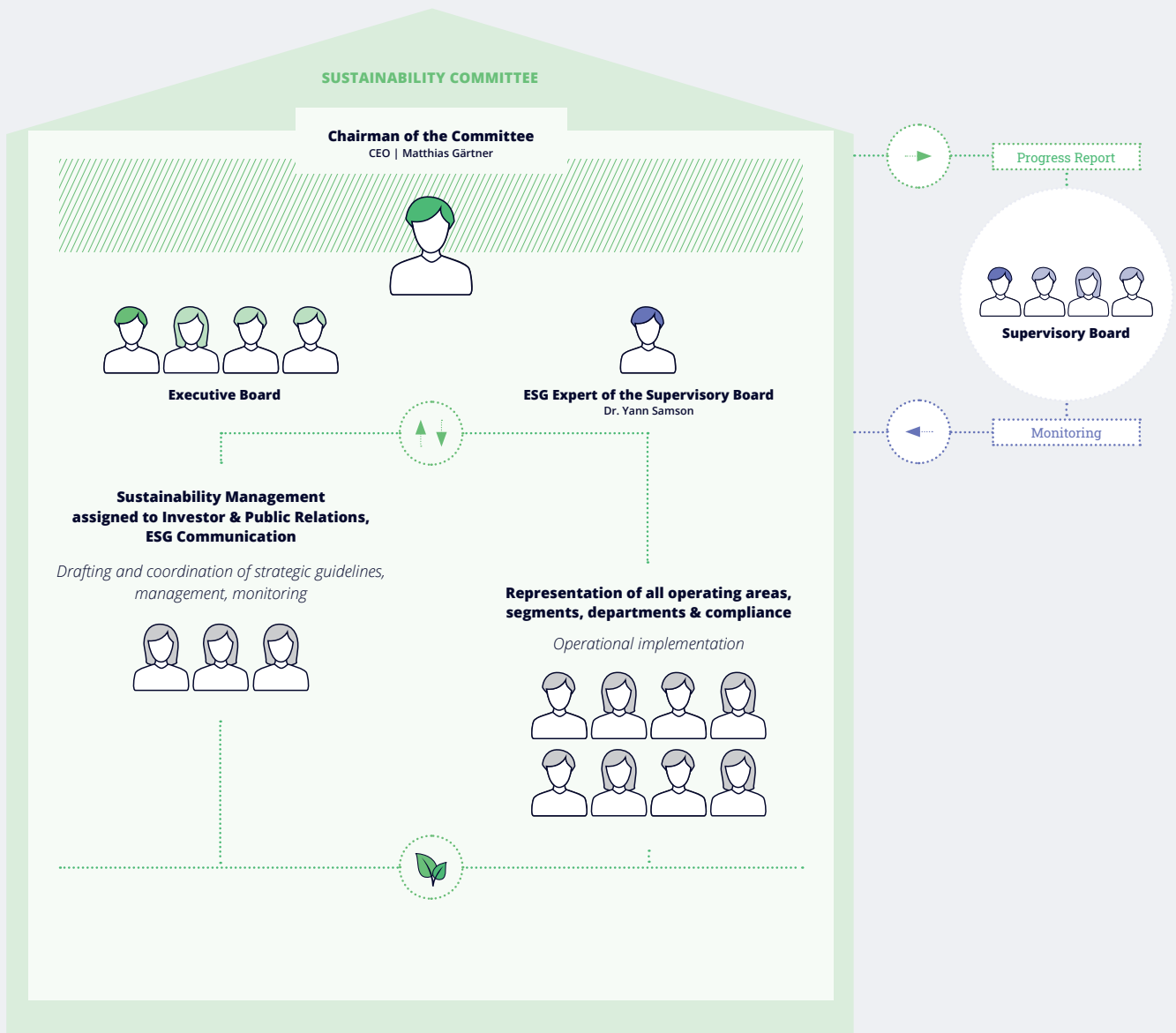
Since the addition of Dr. Anke Nestler to the Supervisory Board in 2021, the Supervisory Board has had four members. The Audit Committee and the Compensation and Nomination Committee remained in place. Since the beginning of 2022, the Chairman of the Supervisory Board, Dr. Yann Samson, has been the Sustainability Officer on the Supervisory Board and is responsible for monitoring and advising the Executive Board on sustainability issues. In doing so, Medios took account of its growing responsibility for good corporate governance. In the opinion of the Supervisory Board, all of its members in the reporting period were to be regarded as independent within the meaning of the German Corporate Governance Code (“DCGK”).

The Executive Board has also had four members since 2021. In the specific structuring of their remuneration, the determination of individual remuneration, the selection of the relevant performance indicators and the design of payment and allocation modalities, we take ESG criteria into account, among other things, in order to promote the sustainable development of the Medios Group (see Remuneration Report).

The area of “good corporate governance” is part of the “Governance” action area of our sustainability strategy. This contains four main topics: Compliance, Business Ethics, Responsible Procurement, Data Security and Data Protection.

At the corporate level, the topic of sustainability is firmly anchored in the Sustainability Committee, which was established in 2021 and is chaired by CEO Matthias Gärtner. In addition, the committee consists of the Supervisory Board's sustainability officer, the Members of the Executive Board of Medios AG, and representatives of all departments and ope-

rating areas. There are further points of contact depending on the relevant topic and necessity. The Sustainability Committee meets four times a year, defines the priorities of the sustainability strategy, and monitors the implementation of the corresponding measures.



2.1 Compliant conduct

Compliance

Cluster Aim: We want to keep achieving zero compliance breaches.

Goals	Measures	Timing	Progress	Explanation
Expansion of compliance training	Expansion to all employees	2023		Expansion of training to newly acquired companies in 2023
	Introduction of special anti-corruption and anti-bribery training	Q1 2023		With the introduction of the training platform
	Introduction of special anti-competitive training	Q1 2024		
Expansion of compliance management	Introduction of a new whistleblower system	2022		Whistleblower hotline in place since 2021 Operated via a new online tool since 2022
	Introduce internal audit	Q2 2022		Group-wide implementation started in 2022

Q: Quarterly

KPIs for measuring success:

- Proportion of employees who have received training on compliance topics

In addition to general laws, rules and standards, our corporate values shape the business activities and corporate culture of the Medios Group. Adhering to these values is a matter of course for us and is enshrined in the Medios AG Code of Conduct, which can be found on our website (<https://medios.ag/en/sustainability>).

Since 2022, we have had an external compliance officer with primary responsibility and an internal deputy, who are responsible for coordinating and managing compliance issues. The main tasks of our compliance organization under the leadership of the CEO include implementing the Group-wide Medios compliance program, reviewing the internal control system on an annual basis, and preparing our risk handbook, which records all risks and regulates how they are assessed.

The Compliance Officer reports directly to the Chief Executive Officer of Medios, who regularly informs the Supervisory Board regarding current developments and issues. Further reporting will take place as and when necessary.

Employees, as well as suppliers, of the Medios Group can contact the Compliance department at any time to prevent and investigate possible compliance violations. Since 2022, there has also been a publicly available online whistleblower system for anonymous reporting of suspected cases. Our employees are required to report possible compliance violations immediately. Medios thoroughly investigates all reports in accordance with the whistleblower guidelines. Ex-

cept in cases of the whistleblower system being misused, we guarantee that the whistleblower will not suffer any disadvantages. This includes protective measures against, for example:

- Disclosure of identity
- Suspension, dismissal/termination, or equivalent measures of your employment relationship
- Transfer of tasks, transfer, salary reduction, change of working hours
- Discrimination, disadvantageous or unfair treatment
- Non-renewal or premature termination of a temporary employment contract
- Premature termination or cancellation of a contract for goods or services
- Civil, criminal and administrative liability.

Relatives, colleagues, and caregivers are also protected by the Whistleblower Protection Act and the Medios Whistleblower Policy. There were no reports of compliance violations in the 2022 financial year. The plan is to open the whistleblower system to suppliers in the current 2023 financial year.

Medios has established a comprehensive risk management system within the Group. In order to minimize risks, gaps in the system are identified and described as well as measures defined to prevent or contain potential errors in advance. Risk assessment is carried out according to the quantitative criteria: potential damage, probability of occurrence and detection of the error. The review of the of the risk assessment is carried out every six months.

In addition to our Code of Conduct, further requirements are in place at Medios in the of comprehensive compliance guidelines, which we harmonized throughout the Group in 2019. In doing so, we have exceeded the statutory requirements. The guidelines govern, among other things, privacy and data protection, IT security, and how to handle gifts, donations, and conflicts of interest. We have also compiled a comprehensive compliance manual.

We regularly train our employees to implement our values and process principles. Especially when new employees join the Medios Group, they receive onboarding training, including on the topics of the Code of Conduct, data security, occupational safety and accident protection.

Compliance training was also provided in the 2022 financial year, particularly for the Purchasing and Sales departments. For 2023, we plan to expand an internal training and management platform for corporate guidelines across the Group. Once approved, regular training will be held there on topics such as the Code of Conduct for suppliers, how to deal with conflicts of interest, the General Equal Treatment Act for employees and managers, the Anti-Corruption and Antitrust Guidelines, corruption prevention, hygiene in the workplace, and data security when working remotely.

Medios strictly rejects any and all forms of corruption and bribery. We take all suspicions seriously and investigate them. If a suspicion is confirmed, the Executive Board of Medios AG will initiate disciplinary action. No cases of corruption were discovered in the 2022 financial year, nor were there any suspected cases. We are also not aware of any pending legal proceedings for anti-competitive conduct, fines or non-monetary sanctions for non-compliance with laws and regulations. In order to continuously increase efficiency and at the same time mitigate risk, an internal audit was introduced in 2022 and will be continued in 2023 and extended to the subsidiaries.

2.2 Ethical conduct

Business ethics

Cluster Aim: We want to formalize our values and align our entrepreneurial activities with these values.

Goals	Measures	Timing	Progress	Explanation
Implement Code of Conduct	Conduct training on the Code of Conduct	Q1 2023		With the introduction of the training platform
Joining of global alliances	Evaluation of relevant guidelines in addition to the UN Global Compact (e.g. International Labour Organization and Paris Agreement)	Starting 2021		Member of the UN Global Compact since 2021 Compliance with ILO core labor standards

KPIs for measuring success:

Q: Quarterly

- Proportion of employees who have received training on the Code of Conduct

As a sustainability-conscious company, our aim is to harmonize ecological, social, and economic aspects. In doing so, we want to create long-term value for ourselves as a company, our stakeholders, and society as a whole. We regard this as our corporate responsibility, which is reflected in all our business relationships and employment relationships.

Since the signing of the UN Global Compact in 2021, Medios has supported the world's largest alliance of corporate values. We are committed to the principles of the UN Global Compact in the areas of human rights, labor, the environment, and anti-corruption. We undertake to report regularly on these topics and to continuously develop ourselves by

taking appropriate measures. In keeping with this endeavor, we also see ourselves as committed to the core labor standards of the International Labour Organization (ILO) and the UN's Guiding Principles on Business and Human Rights. It goes without saying that we adhere to these fundamental values and, as part of our compliance, anchor them in the Medios Group's Code of Conduct. The corporate engagement of Medios relies on the sense of responsibility of each and every employee and is the responsibility of the Executive Board as a whole.

2.3 Responsible procurement

Responsible procurement

Cluster Aim: We want to significantly increase the volume of our products procured from suppliers rated according to ESG aspects.

Goals	Measures	Timing	Progress	Explanation
Safeguards for compliance with defined supply-chain standards	Implementation of Supplier Code of Conduct	2023		Publication planned for the first half of 2023
	Development of an ESG assessment/audit for suppliers	2023		
	Extension of the whistleblowing system to suppliers (whistleblowing hotline)	2023		Expansion via existing whistleblowing tool after publication of the Supplier Code of Conduct

KPIs for measuring success:

- Proportion of suppliers (category A) that have accepted the Supplier Code of Conduct or whose code of conduct corresponds with the Supplier Code of Conduct
- Percentage of suppliers that have been assessed
- Percentage of procurement volume from checked suppliers

In order to meet the principles of responsible procurement, both our own conduct and that of our suppliers play a key role.

Medios is only supplied by pharmaceutical companies that are headquartered or have subsidiaries in the EU. For this reason, we only trade medicinal products that are authorized in the EU or Germany.

Our collaboration with partners is cooperative and based on a dialog. In this way, we can help to ensure that they comply with high standards. We regularly check whether our suppliers are qualified in accordance with the legal requirements and EU guidelines for the good distribution practice of medicinal products for human use (GDP guidelines).

We are not yet subject to the new German Supply Chain Act, as Medios does not exceed the limit of 3,000 employees in Germany. Nevertheless, we value a sustainable supply chain and pay attention to their working and production conditions, environmental standards, and respect for human rights in their supply chain. To translate this into a formal guideline, we are currently working on our own Code of Conduct for suppliers and intend to introduce it in the first quarter of 2023. On this basis, we plan to increase our purchasing volume from ESG-certified suppliers in 2023.



In the procurement process, we also take into account criteria such as price, quality, area of application, and ability to deliver. In some cases, the feedback from our customers is also decisive, e. g. if they have special requirements for the packaging of deliveries.

When purchasing office supplies in 2022, we continued to focus on environmentally friendly products and reduced the proportion of our smallest orders.

2.4 Securing and protecting data

Data security and Protection

Cluster Aim: We want to protect our and our customers' data as far as possible.

Goals	Measures	Timing	Progress	Explanation
Ensuring data security and data protection	Expansion of employee training on data security and data protection	Ongoing		Training of external data protection officers
	Introduction of a package of measures to improve data security and data protection	2022		New, comprehensive data protection concept published in June 2022 and additional IT security guidelines, available via the media library of the Rexx employee platform

KPIs for measuring success:

- Number of employees who have received data protection training

The Medios Group's field of work requires absolute confidentiality. Our core business activity is supplying people suffering from serious illnesses with pharmaceuticals and patient-specific therapies in the best possible way. Protecting the personal rights of these people is a very high priority.

To ensure the security of the data in our possession, we have appointed external data protection officers. These officers perform their duties together with the central data protection coordination department of Medios AG. In addition, Medios has appointed two internal data protection coordinators in each subsidiary.

To ensure our high data protection standards, we conduct an audit every two years. We did not identify any data breaches in the 2022 financial year. For quality assurance purposes, we set up a data protection portal that contains documents for review and joint processing with external data protection officers and simplifies internal coordination. Moreover, we are currently working on the implementation of a Data Protection Management System (DSMS) with additional standard operating procedures (SOPs) relating to data protection emergencies, etc.

New employees at Medios receive binding training on the various aspects of data protection. One of the most important documents in this regard is our data protection agreement in accordance with the GDPR (General Data Protection Regulation). All Medios employees must attend refresher training with one of our external data protection officers once a year. Training at the newly acquired companies is not yet fully recorded. For this reason, 81% of Medios employees officially received data protection training in 2022. Group-wide documentation of the training courses is planned for 2023.

A staff unit for IT security was created in 2020. Since then, it has developed into an independent department, and in 2022 the field of work was expanded to include the topic of IT Quality Management. The Medios Group has thus stepped up its investments for the secure operation of its IT infrastructure.

Many measures were implemented in the areas of intrusion prevention and intrusion detection, such as the introduction of a new end-point security software, the complete overhaul of the firewalls, and the establishment of dedicated network monitoring with the help of SIEM (Security Incident and Event Management) software. Network traffic can be analyzed for IOCs (Indicator of Compromises) in order to automatically detect and eliminate threats.

An Information Security Management System (ISMS) based on ISO 27001 is currently being set up in order to define and achieve the information security objectives of the Medios Group. The Medios Group has appointed an internal information security officer for this purpose.

Employee training is an important aspect of the Medios Group's IT security concept. Special security awareness training sessions are held for all employees. Automated phishing tests are currently being planned and will be carried out in the course of 2023.



3. Products and services

The well-being of patients with serious illnesses is at the heart of our business operations. The Medios Group offers products and services that help to deliver optimum care for these patients. Our **Pharmaceutical Supply** segment supplies specialist pharmacies throughout Germany with patient-specific therapies and finished medicinal products. Our mission is the safest, best possible, and cost-optimized supply of specialty pharmaceuticals to patients. By virtue of our partner network, we consolidate the expertise of all parties and put valuable synergy effects at the disposal of all.

In compliance with exceptionally stringent GMP guidelines (GMP: Good Manufacturing Practice) and drawing on many years of experience, we – as a pharmaceutical **manufacturer** pursuant to sec. 13 of the German Medicinal Products Act (AMG) – prepare patient-specific infusion solutions and other parenterals using approved finished medicinal products. Our manufacturing operations are constantly optimizing their processes. In this way, we are able to ensure reliable manufacturing at all times and can respond flexibly to changes in treatment made at short notice.

With our broad-based logistics and distribution system, we are able to ensure that our high-quality products are delivered to pharmacies in a fast, secure, and reliable manner.









At the same time, we actively monitor market developments in order to keep our range of products and services up to date at all times. In the year under review, for example, we made progress in the area of digitization and further developed our mediosconnect platform.

The **“Products and Services”** action area comprises two clusters: “Patient health and protection” and “Innovative procedures and processes.”

3.1 Protecting the health of our patients

Patient health and protection

Cluster Aim: We want to ensure that patients have the most-comprehensive access to Specialty Pharma drugs possible.

Goals	Measures	Timing	Progress	Explanation
Safeguards for quality	Adherence to Good Manufacturing Practice (GMP guidelines)	Ongoing		Obligation as a pharmaceutical manufacturer
	Adherence to Good Distribution Practice (GDP guidelines)			
	Supplier selection based on high quality standards	Ongoing		According to GDP regulations
	Regular quality management inspections by the authorities	Ongoing		According to regulations
	Internal audit			
Further increase of customer satisfaction	Regular customer-satisfaction survey	Every two years from 2022		Postponed to 2023 because pharmacies were too busy with regulation and supply bottlenecks in 2022
Reduction and best-possible resolution of customer complaints	Implementation of complaint management for customers	2022		Decentrally organized and regulated by each company's own Standard Operating Procedures (SOPs)
	Annual evaluation of complaints	2022		Since 2021
Training employees on GMP/GDP and	Regular GMP/GDP training	Ongoing		Obligation as a pharmaceutical manufacturer
Expansion of partnerships with local pharmacies	Discussions with suitable pharmacies	Quarterly		January 2023: Network of partner pharmacies increased to 700 (2021: 600)

KPIs for measuring success:

- Self-inspection (according to manufacturing license), product-quality review (PQR)
- Number of internal audits
- Customer-satisfaction index
- Number of customer complaints
- Number of complaints vs. total deliveries

The health and protection of our patients is our highest priority. As part of our business activities, we stockpile medicines that are regularly ordered. We respond to inquiries from pharmacies within an hour, and deliveries – in most cases – overnight. In this context, we work with the pharmacies as partners.

To ensure that our medicinal products are always safe, we operate a strict quality management system based on various guidelines and standards. The guidelines for GDP (Good Distribution Practice), for example, require complete drug safety in both storage and transport. To achieve this, our quality management system must anticipate possible errors by identifying risks and defining countermeasures. The CAPA system (Corrective and Preventive Action) also serves to ensure drug safety within the framework of the GMP (Good Manufacturing Practice) guidelines: Employees report any errors that have occurred to their line managers and/or to the mandate holders, such as the head of manufacturing or the head of quality control, in accordance with Section 52a, para. 2, no. 3 of the German Medicines Act (AMG). Together with those responsible in the departments, this team analyzes the causes of the error and then improves the processes. This may mean changing standard operating procedures or training and instructing staff. In the year under review, we conducted these training courses on a regular basis and incorporated them into our Group-wide system. Our annual training plan sets out workplace-related training for all employees, general training on topics such as GMP and GDP, industrial hygiene and compliance, and annual instruction. They are a prerequisite for allowing workers to take up their jobs and serve to safeguard their qualifications.

Employees can find newly implemented or revised processes and the corresponding forms in the online training portal of the Medios Group.

In addition to the GDP guidelines, the internationally recognized GMP guidelines ensure good manufacturing practice for medicinal products. They also ensure that patients always receive their medicines in the highest quality.

Our quality assurance begins with the selection of our suppliers and the (video) documented inspection of our incoming and outgoing goods. Our transparent supply chain and quality testing of our raw materials prevent counterfeiting and thus contribute significantly to the safety of our patients. All raw materials and their batches can be fully traced using QR codes.

Under the GMP, quality assurance in manufacturing covers all production processes and the production environment. The aseptic manufacture of medicinal products is subject to particularly strict regulatory requirements. This relates to the handling of clean rooms, hygiene and clothing, the qualification of the manufacturing personnel and the quality in-

spections of the manufactured products. We also ensure that the processing, packaging, and storage of our medicinal products also comply with all national and European regulations.

At Medios, there are clear rules for all employees to ensure that they comply with these requirements. In terms of product quality and occupational safety, our own hygiene policy requires, among other things, personal protective clothing, face masks, and gloves to be worn throughout the manufacturing process.

Customers can voice complaints or requests for improvement, which our employees record in deviation logs and send to the responsible individuals. Complaints are handled and documented by the qualified person or the respective level plan officer in accordance with GMP regulations. As in the previous year, the complaint rate in 2022 was exceptionally low at 0.3%.



Regional authorities regularly check that we comply with all standards and processes. In addition, we conduct annual self-inspections in all areas of the Medios Group's GMP and GDP-regulated companies. In doing so, we align our working methods with the principles of the quality management system, GMP and GDP regulations, occupational health and safety, and other legal requirements. This allows us to check that we are complying with the regulations and also improve the quality of our internal processes and systems.

Since we manufacture medications that are individually tailored to the patient from ready-to-use drugs and are not involved in drug research, Medios can exclude animal testing.

3.2 Innovative design of procedures and processes

Innovative procedures and processes

Cluster Aim: We want to improve patient care further with digitization and innovative processes.

Goals	Measures	Timing	Progress	Explanation
Driving of digitization in the Specialty Pharma sector to improve efficiency	Rollout of mediosconnect	Ongoing		Already in five federal states, successively more federal states Transactions via mediosconnect up by 50%
Improvement of patient care with digitization and innovative processes	Implementation of a platform with e-prescription compatibility for doctors, health insurers, specialized partner pharmacies, and patients	2022		Deferred to 2023/2024 for regulatory reasons

KPIs for measuring success:

- Number of federal states where mediosconnect is available
- Number of transactions

We regularly analyze current trends and developments in the market. On this basis, we develop new products and services as well as process innovations.

Primary responsibility for all innovation-related topics is held by the Chief Innovation Officer (CINO), as a Member of the Executive Board. New topics are currently being promoted within the framework of the following bodies: IT Board, IT strategy workshop between the IT Board and the Executive Board, and the Digital Health Working Group. Depending on the topic of work, one of the committee members is responsible for the preparation and processing. The heads of the respective departments are responsible for the work. The digitalization of the healthcare sector in particular is

currently emerging as a trend. Medios wants to play an active role in shaping this development. For this reason, we have developed mediosconnect, a digital trading platform for personalized medicines that connects doctors, health insurers, and specialist partner pharmacies. The platform simplifies ordering and billing processes and thus makes the healthcare system more cost-effective. We have now introduced mediosconnect in five German federal states. 35 practices were acquired as users, and orders placed via the platform increased by around 50%. The trading platform is to be rolled out continuously in 2023. Electronic prescriptions, which are still being planned, will create new opportunities for the Medios Group.

4. Employees

Highly qualified employees are very important for our company's success.

The HR department reports to the Chief Operating Officer and bears Group-wide responsibility. At the disciplinary level, the management of the subsidiaries make their own personnel decisions. We support the individual companies of the Medios Group within the framework of our HR business partner concept and take into account their respective specifics. We have used internal specialists to expand HR systems and processes as well as for recruiting. The NewCo Pharma Group acquired in January 2022 was not yet integrated into the HR business partner concept in 2022. For this reason, the following employee data does not include information about the NewCo Pharma Group unless explicitly stated.

All employee data is data as of the reporting date. For this reason, they differ from the employee data in the 2022 Annual Report, which are averages.

Our daily activities are guided by our corporate values and our shared vision. We are convinced that the conduct of our managers is reflected in the conduct of our workforce. For this reason, in 2022, we established the Medios management guidelines and company values more broadly, formalized them, made them available digitally, and communicated them in a workshop.



Employees	As of December 31, 2022 (incl. NewCo Pharma Group)	As of December 31, 2022 (excl. NewCo Pharma Group)*	2021
Total number of employees (active/excluding parental leave)	531	305	301
Full-time employees	333	224	214
Part-time employees	198	81	87
With a temporary employment contract	14	13	14
With a permanent employment contract	517	292	287
Women	317	161	153
Men	214	144	147
Under 30 years of age	84	45	72
Between 30 and 50 years old	332	205	185
Over 50 years of age	115	55	44
Employees on parental leave	13	10	11

* Base of calculation for subsequent KPIs unless otherwise stated. All employee data provided here is based on the cut-off date. The other employee data reported in the annual report are averages that exclude Executive Board members, managing directors, and trainees.

4.1 Boosting employee satisfaction

Employee satisfaction

Cluster Aim: We want to further improve our employees' satisfaction with their workplace and employer.

Goals	Measures	Timing	Progress	Explanation
Regular employee surveys	Employee survey regularly conducted	Ongoing		Carried out in March 2022
Increasing employee satisfaction	Expansion of remote-work offering	Late 2021		"60% presence, 40% mobile" – regulation since December 2021

KPIs for measuring success:

- Fluctuation rate
- Percentage of total workforce working from home at least once per week

For successful business development, we need very well-trained employees and consider long-term employment relationships to be exceptionally important. To ensure that our employees stay with the company for as long as possible, we create incentives in the form of employee offers and dialog regularly with our employees. In these discussions, we discuss personal goals, satisfaction with the working environment, and their own ideas about the business area, among other things.

We reward the performance of our employees and want to compete for qualified specialists. Fair compensation plays an important factor in this regard. In the Medios Group, it is based on the requirements of the specific position and the employee's performance. To measure salaries, we use the Korn-Ferry/Hay job evaluation system and use the annual Korn-Ferry compensation data for the overall German market as a benchmark.

In addition to salaries, we offer attractive perks and social benefits. For example, employees receive a subsidy for company pensions and health insurance. They also have access to individual workplace glasses, fruit baskets, free flu vaccinations, a free public transport ticket, and, in some cases, company bikes. An annual leave of 30 days is a matter of course.




The topic of home working became increasingly significant during the COVID-19 pandemic. The Medios Group has adopted a corresponding guideline according to which employees can work 60% on site and 40% from home.

In the year under review, we once again measured the satisfaction of our workforce by means of a company-wide employee survey. We take the criticism and suggestions of our employees seriously and take them into account as far as possible when planning and aligning our corporate activities. In Germany, employees have the right to establish a works council under the German Works Constitution Act. We also see the fact that Medios employees have not yet made use of this right as a sign of satisfaction.

4.2 Working with equal opportunities and promoting diversity

Diversity and equal opportunities

Cluster Aim: We want to prevent discrimination and promote equal opportunities actively.

Goals	Measures	Timing	Progress	Explanation
Retention of a high proportion of women in leadership positions	Development of a mentoring program for women	2023		50% women in management positions
Active support for equal opportunities	Implementation of diversity and inclusion representative	2024		
Safeguards for fair pay for women	Annual analysis of gender pay parity	Since 2022		

KPIs for measuring success:

- Employees in leadership positions, by gender
- Proportion of women to employees
- Gender pay parity ratio

Diversity and equal opportunities are a matter of course throughout the Medios Group. Our Code of Conduct contains relevant guidelines. We expect each of our employees to fully adhere to our corporate values. Accordingly, we prohibit any discrimination on the basis of skin color, sex or gender, sexual orientation, class, origin, physical or mental condition, ideology, or religion.

Should employees nevertheless become aware of cases of discrimination, we encourage them to report such via our whistleblower system. All employees have unrestricted access to it. No suspected cases were reported in 2022. To ensure that this remains the case, we are planning Group-wide training on the Code of Conduct via our new training software for 2023.

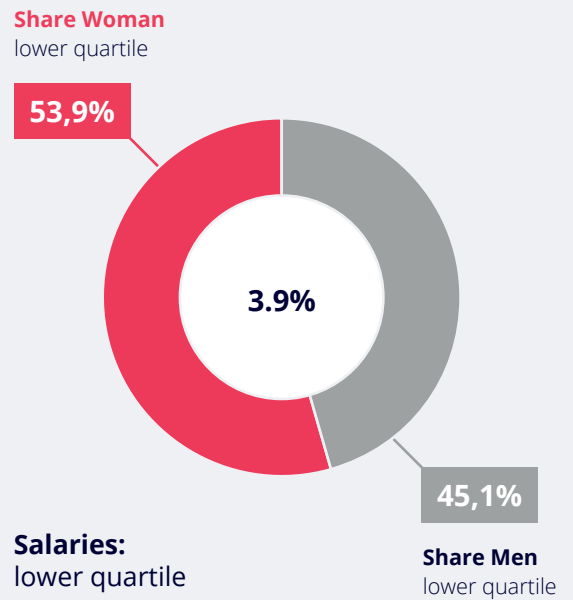
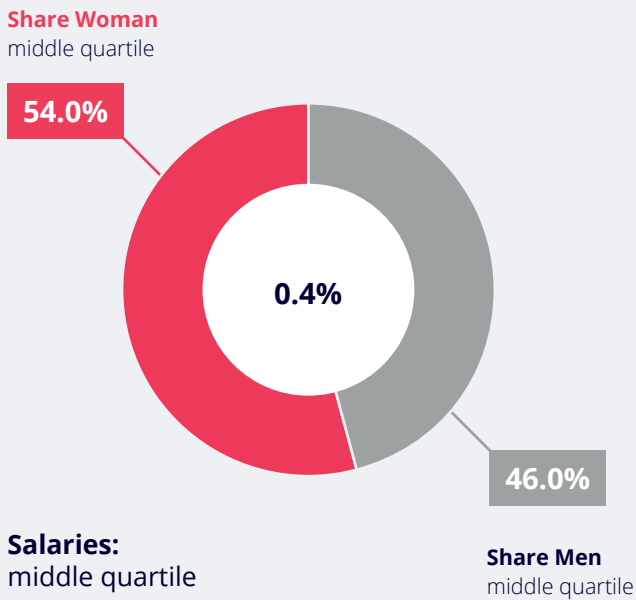
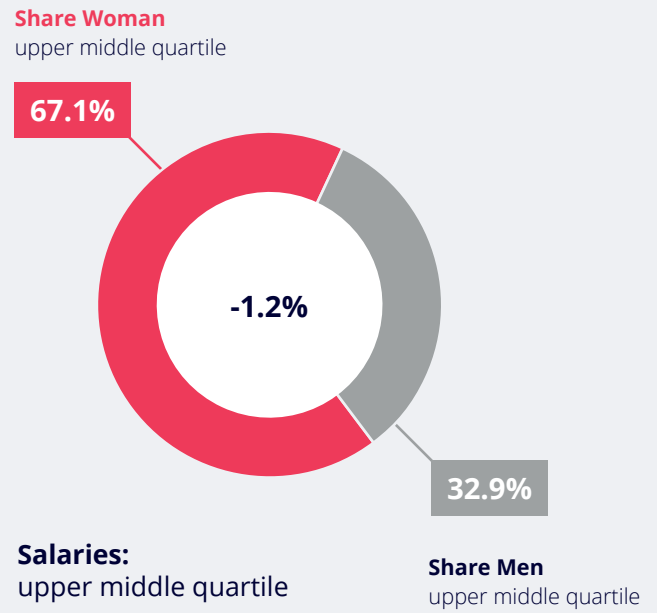
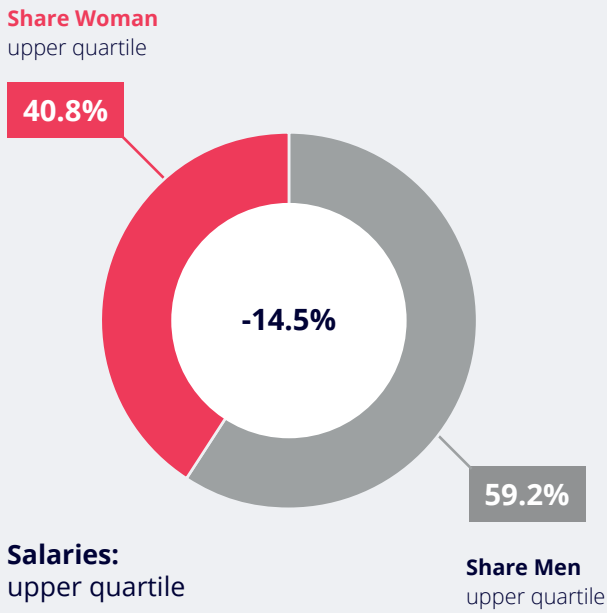
The unadjusted gender pay gap was calculated for the first time for 2022. The gender pay gap describes the difference between the average gross salary of women and men. This difference is expressed as a percentage of men's average gross hourly earnings. On average, women earned 17% less than men at Medios. The calculation takes into account the salaries

of all employees irrespective of wage-determining factors such as level of education, occupation, qualification or work experience. For this reason, the unadjusted gender pay gap is usually higher than the adjusted gender pay gap, which excludes differences in earnings due to occupation, qualification, etc. We do not calculate the latter due to the lack of data.

In order to be able to classify the deviation of 17%, we have formed quartiles across all salaries. Within the quartile, the unadjusted gender pay gap and the distribution of women and men were then determined.

The pay gap is greatest in the upper quartile, which contains the highest salaries, including Executive Board salaries. This is due in particular to the fact that three Members of the Executive Board are male. In the lower quartiles, women earn more than men.

Gender pay gap within salary quartiles



⊙ Unadjusted gender pay gap within the quartile

4.3 Promoting occupational health

Occupational health

Cluster Aim: We want to preserve our employees' health and achieve zero occupational accidents per year.

Goals	Measures	Timing	Progress	Explanation
Effective support for healthy lifestyles and occupational safety and health	Offer of checkups and vaccinations (company doctor)	Late 2022		Held in Q1/2022 Voluntary offer for flu vaccinations
	Promotion of sport, stress-management course, subsidy for office glasses	2023		Work glasses are already subsidized
	Expansion of consistent health management Group-wide	Ongoing		
Full prevention of work-related accidents	Expansion of single occupational safety strategy Group-wide, including training	Late 2022		Occupational safety training courses take place regularly Quarterly occupational safety meetings were held throughout the Group ≥ Strategies for individual companies
	Introduction of a management system for occupational health and safety (HSE: health safety environment)	2025		
Work-life balance at Medios	Comprehensive offering of flexible working-hour models	Ongoing		Available to every employee

KPIs for measuring success:

- Number of employees who have participated in health programs
- Percentage of employees covered by health management
- Number of work-related accidents
- Percentage of employees covered by HSE-management system
- Number of flexible working-hour models utilized in relation to the total workforce

As an employer, we have a duty to maintain and promote the health and safety of our employees. At Medios, there are various sensitive work areas where our employees may be exposed to hazards. We are aware of this fact and take precautions to avoid disruption and damage. For example, we conduct regular safety briefings and fire safety drills and train first responders and fire safety assistants.

The Executive Board has delegated its responsibility for occupational health to management. Medios identifies and deals with occupational safety issues in occupational health committees (OHC) and ensures that they are implemented. Each OHC consists of the management or employer representative, an internal safety officer, an external occupational

physician, and an external occupational health and safety practitioner and met once a quarter in 2022. They review and revise the occupational safety instructions and advise on organizational measures and technical aids.

In the third year of the COVID-19 pandemic, we continued to provide our employees with the best possible protection against coronavirus infection through hygiene protection concepts, shorter workstation cleaning cycles, and the free provision of masks and antigen tests. From May 3, 2022, we were able to relax the obligation to wear masks and distancing, albeit not at the manufacturing plants. The company medical service of each Medios company supported inter-

nal health management and provided regular information on the statutory coronavirus regulations. The medical service also carried out the regular and mandatory health checks specific to the workstations for all employees, e.g. the annual health checks for employees with VDU (Visual Display Unit) workstations in early 2022.

If accidents at work occur, we document both the number and the type. In the year under review, there were 17 accidents at work, the majority of which were minor cuts or needlestick injuries. In six cases, serious injuries occurred, i.e. the affected employee was on sick leave at least three days after the accident. This corresponds to an overall accident rate of 6.4% per 100 employees and a serious work-related injury rate of 2.2% per 100 employees.

In order to maintain and promote the health of our employees, we pay attention not only to their physical condition, but also to psychological stress caused by stress and overload. Should our employees nevertheless develop psychological symptoms, we work with them to develop individual solutions. We take our cue in this regard from the Hamburg model, which provides for talks and a reintegration period following long-term illness.

4.4 Extensive vocational and advanced training

Vocational and advanced training

Cluster Aim: We want for all our employees to develop further through an overarching training policy.

Goals	Measures	Timing	Progress	Explanation
Identification and further development of our employees' potential with clear concepts	Conduct annual feedback and development discussions with all employees	Late 2021		Available to every employee
Increased number of trainee positions	Fill available trainee positions	2023		Available trainee positions are filled
	Offering of new trainee occupations	2023		From 2024, IT specialist for system integration
Support for junior employees and managers	Management training	Ongoing		
	Development of support and mentoring program	Until 2024		
Securing young talent	Hire student trainees	Ongoing		Working students at Medios
	Attract dual-study students and scholarship recipients in pharmacy studies	Starting 2023		A dual-study student at Medios since early 2023 Scholarship program has started

KPIs for measuring success:

- Number of trainee positions
- Number of participants in support and mentoring programs

As a training company, we promote education and training in our business area in order to meet our current and future demand for qualified specialists. As such, we offer vocational training programs in wholesale and international trade management as well as warehouse logistics. Two apprentices were employed at Medios in the 2022 financial year – one as a merchant in wholesale and foreign trade management and one as a specialist in warehouse logistics. From 2024, we also plan to train IT specialists for system integration. In addition, since the beginning of 2023, we have been offering students in dual courses of study the opportunity to complete their practical phases at Medios. We currently have one dual-study student specializing in business administration working for us. Starting in 2023, pharmacy students from their sixth semester onwards will be able to receive a one-year scholarship through the “Medios Talent Program” and then complete their practical year at a partner pharmacy or the Medios manufacturing companies. The program aims to retain employees and increase the visibility of Medios as an attractive employer for pharmacists.

In addition, we support our employees in their personal and professional development through various personnel development measures. In the 2022 financial year, around 17% of the Medios Group's workforce took part in personal development measures and coaching. They attended workshops on the topics of mission statement, values, and leadership guidelines, as well as management workshops on the topics of employer branding and decentralized leadership of virtual teams. Moreover, regular training sessions were held in the field of pharmaceutical production. For more information, please refer to section 4.3 “Promoting health at work.”

In 2022, Medios introduced a new program for employee and management development. It is based on our leadership guidelines and competencies and includes management diagnostics and various development measures. Since January 2022, we have been using additional tools such as 360-degree feedback and employee performance potential tracking. We systematize employee and management development through a training catalogue that is also aligned with the management guidelines. It includes off-the-job, along-the-job, and on-the-job measures.

We take the onboarding and induction of new employees quite seriously. On the one hand, we want to convey the values and organizational structures of Medios to them across all divisions and, on the other, ensure comprehensive, job-related training. We have therefore put together concrete plans that define the scope and nature of onboarding, and on this basis, we qualify employees for their job profiles. Some profiles require training periods of up to nine months, e.g. lab work.

5. Environment

Medio's business model has a comparatively low impact on the environment. Nevertheless, it is essential to use the resources we need for our business sustainably. We feel responsible not only for the efficient use of energy and the

reduction of emissions, but also for the reduction and proper disposal of waste. The acquisition of the NewCo Pharma Group in 2022 significantly expanded Medios AG's partner network, which has a significant impact on consumption and production figures. In addition, we introduced new software for capturing ESG data in the 2022 financial year. This enables us to obtain much more detailed and structured data across the Group – both in terms of breadth and depth. In line with the basic principles of the GHG Protocol, we have therefore decided to use 2022 as the new base year for reporting energy, emissions, and environmental figures.

Our primary objective is to avoid and reduce emissions. Starting in 2023, we want to offset unavoidable Scope 1 and Scope 2 emissions in order to be climate-neutral at our locations. We are currently examining various options for offsetting and will analyze and also reduce our Scope 3 emissions. Our logistics service providers, who supply pharmacies, play an important role in this. For example, we are working on making route planning even more efficient.

Medios has issued general codes of conduct and standard operating procedures (SOPs) that explain these topics and, in some cases, stipulate the responsible handling of energy, waste, paper, and packaging material as well as how to recycle such, etc.

The management of the Medios companies is responsible for adhering to the guidelines. In the specific case of environmental law, the Compliance Officer is primarily responsible. We also rely on our employees' individual sense of responsibility, who are encouraged to act in the most energy-efficient manner possible in their day-to-day lives.

In the area of facility management, we are actively working to reduce energy consumption. For example, we have installed motion detectors for the light. Further starting points are the workbenches in the clean rooms and the ventilation systems in the laboratories. In 2022, systematic checks were carried out at all manufacturing facilities so that the workbenches and ventilation systems can operate in setback mode if not in use. Switching off is not possible in clean rooms due to the required hygiene regulations.

In the 2022 financial year, we recorded and evaluated energy consumption for production and manufacturing as part of the further expansion of our new location (Gartenhaus) together with the Wholesale, Manufacturing and Administration departments. For example, we installed digital electricity meters, thermostat controllers on the radiators, LED lighting, and sun protection film on the windows. In addition, the cold storage rooms are state-of-the-art and very energy-efficient. These measures will enable us to implement specific energy conservation measures at a later stage.










In principle, we want to continuously improve our environmental management. To this end, we set ourselves specific targets, such as the energy efficiency of newly acquired appli-

ances or the improved insulation of cold storage rooms. Our new ESG software specifically supports us in managing our environmental performance even more effectively.

5.1 Coordinating energy and emissions

Energy and emissions

Cluster Aim: We want to be climate-neutral at our sites by 2023.

Goals	Measures	Timing	Progress	Explanation
Systematic recording of emissions data	Implementation of ESG software and expansion of digital electricity meters	2022		Implementation completed in December 2022 Digital electricity meters retrofitted at two locations
	Analysis of relevant Scope 3 emissions (transport, etc.)	Until 2023		Trips with own fleet, business trips, waste already recorded Expansion planned
	Evaluate the Science Based Targets Initiative (SBTi)	2023		Initially, ensure a good data base for 2022, in order to set greenhouse gas emission reduction targets under the SBTi
Lowering of energy consumption through efficiency and prevention	Implementation of various energy-efficiency measures	Ongoing		
	Implementation of ISO 50001 energy-management system	2023		
	Determination of energy-efficiency criterion in procurement criteria	Starting 2022		Energy efficiency is already taken into account when purchasing new hardware, electronic devices, and commissioning data centers Formal inclusion in
50% reduction of Scope 2 emissions and achievement of climate neutrality at own sites (using offsets)	Step-by-step transition to 100% green power	Evaluation starting 2021		Purchase of green electricity increased to just under 40%
	Implementation of ISO 14001 environmental-management system	2023		
	Mobility allowance for local public transport	Ongoing		For all employees

KPIs for measuring success:

- Energy-efficiency level
- Reduction of emissions compared to reference year
- Metric tons of carbon equivalent per €m of revenue
- Share of green power in electricity consumed
- Scope 2 emissions compared to reference year (e.g. own electricity consumption, heating, cooling)
- Emissions at own sites
- Share of business with ISO certification
- Emissions offset

Medios does not generate electricity for its own business activities. How we obtain and use our energy, however, determines the amount of emissions we are responsible for. We obtain heat from the landlords at our locations in the form of natural gas and heating oil. In the year under review, our electricity use was made up as follows:

Power consumption Medios Group	2022*	2021*
Total power consumption	3,392.4	513,4
Thereof volume of purchased electricity	3,392.4	513,4
Thereof self-generated electricity	0	0
Total heat consumption	2,040.1	1,699.4
Thereof purchased heat	2,040.1	1,699.4
Thereof self-generated heat	0	0
Total cooling consumption	185.6	-
Thereof purchased cooling	185,6	-
Thereof self-generated cooling	0	-
Total energy consumption	5,618.2	2,212.8

* Partly based on consumption from the previous year, due to missing operating cost invoices. Where no data was available, conservative estimates were made on the basis of average consumption per square meter.

We cool our products and materials in large refrigerators or cold-storage cells that we operate with electricity. We see the greatest savings potential in the improved insulation of the new cold-storage cells that we have been using since 2020. We were also able to reduce our energy consumption and emissions by moving our company headquarters to an energy-efficient new building in 2020. The new building meets the latest standards and has received a certificate from the DGNB (German Sustainable Building Council). In the 2022 financial year, we were able to further reduce our energy consumption by housing two departments in the same location. This eliminates the emissions caused by transport between locations. Furthermore, we have purchased state-of-the-art, energy-saving machinery and devices for the new site. However, absolute consumption and emissions have increased due to the addition of new companies.

By purchasing green electricity, we can also operate in a more environmentally friendly way while maintaining stable energy consumption. For this reason, we switched other areas to electricity from renewable energy sources in 2022. In the first half of 2023, we also want to make this mandatory in our purchasing guidelines. When it comes to IT, we only work with energy-certified data centers.

Emissions Medios Group (in tCO ₂ e)	2022	2021
Scope 1	136.8	0
Self-generated electricity	n/a	n/a
Self-generated heat	n/a	n/a
Self-generated cooling	n/a	n/a
Own fleet / company cars	136.8	n/a
Scope 2	5,787.7	188.5
Electricity purchase market-based	2,872.5*	152.7
Electricity purchase location-based	689,5	179.7
Purchased heat	2,040.1	35.7
Purchased cooling	185,6	n/a
Scope 3	10,931.6	237.5
Business trips	10,253.6	103.1
<i>Airplane</i>	1,833.2	5.0
<i>Rental car</i>	7,722.0	95.7
<i>Train</i>	698.5	2.4
Waste	302.1**	18.8
Energy related emissions	375.9	115.6
Total emissions	16,856.1	733.4

* Due to missing emission factors from the electricity contracts, emissions for 85% of the Medios Group were calculated using the residual factor 0.61784 kg CO₂ / kWh (Source: Association of Issuing Bodies AIB (2022): European Residual Mixes 2021) | ** No data for 15% of the Medios Group

After falling in previous years due to the COVID-19 pandemic, the number of business trips increased again in the year under review. We want to maintain and promote the trend toward virtual meetings driven by the pandemic. To this end, we further improved and expanded our internal IT infrastructure and digital opportunities in the reporting year. In this way, we are laying the foundation for further reducing our travel activities in the future.

Company cars are used by sales representatives and managers. Medicines are delivered partly by our own fleet and partly by a logistics service provider. Since February 2022, the Medios Group's company car policy has not allowed diesel vehicles. When choosing a company car, priority should be given to sustainable vehicle alternatives such as electric vehicles. Management's company cars were converted to gas.





Since 2021, we have rented parking spaces for electric vehicles, each with charging facilities available during working hours. If as many employees as possible take advantage of this offer and do without vehicles with internal combustion engines, this will have a positive impact on the emissions generated by our employees' commuting.

In addition, we offer employees a free public transport ticket or a company bike to make their commute to work as sustainable and emission-saving as possible.

5.2 Strengthening recycling

Waste and recycling

Cluster Aim: We want to conserve resources and recycle and reuse wherever possible.

Goals	Measures	Timing	Progress	Explanation
Increase of the share of waste recycled or reused	Reusability or recyclability of suits, gloves, etc. defined as a procurement criterion	2023		Washable protective suits in all companies since 2021 Formal inclusion in purchasing guidelines in progress
Significant increase in usage of recyclable and reusable packaging	Usage of recycled/reused packaging	Starting 2022		Use of reusable transport boxes Test on environmentally friendly packaging and filling materials launched in 2022
	Reusability or recyclability of packaging defined as a procurement criterion	2022/2023		Formal inclusion in purchasing guidelines in progress
Sensitization to issue of recycling	Awareness campaign among employees	Starting 2022		Expansion to include energy and resources
				Information campaign via newsletter

KPIs for measuring success:

- Waste volumes in metric tons
- Hazardous waste in metric tons
- Proportion of recycled or reused waste in percent
- Proportion of recycled or reused packaging in percent

All hazardous substances we work with are recorded in a hazardous substances register. This is the basis for all operating instructions relating to the handling of hazardous substances and their disposal process. We train our employees on these operating instructions at least once a year as part of our occupational safety training. As soon as we use new hazardous substances in manufacturing, we update the operating instructions and train our employees accordingly.

The cytotoxic waste generated during the manufacture of pharmaceuticals requires special disposal regulations. We collect it separately in a cytostatic bin and have it disposed of in accordance with the waste code by specialist companies that are certified as a specialist waste disposal company in accordance with the German Circular Economy Act (Kreislaufwirtschaftsgesetz). This enables us to prevent unauthorized access and environmental contamination. This is how we minimize the negative impact on biodiversity

For hardware disposal, we work with a non-profit IT company that specializes in extending the lifespan of used IT and mobile devices by professional data destruction, reprocessing, and reselling. In 2022, we collected 229 IT and mobile devices weighing just under one metric ton. Almost 50% of these devices were resold after data destruction, hardware testing, spare parts procurement, repair, upgrade, and cleaning. Valuable raw materials such as gold, silver, copper, palladium, or platinum are recovered from non-reusable equipment through recycling processes. With the exception of masks and gloves, the protective equipment of employees working in the clean room (laboratory) – e.g. overalls and undergarments – is reprocessed and reused in a controlled manner. Our goal is to further increase the share of recycled and reconditioned waste, especially with regard to thermal recycling.

We have expanded the use of sustainable office materials. At the same time, we are digitizing our accounting system so that we need less office supplies overall. To ensure the quality of our pharmaceutical products, we need special transport containers and continuous cooling for their transport. In 2022, tests were carried out on various reusable packaging materials, which are still ongoing, to further increase the share of recyclable packaging. The majority of the transport boxes are already reusable and are being brought back. The packaging and filling material is also reused to the extent possible. By working with a specialist transport service provider that offers temperature-controlled transport, we are able to dispense with cooling packs and thus reduce the amount of waste. Where we deliver ourselves, we rely on reusable cooling packs.

6. Social responsibility

As one of our four corporate values, the topic of responsibility defines our entire corporate culture and therefore everything we do and don't do. Our responsibility extends to society as a whole: With our business activities, we aim to make a positive contribution and create sustainable value. The action area "social responsibility" comprises two clusters: the topic "civic engagement" and the topic "stakeholder dialog."

6.1 Civic engagement

Civic engagement

Cluster Aim: We want to support social projects.

Goals	Measures	Timing	Progress	Explanation
Even greater expansion of social and civic engagement in our local area	Support employees in their day-to-day activities with a paid day off	Starting 2023		
	Participation in charitable events	Starting 2022		Charity sports campaigns Four-day student internship at Berlin location as part of the Berlin Program for In-depth Career Orientation (BVBO)

KPIs for measuring success:

- Number of charitable events participated in





As a responsible company, we want to be a good neighbor at our locations in the spirit of good corporate citizenship. But beyond that, we also bear a social responsibility to operate in a sustainable and ethical manner. We are convinced that we create added value for society through our business model and our products.

We regularly donate to various charitable organizations. The Executive Board decides which projects Medios will support financially. It is based on our compliance guidelines, which provide for donations for "health care purposes." In the year under review, we made a donation to the Children's Cancer Foundation by participating in a charity bicycle race. Medios also donated to Ukraine via "Pharmacists without Borders" and "Aktion Deutschland hilft."

6.2 Maintaining transparent dialog

Stakeholder dialog

Cluster Aim: We want to promote and expand dialog with all stakeholders.

Goals	Measures	Timing	Progress	Explanation
Consideration of stakeholder interests	Establishment of stakeholder management	Starting 2021		Evaluation of the most relevant stakeholder groups has taken place
	Evaluation of relevant stakeholder groups			
	Performance of stakeholder survey (dialog format and for verifying material topics)			
	Expansion of stakeholder dialog with all relevant stakeholders			First Capital Markets Day for institutional investors and analysts
	„Medios Specialty Pharma Day“ / Specialty Pharma Meet-up / Netzwerk-Telko	Ongoing		

KPIs for measuring success:

- Establishment of specific KPIs depending on projects and topics

We interact with different stakeholders as we conduct our day-to-day business, and they place different demands on us. In particular, we maintain close contact with the stakeholder groups suppliers, partner pharmacies, and investors via various communication media. The dialog with our partner pharmacies takes place primarily at network events and regular telephone conferences.

As part of brand development, we conducted a survey of our partner pharmacies in 2019, which we intend to repeat in 2023 as part of the Customer Journey. In addition, we continue to offer our network partners virtual information events on various topics.

We hold status meetings with our suppliers at least once a year. We are organizing the “Medios Specialty Pharma Day” for our pharmacy customers. It took place twice in 2022: with 50-60 participants each in Frankfurt and Berlin. The goal was to promote networking among pharmacists as well as with us. We want to organize two Medios Specialty Pharma Days again in 2023.

In 2022, we held the first “Medios Capital Markets Day” for investors and analysts. In Berlin, more than 30 capital market participants learned out about the Medios strategy, were able to ask management questions, and had the opportunity to visit the new Medios laboratories.

7. Nonfinancial Key Performance Indicators (KPIs)

Cluster	KPI	Value 2022
Governance	Proportion of employees who have received training on compliance topics	97%
	Proportion of Supervisory Board members who have received training on compliance topics	100%
	Proportion of employees who have received training on the Code of Conduct	100%
	Proportion of Supervisory Board members who have received training on the Code of Conduct	100%
	Proportion of employees who have received training on data protection	81%
	Number of suspected compliance cases or violations	0
	Number of reportable data protection incidents	0
	Total number of discrimination incidents	0
Products and services	Number of self-inspections	38
	Number of internal audits	13
	Proportion of complaints vs. total deliveries/preparations	0.3%
	Number of partner pharmacies	700
	Number of states where mediosconnect is available	5
Employees	Proportion of women in leadership position	50%
	Gender Pay Parity Quote (unadjusted)	-17%
	Number of occupied trainee positions	3 Headcount
	Proportion of employees covered by health management program	100%
	Proportion of flexible working-hour models utilized in relation to the total workforce	41%
	Fluctuation rate	20.2%
	Proportion of total workforce working from home at least once per week	80.7%
	Rate of work-related accidents (per 100 employees)	6.4%
	Rate of work-related deaths	0%
Rate of work-related injuries with serious consequences (per 100 employees)	2.2%	
Environment	Total energy consumption	5,618.2 MWh
	Energy from renewable sources	1,354.0 MWh
	Energy efficiency rate	3.5 MWh per €million revenue
	Proportion of green electricity	39.9%
	Total emissions Medios Group	16,856.1 tCO ₂ e
	Total Scope 1 emissions	136.8 tCO ₂ e
	Total Scope 2 emissions	5,787.7 tCO ₂ e
	Total Scope 3 emissions	10,931.6 tCO ₂ e
	Metric tons of carbon equivalents per €m of revenue	10.5 tCO ₂ e per €million revenue
	Total waste	620.5 t
	Total hazardous waste	45.8 t
	Total non-hazardous waste	574.7 t
Total water consumption	4,391.7 m ³	
Social responsibility	Number of charitable events participated in	2

8. About this report

This nonfinancial statement voluntarily covers the requirements of Sections 289b to 289e of the German Commercial Code (HGB) in conjunction with Sections 315b and 315c of the German Commercial Code (HGB) resulting from the CSR-RUG and contains the information required by law within the meaning of Section 289c, Paragraph 2 of the German Commercial Code (HGB) with regard to the following aspects:

- Environmental affairs
- Employee affairs
- Social affairs
- Respect for human rights
- Combating corruption and bribery

We have identified our material nonfinancial issues within the scope of a materiality assessment and in this report disclose the concepts we are pursuing in this regard – for each of the aforementioned aspect within the meaning of Section 289c, Paragraph 2 of the German Commercial Code (HGB).

This report was prepared on the basis of the GRI standards. It also serves as the progress report in relation to the ten principles of the UN Global Compact.

In accordance with Section 289c, Paragraph 3, Nos. 3 and 4 of the German Commercial Code (HGB), the law requires us to report on significant nonfinancial risks. During a net assessment of risks within the framework of our risk management activities and in accordance with the requirements of the CSR-RUG, we have not identified any risks that are highly likely to have, or are likely to have, a serious negative impact on one or more of the aforementioned aspects. More information is contained in the risk report of the management report.

Within the context of strategic development, the governance-related nonfinancial key performance indicators pursuant to Section 289c, Paragraph 3, No. 5 of the German Commercial Code (HGB) have been defined, with each one listed in the relevant chapters on material topics.

In respect of statements about employees, customers, and other groups of individuals, this nonfinancial statement uses the male, female, or neutral form of address. This is solely for the purpose of improved readability. All disclosures relate, of course, to all genders.

GRI-Index – Foundation 2021

General Disclosures

Standard	Disclosures	Page	Comment	UN-Global-Compact-Principles
GRI 2	General Disclosures 2021			
Organizational profile				
2-1	Organizational profile	p. 14 und pp. 100–102	Headquarter: Berlin, Deutschland	
2-2	Entities that are considered in the organization's sustainability reporting	pp. 100–102		
2-3	Reporting period, reporting frequency and contact	p. 43 and p. 189	Reporting period: January 1, 2022 to December 31, 2022. Deviations from this period are noted in the respective sections. Reporting cycle: yearly	
2-4	Correction or restatement of information		All relevant changes are outlined in the relevant places.	
2-5	External assurance		No external assurance was conducted.	
Activities and employees				
2-6	Activities, value chain and other business relationships	p. 15, 23 and pp. 100–107		
2-7	Employees	p. 3, 29 and p. 145		6
2-8	Employees without direct employment	/	not relevant	
Corporate Governance				
2-9	Management structure and composition	p. 8, pp. 19–20 and pp. 48–52		10
2-10	Nomination and selection procedure of the highest supervisory body	p. 59		
2-11	Chairman of the highest supervisory body	p. 48		
2-12	Role of the highest governance body in overseeing the management of impacts	p. 19–20 and p. 52		
2-13	Delegation of responsibility for the management of impacts	p. 59	Further information is presented separately in the relevant management approaches.	
2-14	Role of the highest governance body in sustainability reporting	p. 59		
2-15	Conflicts of interest	p. 51		
2-16	Communication of critical concerns	p. 51		
2-17	Collective expertise of the highest control body	p. 61		
2-18	Performance evaluation of the highest governance body	p. 62		
2-19	Remuneration policy	pp. 67–95		
2-20	Procedure for determining the remuneration	pp. 67–95		
2-21	Ratio of total annual remuneration	pp. 91–92		
Strategy, policies and practices				
2-22	Declaration of application for the sustainable development strategy	p. 17 and p. 58		
2-23	Declaration of commitment to principles and courses of action	pp. 9–10, pp. 19–20, pp. 21–24 and pp. 57–62		1–7, 10
2-24	Inclusion of political commitments	pp. 57–59		
2-25	Procedure for the elimination of negative effects	p. 17–19		1–7, 10
2-26	Procedures for obtaining advice and reporting concerns	pp. 21–22, p. 31 and pp. 57–58		
2-27	Compliance with laws and regulations	pp. 21–22, pp. 35–36, p. 52 and p. 57		
2-28	Membership of associations		Medios did not identify any relevant memberships for 2022.	
Stakeholder engagement				
2-29	Stakeholder engagement approach	p. 41		

Disclosure on material topics

Standard	Disclosures	Page	Comment	UN-Global-Compact-Principles
3-1	Procedure for determining the content of the report and the delimitation of topics	p. 17		
3-1	List of material topics	p. 17		
3-1	Management of material topics	p. 17		
GRI 205	Anti-corruption 2016			
GRI 3-3	Management of material topics	pp. 21–22		10
205-1	Operating sites audited for corruption risks	p. 22		10
205-2	Communication and training on anti-corruption policies and procedures	pp. 21–22		10
205-3	Confirmed incidents of corruption and measures taken	p. 22		10
GRI 206	Anti-competitive behaviour 2016			
GRI 3-3	Management of material topics	pp. 21–22		10
206-1	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	p. 22		10
GRI 302	Energy 2016			
GRI 3-3	Management of material topics	pp. 35–37		7–9
302-1	Energy consumption within the organization	p. 37		7–8
302-3	Energy intensity	p. 42		8
302-4	Reduction of energy consumption	pp. 36–37		7–9
302-5	Reduction of energy requirements for products and services	pp. 36–37		7–9
GRI 305	Emissions 2016			
GRI 3-3	Management of material topics	pp. 35–40		7–9
305-1	Direct GHG emissions (Scope 1)	p. 38		7–8
305-2	Indirect energy-related GHG emissions (Scope 2)	p. 38		7–8
305-3	Other indirect GHG emissions (Scope 3)	p. 38		7–8
305-4	GHG emissions intensity	p. 42		8
305-5	Reduction of GHG emissions	pp. 36–38		7–9
GRI 306	Waste 2020			
GRI 3-3	Management of material topics	p. 35 and p. 39		7–9
306-1	Waste generated and significant waste-related impacts	p. 39		7–9
306-2	Management of significant waste-related impacts	p. 39		7–9
306-3	Waste generated	p. 42		7–8
GRI 401	Employment 2016			
GRI 3-3	Management of material topics	pp. 29–35		6
401-1	Newly hired employees and employee turnover	p. 42		6
401-2	Operational services	p. 30		6
401-3	Parental leave	p. 29		6
GRI 403	Occupational health and safety 2018			
GRI 3-3	Management of material topics	p. 29 and pp. 33–34		
403-1	Management system for occupational safety and health protection	p. 33		
403-2	Risk identification, risk assessment, and incident investigation	p. 34		
403-3	Occupational health services	p. 34		
403-4	Employee participation, consultation and communication on occupational safety and health protection	p. 34		
403-6	Promoting employee health	pp. 33–34		
403-7	Avoidance and minimization of occupational health and safety impacts directly related to business relationships	pp. 33–34		
403-8	Employees covered by an occupational health and safety management system	p. 42		
403-9	Work related injuries	pp. 34–35 and p. 42		
403-10	Work-related diseases	pp. 34–35 and p. 42		

Standard	Disclosures	Page	Comment	UN-Global-Compact-Principles
GRI 404	Training and education 2016			
GRI 3-3	Management of material topics	p. 29 and pp. 34-35		
404-2	Programs to improve the skills of employees and transition assistance	p. 29 and pp. 34-35		
GRI 405	Diversity and equal opportunity 2016			
GRI 3-3	Management of material topics	p. 29 and p. 31		1, 6
405-1	Diversity in control bodies and among employees	p. 42		6
405-2	Ratio of basic salary and remuneration of women to basic salary and remuneration of men	p. 32		6
GRI 406	Non-discrimination 2016			
GRI 3-3	Management of material topics	p. 29 and p. 31		6
406-1	Incidents of discrimination and remedial action taken	p. 31		6
GRI 412	Human rights assessment 2016			
412-1	Management of material topics	pp. 19-20 and p. 23		1-6
412-1	Sites at which a human rights compliance audit or human rights impact assessment has been conducted		Corresponding reviews are still being developed at Medios.	
412-2	Training for employees on human rights policies and procedures	p. 22		1,2
412-3	Significant investment agreements and contracts that contain human rights clauses or have been screened for human rights aspects	p. 23		1-6
GRI 416	Customer health and safety 2016			
GRI 3-3	Management of material topics	pp. 25-28		
416-1	Assessing the health and safety impacts of different product and service categories	p. 25		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There are no known violations in this regard in 2022.	
GRI 418	Customer privacy 2016			
GRI 3-3	Management of material topics	p. 24		
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Report of the Supervisory Board



Dr. Yann Samson

Chairman of the Supervisory Board

Lawyer

Chair of the Remuneration and
Nomination Committee, ESG Officer



Dr. Anke Nestler

Member of the Supervisory Board

Business Administration Graduate

Chair of the Audit Committee



Joachim Messner

Deputy Chairman of the Supervisory Board

Lawyer

Member of the Remuneration and Nomination Committee



Klaus Buß

Member of the Supervisory Board

Economist

Member of the Audit Committee

Dear Shareholders,

The 2022 financial year was once again marked by expansion. The NewCo Pharma Group, acquired at the end of 2021, was gradually incorporated within the Group. The takeover of NewCo Pharma GmbH was successfully completed on January 10, 2022. In November 2022, we were able to announce the acquisition of Blisterzentrum Baden-Württemberg GmbH and expansions in the area of sterilized production, although completion was also subject to the usual completion conditions, including being contingent on the approval of the Federal Cartel Office. Closing was completed at the start of 2023. The Supervisory Board continued to carefully oversee and advise on the acquisition after closing.

A further area of focus within the Supervisory Board was succession planning, which continues to be shaped by continuity with the early renewal of the contract of Matthias Gärtner, Chairman of the Executive Board.

The Supervisory Board fulfilled the duties incumbent upon it with great care and in accordance with the law, Articles of Association, and rules of procedure; further, it also monitored the management in a continuous and thorough manner and advised the Executive Board on the management and ongoing development of the company. The Supervisory Board reports further on its work below.

Monitoring, information and advice

In terms of legality, expediency, compliance and cost-effectiveness, the growth strategy and the Executive Board's management of other business was impeccable. In particular, the Executive Board involved the Supervisory Board directly and at an early stage in all decisions of fundamental importance for the company and reported regularly and in a timely fashion (both in writing and orally), with the focus, as in previous years, on the following topics (differences solely in emphasis):

- Corporate strategy, especially growth
- Planning, especially the development of Group business
- Risk situation, especially risk management and compliance
- Key aspects of innovation
- Deviations from planned business development
- Course of business and transactions of particular significance
- Investments, especially making them

The Supervisory Board scrutinized, critically evaluated, and assessed the plausibility of the reports and other information provided by the Executive Board. We also made inquiries outside of the Executive Board, including with senior executives and external consultants, in order to broaden our base of information and gain our own impressions of the development of the company. Furthermore, the members of the Executive Board outlined the current situation of the company in detail at the meetings of the Supervisory Board.

Topics and attendance at Supervisory Board meetings

In the 2022 financial year, four regular meetings of the Supervisory Board were held, with 100% attendance of the members. The members of the Executive Board participated in the Supervisory Board meetings unless determined otherwise by the Chairman of the Supervisory Board. In addition to the regular reported issues (see above), the following matters and projects were discussed:

- **March 25, 2022** – accounts review meeting for 2021 (incl. other topics such as the current integration of Cranach Pharma and NewCo Pharma, ERP – enterprise resource planning)
- **June 21, 2022** – internal audit
- **October 12, 2022** – acquisition of Blisterzentrum Baden-Württemberg GmbH and expansions in the area of sterile manufacturing, compliance
- **December 15, 2022** – integration of NewCo Pharma, Cranach Pharma and Kölsche Blister, ESG, IT security

In addition, the members of the Supervisory Board held regular contact and communicated either by telephone or in writing, both among each other and with the Executive Board.

The work of the Supervisory Board Committees

The two Committees set up in June 2021 met four and five times respectively during the reporting period (see below); further consultations were carried out using common modes of communication. All members attended the respective committee meetings; where the meetings were not held (fully) in person, this is stated below. No resolutions were passed, as the rules of procedure of the Committees do not authorize them to pass resolutions. Pursuant hereto, the Committees prepared resolutions and topics for discussion by the full Supervisory Board.

- The **Audit Committee** met to discuss the following topics on January 20, February 9, March 21, and December 6, 2022 (all of which were video calls with the exception of an in-person meeting in March): Audit of the annual financial statements for 2022, the random DPR (Deutsche Prüfstelle für Rechnungslegung DPR e.V.) audit, audit of the internal control system outside the audit of the annual financial statements, the IT audit, particularly at the new Group units, first-time consolidation of NewCo Pharma Group, ESEF audit/procedure (see Independent auditor's certificate), the reporting structure (adjustment at segment level), the APA (Asset Purchase Agreement) audit,

the Corporate Governance Code, and the impacts of ESG (see nonfinancial consolidated statement) on the audit reports. In relation to the preparation of the audit of the annual financial statements, the Audit Committee regularly communicated, without the Executive Board, with the auditor, discussing areas of focus of the audit. Moreover, the Audit Committee regularly satisfied itself of the quality of the audit report.

- The **Remuneration and Nomination Committee** met to discuss the following topics on February 21, April 29, July 12, and October 14, 2022 (audio/video call in each case): Succession planning, remuneration system

In each case, the Chairs of the Committees reported on the Committee's work to the Supervisory Board at the following meeting. All members of the Supervisory Board attended training sessions together.

Disclosure of Meeting Attendance by Member

	Body as a whole		Remuneration and Nomination Committee		Audit Committee	
	No.	%	No.	%	No.	%
Attendance						
Dr. Yann Samson (Chair)	4/4	100	5/5	100	n/a	n/a
Joachim Messner (Deputy Chair)	4/4	100	5/5	100	n/a	n/a
Dr. Anke Nestler	4/4	100	n/a	n/a	4/4	100
Klaus Buß	4/4	100	n/a	n/a	4/4	100
In person	*4/4	100	0/5	0	1/4	25
Audio/Video	0/4	0	5/5	100	3/4	75

* On March 25, 2022 (face-to-face meeting), Mr. Buß was connected via video due to illness.

Strategy

Once again and in close consultation with the Supervisory Board, the Executive Board focused the strategic direction of the company on dynamic growth and M&A (see above) in 2022. After thorough examination and consultation, the proposed resolutions by the Executive Board were approved. Additionally, the Chairman of the Supervisory Board was in regular contact with the Executive Board, especially the Chairman of the Executive Board, and was briefed on current business developments and key transactions.

Personnel

The Supervisory Board renewed the existing Executive Board contract with the Chairman of the Executive Board (CEO) Matthias Gärtner early, extending the contract to January 31, 2025. Matthias Gärtner has been a Member of the Executive Board since September 2015 and the Chairman of the Executive Board since January 2021. As such, the Executive Board continued to comprise Mr. Matthias Gärtner, Mr. Falk Neukirch, Ms. Mi-Young Miebler, and Mr. Christoph Pruß in the reporting period.

Pursuant to Section 8, Paragraph 1 of the Articles of Association of Medios AG, the Supervisory Board consists of four members: Dr. Yann Samson (Chair), Joachim Messner (Deputy Chair), Dr. Anke Nestler, and Klaus Buß. This enables the formation of committees within the meaning of Sec. 107, Paragraph 3 AktG (Audit Committee, Remuneration and Nomination Committee).

Rules of procedure

Pursuant to their respective rules of procedure, neither the Audit Committee nor the Remuneration and Nomination Committee are authorized to pass resolutions.

Self-evaluation

The Supervisory Board has decided to carry out self-evaluations every two years under the guidance of external consultants. The first review was held in 2021. The result was that the Supervisory Board was certified as fulfilling its duties in an efficient manner; individual suggestions from the consultant have since been implemented.

Conflicts of interest

Based on the Supervisory Board's assessment, all of its current members were impartial in accordance with the German Corporate Governance Code (DCGK) in the reporting period. Member of the Supervisory Board Joachim Messner holds 6,142 shares in Medios AG and serves as a legal counsel to the Medios Group. This disclosure is purely precautionary and in the interest of complete transparency.

Audit of the annual and consolidated financial statements for 2022

The auditor issued an unqualified opinion for the annual financial statements, as well as consolidated financial statements, and the condensed management report of Medios AG and the Medios Group. Furthermore, the auditor determined that the Executive Board has set up an adequate information and monitoring system, the structure and administration of which are a suitable means of identifying developments that might jeopardize the continued existence of the company in good time. Following a thorough internal audit, the Supervisory Board concurred with the outcome of the audit by our auditor. No objections were raised; this also applies to the corporate governance statement, even insofar as it is not set to be examined by the auditor. The annual financial statements of Medios AG were approved and the consolidated financial statements adopted.

Auditor

Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft with registered office in Düsseldorf ("BakerTilly") has been the auditor for Medios AG and the Medios Group since the 2016 financial year. The auditors Thomas Gloth and Andreas Weisinger signed as auditors. The auditors were appointed in line with the vote by the Annual General Meeting and in accordance with the statutory regulations, in which regard the Supervisory Board set detailed specifications with regard to the particularities of the audit of the annual financial statements, the focal points of the audit, and the collaboration between the auditors and the company.

Submitted documents

The Executive Board of the company punctually submitted to the Supervisory Board the annual financial statements which had been prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), the consolidated financial statements which had been prepared in accordance with the International Financial Reporting Standards (IFRS), incl. the condensed management report of the Medios Group and of Medios AG, as well as the proposed appropriation of net retained profit (retained earnings brought forward) for the 2022 financial year. The audit reports were also submitted in good time by BakerTilly with unqualified audit opinions added. As a result, Medios AG is considered to have adhered to the rules of the German Commercial Code (HGB), the German Stock Corporation Act (AktG), and the International Financial Reporting Standards as adopted by the European Union.

Monitoring system

Additionally, the auditor conducted a thorough audit of the early risk detection system set up by the Executive Board in accordance with Section 91, Paragraph 2 AktG and confirmed that the system meets its requirements.

Extensive discussion, accounts review meeting, and adoption of the annual financial statements

The documents of the annual financial statements and the audit reports were first discussed in detail by the Supervisory Board and then in the presence of the auditor in the accounts review meeting held by the Supervisory Board on March 29, 2023. As we received the necessary documents in good time prior to these meetings, it was possible to examine and audit the aforementioned documents thoroughly. At the accounts review meeting, the auditor reported on the scope, nature, focal points, and key outcomes of the audit in particular, addressing the key audit matters and the audit procedures undertaken in particular detail. No reports were submitted regarding key weaknesses of the internal control system and of the risk management system. The auditor then took questions from the Supervisory Board in order to provide supplementary information. This was followed by a conclusive, thorough discussion of the annual financial statements, the consolidated financial statements, and the condensed management report. The Supervisory Board had no objections. The Supervisory Board then concurred with the outcome of the audit carried out by the auditor, as, following completion of the Supervisory Board's own audit, no objections were raised. Likewise, the Supervisory Board agrees with the Executive Board's evaluation of the position of the company and of the Group (as presented in the condensed management report) and has approved that report too. The Supervisory Board then adopted the annual financial statements of Medios AG and approved the consolidated financial statements.

Retained earnings carried forward

The Supervisory Board accepted the proposal of the Executive Board to carry forward the net retained profit (retained earnings brought forward). The Supervisory Board expressly agrees with the dividend policy of the Executive Board to continue investing in dynamic growth and not pay a dividend.

Compliance and corporate governance

The Executive and Supervisory Boards firmly believe that unconditional compliance and excellent corporate governance represent the cornerstone of sustainable commercial success. The Supervisory Board adheres to the applicable compliance regulations and ensures that the Members of the Executive Board fulfill their duties of compliance. The fact that the Executive Board has gone beyond its legal obligations and set further internal standards which are guided by trust, respect, integrity, and responsibility is also welcomed. For more information on corporate governance, please refer to the relevant section in the corporate governance state-

ment (<https://medios.ag/en/investor-relations/corporate-governance>) as well as the declaration regarding the recommendations of the German Corporate Governance Code as required by Section 161 AktG and adopted by the Supervisory Board and Executive Board most recently in March 2023, which is also presented in the corporate governance statement. The Code of Conduct of Medios AG is published on the company's website (<https://medios.ag/en/investor-relations/corporate-governance>).

Compliance and risk management

As compliance and risk management are continuously adapted based on the dynamic growth of the Medios Group, the Executive Board and Supervisory Board established more compliance and risk management processes in 2022. Risk management is supported by an internal audit system, which is gradually being installed (see above). At Group level, the position of Compliance Officer has been filled externally since the third quarter of 2022.

Sustainability (ESG)

Since the beginning of 2022, Dr. Samson has been the ESG Expert responsible for monitoring and advising the Executive Board on sustainability issues. In this function, Dr. Samson also represents the Supervisory Board in the Sustainability Committee of the company. The committee was established in 2021 and is further comprised of the representatives from all departments, and one representative from each of the company's operational areas. In particular, the Sustainability Committee's duties include defining the focus points of the sustainability strategy and monitoring the implementation of the sustainability program.

Annual General Meeting

The Annual General Meeting took place on June 21, 2022. In this meeting, the actions of all the members of the Supervisory Board and Executive Board were officially approved by the Annual General Meeting.

Dedications

The employees of Medios AG work with tremendous passion on behalf of the company and therefore lay the foundation for the fact that excellent performance was witnessed at all levels in 2022. The Supervisory Board wishes to thank all employees for their vigorous and exceptional commitment. Thanks also go to the Members of the Executive Board for their constructive collaboration, tireless dedication, and the outstanding work performed together. Finally, the Supervisory Board wishes to thank the shareholders of the Medios Group, in particular for the trust they place in the company.

March 29, 2023

For the Supervisory Board

Dr. Yann Samson

Chairman of the Supervisory Board



Corporate Governance

Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB) of Medios AG, Berlin (unaudited* part of the Group management report)	55
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Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB) of Medios AG, Berlin (unaudited* part of the Group management report)

In accordance with Principle 22 of the German Corporate Governance Code (DCGK), Medios AG views the annual Corporate Governance Statement pursuant to Section 289f Para. 1 Sent. 2 and Section 315d HGB as the primary instrument of corporate governance reporting. The statement is therefore condensed with the Corporate Governance Report and submitted for Medios AG and the Medios Group. The Executive Board and Supervisory Board submit the Corporate Governance Statement together and are each responsible for the sections of the report that apply to them. The full Corporate Governance Statement is also available on the Company's website at <https://medios.ag/en/investor-relations/corporate-governance>. Pursuant to Section 317 Para. 2 Sentence 6 HGB, the auditor's review of the statements pursuant to Section 289f Paragraphs 2 and 5 and Section 315d HGB is limited to determining whether such statements have been provided.

Compliance Statement

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Executive and Supervisory Boards of Medios AG ("the company") declare the following:

I. DCGK 2019

"Since the previous declaration of compliance, issued in March 2022, Medios AG has complied with all recommendations of the Government Commission on the German Corporate Governance Code in the version dated December 16, 2019 ("DCGK 2019") – as published in the official section of the German Federal Gazette by the Federal Ministry of Justice and Consumer Protection on March 20, 2020 – with the following exceptions:

Recommendation B.5 of the Code: An age limit shall be specified for members of the Executive Board and disclosed in the Corporate Governance Statement.

The Executive and Supervisory Boards take the view that a general age limit for Members of the Executive and Supervisory Boards does not represent an objective criterion in terms of searching for/excluding members of these bodies. Instead, the selection criteria are the necessary expertise/skills and specialist experience. A more detailed explanation and a disclosure in the Corporate Governance Statement may therefore be dispensed with.

Recommendation C.1 of the Code: The Supervisory Board shall determine specific objectives regarding its composition, and shall prepare a profile of skills and ex-

pertise for the entire Board while taking the principle of diversity into account. Proposals by the Supervisory Board to the General Meeting shall take these objectives into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. The implementation status shall be published in the Corporate Governance Statement. This statement shall also provide information about what the shareholder representatives on the Supervisory Board regard as the appropriate number of independent Supervisory Board members representing shareholders, and the names of these members.

Recommendation C.2 of the Code: An age limit shall be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement.

In order to properly perform its statutory duties, the Supervisory Board will continue to be guided chiefly by the expertise, skills and, experience of potential candidates in respect of its nominations for election. In particular, the company is of the opinion that reaching an age limit will not allow conclusions to be drawn on the expertise of a Member of the Supervisory Board. Nevertheless, the Supervisory Board pays due attention to diversity. However, the Supervisory Board regards the prior setting of a target quota of women on the Supervisory Board that goes beyond the statutory quota pursuant to Section 111, Paragraph 5 AktG in the form of specific targets or quotas as neither necessary nor appropriate, as this would reduce the overall selection of suitable candidates for a Supervisory Board comprising just four members. As a consequence, the Corporate Governance Statement does not include a report on the setting of any such targets. Currently, women account for 25% of the Supervisory Board.

II. DCGK 2022

Furthermore, Medios AG has complied with – and will continue to comply with – all recommendations of the Government Commission on the German Corporate Governance Code in the version of the German Corporate Governance Code that came into effect on June 27, 2022 ("DCGK 2022") with its publication by the Federal Ministry of Justice and Communication in the official section of the German Federal Gazette, with the following exceptions, which are stated and explained below:

Recommendation A.5 of the Code: The key features of the entire internal control system and the risk management system shall be described in the Management

* The sections marked with the word „unaudited“ were not reviewed by the auditor.

Report and a comment provided on the appropriateness and effectiveness of these systems.

Medios AG complies with the statutory requirements with regard to reporting on the internal control system and the risk management system. The Medios Group has grown strongly inorganically in recent years. In addition to ensuring sustainable growth, the further integration of the acquisitions made has in particular placed heavy demands on the Company's personnel capacities. For this reason, the Management Report 2022 does not contain any disclosures of the GCGC 2022 in this regard that go beyond the statutory requirements.

Recommendation B.5 of the Code: An age limit shall be specified for members of the Management Board and disclosed in the Corporate Governance Statement.

The Executive and Supervisory Boards take the view that a general age limit for Members of the Executive and Supervisory Boards does not represent an objective criterion in terms of searching for/excluding members of these bodies. Instead, the selection criteria are the necessary expertise/skills and specialist experience. A more detailed explanation and a disclosure in the Corporate Governance Statement may therefore be dispensed with.

Recommendation C.1 of the Code: The Supervisory Board shall determine specific objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board while taking the principle of diversity into account. The Supervisory Board's skills and expertise profile shall also comprise expertise regarding sustainability issues relevant to the enterprise proposals by the Supervisory Board to the Annual General Meeting shall take these objectives into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. The implementation status shall be disclosed in the form of a qualification matrix in the Corporate Governance Statement. This statement shall also provide information about what the shareholder representatives on the Supervisory Board regard as the appropriate number of independent Supervisory Board members representing shareholders, and the names of these members.

Recommendation C.2 of the Code: An age limit shall be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement.

In order to properly perform its statutory duties, the Supervisory Board will continue to be guided chiefly by the expertise, skills and, experience of potential candidates in respect of its nominations for election. The Supervisory Board has published a general competence profile as well as a qualification matrix in the corporate governance statement. Beyond that, the company is of the opinion that reaching an age limit will not allow conclusions to be drawn on the expertise of a Member of the Supervisory Board. While the

Supervisory Board pays attention to diversity, the Board does not consider it necessary or appropriate to set specific targets or quotas in advance that go beyond the statutory requirement to set a target quota for women on the Supervisory Board pursuant to Section 111 (5) of the German Stock Corporation Act (AktG), as this would impose a blanket restriction on the selection of suitable candidates with a Supervisory Board consisting of only four members. As a consequence, the Corporate Governance Statement does not include a report on the setting of any such targets. Currently, women account for 25% of the Supervisory Board in line with the statutory quota pursuant to Section 111, Paragraph 5 AktG quota (§ 111 (5) AktG).

Berlin, March 24, 2023

Medios AG

Executive and Supervisory Boards"

Additional information on corporate governance

Corporate governance practices

Medios AG management and control bodies subscribe to the principles of good and responsible corporate governance. Firmly anchored in the Group-wide management and monitoring structures, the compliance program is part of Medios' management culture.

Collaborative intelligence (guiding principle)

Our business management and operations are based on a whole host of laws and regulations. Compliance with legal, social, and environmental regulations and standards is a matter of course. To ensure this throughout the company, Medios employees regularly undergo training on all important compliance issues. In addition to compliance with the aforementioned regulations and standards, entrepreneurship at the Medios Group is also shaped by values that go far beyond them, including commitment, trust, speed, and tolerance. Medios is transparent and reliable, and Medios employees treat each other and third parties fairly.

Code of Conduct and UN Global Compact

The ethos of Medios AG is firmly embedded within compliance in the form of a Code of Conduct. From the Executive and Supervisory Boards to the management and employees, the entire Group is subject to this Code of Conduct. Furthermore, it also sets out requirements for suppliers. After all, Medios business partners are expected to observe applicable laws, regulations, industry guidelines, and contractual terms, respect human rights, and maintain high sustainability standards. On the basis of this belief, the Medios Group is also committed to the corporate responsibility initiative of the UN Global Compact and its principles in the areas of human rights, labor, the environment, and the fight against corruption.

Compliance and risk management

Responsible management of business risks is one of the principles of good corporate governance. The Executive Board regularly informs the Supervisory Board of existing risks and their development. The company maintains appropriate risk management and control. More information on risk management at Medios AG is available in the Annual Report (management report) under the items "Risk, Opportunity and Forecast Report" and "Risk Reporting on the Use of Financial Instruments."

The annual financial statement and management report are prepared by the Executive Board, reviewed by the auditor, and adopted by the Supervisory Board. In the upstream process, an integrated approach to risk management, based on the two lines of defense, is pursued.

- **Level 1** – Risks initially occur in the operating units. Various forms of support (e.g., work instructions and internal guidelines) and controls are in place to prevent risks from materializing here. Compliance officers are also appointed at all Group levels. The Medios compliance management system pursues the methodical approach of "Prevent – Detect – Respond." Compliance risk assessments are regularly conducted in the units to identify compliance risks and continuously improve the Group-wide compliance management system.
- **Level 2** – Risk monitoring is carried out within the corresponding departments in which risks may be detected. All employees undergo training to ensure that every circumstance relevant to accounting is fully and correctly documented and passed on. The accounts and associated documents must also fully and accurately reflect all business transactions, just as the balance sheet items must correspond to the generally accepted accounting principles and thus be correct. Risk management is currently supplemented by internal audit.

Corporate governance, compliance management, and risk management all work closely together. Nonetheless, compliance and risk management represent separate units from a formal and HR perspective. The entire compliance program is continuously assessed to identify any areas requiring adjustment in line with current legal and social developments, and is optimized and further developed accordingly. Any violations of applicable laws or internal guidelines are appropriately sanctioned. If necessary, the corresponding corrective and preventive measures are taken to avoid similar incidents in the future.

Training

Training is part of the Medios compliance program. New compliance software makes it possible to provide employees with relevant guidelines (anti-corruption, anti-discrimination, conflicts of interest, antitrust law, etc.) in a professional manner and combine them with training.

Whistleblowing system

To ensure compliance with laws and ethical standards, both Medios' employees and external persons have the opportunity to share any concerns they may have about unlawful behavior of any kind at the company or behavior that violates internationally recognized conventions via a whistleblower system that complies with EU law. In 2022, a digital whistleblower platform was rolled out that fully complies with the terms of the German Whistleblower Protection Act. Members of the Executive Board and Supervisory Board are also obliged to disclose any conflicts of interest to the Supervisory Board without delay. Significant transactions between the company and Members of the Executive Board or

related parties require the approval of the Supervisory Board. Consultant agreements and other service or work agreements between the company and Members of the Supervisory Board also require the approval of the Supervisory Board. The Supervisory Board reports to the Annual General Meeting (AGM) on any conflicts of interest and how they are being addressed. In the reporting year, there were no conflicts of interest for Members of the Executive Board or Supervisory Board.

Ban on insider trading

Medios AG is subject to a system for compliance with the ban on insider trading ("Article 14 of the Market Abuse Regulation [MAR]"). All employees are informed of the rules governing compliance with laws on insider trading and the rules on avoiding conflicts of interest. Furthermore, there is a communication and ad hoc committee that examines the ad hoc and insider relevance of information, thereby ensuring legal compliance. In addition to this highly specialized MAR team, there is also a general compliance management system at all levels, which is described above along with the whistleblowing system.

Transparency

Through its Investor Relations work, Medios informs capital market participants and the general public about the company's economic situation, business developments, finances and earnings, and new information on a quarterly basis in accordance with legal provisions. Medios also publishes notifications pursuant to the German Securities Trading Act (WpHG) and the Market Abuse Regulation (MAR), analyst presentations, press releases, and the annual financial calendar on the Investor Relations website. The annual financial report and separate financial statement pursuant to HGB, the half-year financial report, and quarterly statements are published within the prescribed periods and publicly announced in advance. Notifications regarding Medios AG voting rights are also reported in the 2022 Annual Report in the Corporate Governance chapter. Medios AG maintains insider lists in accordance with Article 18 MAR. The persons concerned are informed of their legal obligations and sanctions. Information for shareholders that goes beyond statutory publication obligations can be found on the Company's website (www.medios.ag).

Multiple-eyes principle

Medios promotes a strong sense of personal responsibility among its employees and relies on the principle of multiple eyes. When it comes to high-risk decisions, employees need to assess whether it's appropriate to involve other employees. This mix of competencies minimizes the risk of mistakes and potential abuse. For many constellations, internal guidelines also call for decisions of considerable legal, economic, or actual significance to be made by at least two people.

Sustainability

Medios AG and its subsidiaries assume corporate social responsibility, which applies to work safety, employee satisfaction, energy efficiency, and minimum standards in the supply chain. Responsibility toward all stakeholders is the cornerstone of Medios AG's corporate philosophy. The purpose of the company itself is to promote the well-being of people by means of high-quality, widespread pharmaceutical care. In its operations, the company uses energy and resources such as water and natural raw materials as sparingly as possible. Whenever and wherever there is the potential to do so, resource-saving procedures are optimized. The voluntary sustainability report, which is included with the 2022 Annual Report as part of the "2022 nonfinancial consolidated statement" pursuant to the CSR Directive Implementation Act (CSR-RUG), contains further information on the topic of sustainability. In this statement, Medios reports on sustainability-related issues. The company also aims to generate sustainable economic value by integrating good corporate governance, social responsibility, and a commitment to protecting the environment into the core business activities of the Medios Group.

Corporate governance

Medios AG regularly verifies compliance with the recommendations and suggestions of the German Corporate Governance Code. Consistent compliance with legal, social, and environmental laws and standards as well as ethical principles also forms the foundation of the Medios Group's corporate culture. Internal business ethics guide decision-making processes and all actions at every level of the company. This includes treating customers, suppliers, and employees with respect, actively avoiding conflicts of interest, preventing and actively sanctioning corruption, handling information and personal data with care, exercising discretion when it comes to company and business information, rejecting all forms of discrimination, and promoting eco-friendly operations.

Executive and Supervisory Boards

The German dual management system serves as a foundation for how our company's Executive Board and Supervisory Board operate. The Executive Board manages the company under its own responsibility, with the Members of the Executive Board sharing responsibility for company management; the Chairman of the Executive Board coordinates the work of the Members of the Executive Board. The Supervisory Board appoints, monitors, and advises the Executive Board – and is directly involved when decisions of fundamental significance for the company need to be taken. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board. Another (third) company body is the AGM consisting of shareholders (i.e., the company owners).

Shareholders and annual general meeting

Shareholders exercise their rights at the Company's AGM, which usually takes place in the first eight months of the financial year. If required for the welfare of the Company, extra meetings can be convened. The Chairman of the Supervisory Board or another Member of the Supervisory Board usually chairs the AGM. The AGM decides on all activities assigned by law. Every share represents one vote in the annual general meeting.

All of the documents essential for exercising shareholder rights as well as resolution subjects and documentation are made available to the shareholders in good time and are easily accessible on the Company's website. A proxy representative is appointed for shareholders for the AGM and can be commissioned by shareholders to exercise the voting right, subject to instruction. The presentation on the report of the Chairman of the Executive Board to the AGM is published online at the same time. After the AGM, the list of attendees and the voting results of individual items on the agenda are published on Medios' website.

Supervisory Board

The Supervisory Board consists of four Members elected by the AGM. The Chairman of the Supervisory Board is elected by the Members. In addition to appointing Members of the Executive Board, the Supervisory Board also supervises the Executive Board and offers advice on company management. Significant decisions made by the Executive Board require the approval of the Supervisory Board. The Supervisory Board convenes on a regular basis and reports on the scope of its work in a report to the AGM. Other key duties of the Supervisory Board include:

- Reviewing and approving the annual and consolidated financial statements, including the (consolidated) management report
- Reviewing the proposal for the appropriation of net profit
- Submitting proposed resolutions on all items of the agenda (AGM)
- Reviewing the nonfinancial consolidated statement (the "CSR-RUG statement").

All of the Members of the Supervisory Board are familiar with the sector in which the company operates. All four members possess expertise in the field of accounting; Dr. Nestler, Dr. Samson, and Mr. Buß possess expertise in the area of auditing. Dr. Nestler is also the Chair of the Audit Committee. Dr. Samson possesses specialist expertise in relation to sustainability matters; he is the ESG Officer of the Supervisory Board and therefore also a Member of the Sustainability Committee.

Committees

The Supervisory Board has formed two committees without the power to pass resolutions (the Audit Committee and the Compensation and Nomination Committee). The members of the Audit Committee are Dr. Anke Nestler and Mr. Klaus J. Buß; Chair of the Audit Committee is Dr. Nestler. The members of the Compensation and Nomination Committee are Dr. Yann Samson and Joachim Messner; the Chairman of the Committee is Dr. Samson.

- The **Audit Committee** focuses on auditing the company accounts and monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the annual financial statements, and compliance.
- The **Compensation and Nomination Committee** nominates suitable candidates to the Supervisory Board to be put forward at the AGM for election to the Supervisory Board. It also submits to the Supervisory Board proposals on the setting of compensation for individual Executive Board Members, on the compensation system (including the provisions of Section 87, Paragraph 2 AktG), and on the regular review thereof so that these proposals can be put to the vote. The Compensation and Nomination Committee also prepares personnel decisions taken by the Supervisory Board; in particular, it submits proposals on the appointment of Executive Board Members and the termination of their tenures.

The Supervisory Board does not form resolution-issuing committees due to the company's size. The two committees may only issue recommendations.

Executive Board

The Executive Board manages the company under its own responsibility. As of December 31, 2022, the Executive Board comprised four Members. The Executive Board regularly informs the Supervisory Board of all relevant matters related to company development, planning, financing, strategy, and the business situation in good time. Further information on the composition of Members and distribution of activities of the bodies can be found in the notes to the 2022 annual report under number 38.

Working practices/collaboration between the Executive Board and Supervisory Board

At Medios AG, the Executive Board and Supervisory Board work closely together for the welfare of the company. With the support of the Supervisory Board, the Executive Board also coordinates the company's strategic focus and, at regular intervals, determines the status of strategy implementation. For more specifically defined transactions of great significance, the Supervisory Board has the right of veto in the Executive Board's rules of procedure. Even between Supervisory Board meetings, the Chairman of the Supervisory Board maintains regular contact with the Executive Board and, in particular, the Chairman of the Executive Board, and discusses with him issues related to strategy, planning, business development, the risk situation, risk management, and company compliance. The Chairman of the Executive Board immediately informs the Chairman of the Supervisory Board of key events that are important for assessing the situation and developments and managing the company.

Impartiality, diversity concept, and age and term limits for the Supervisory Board

The aim of the Supervisory Board is to have at least two Members who are impartial. Based on the Supervisory Board's assessment, all of its current Members are impartial in accordance with the German Corporate Governance Code (DCGK). Further specific targets for the composition of the Supervisory Board have not yet been defined. However, there is a general expertise profile, as the Supervisory Board is of the opinion that its statutory duties can only be properly performed if election proposals are based primarily on the knowledge, skills, and experience of potential candidates. However, the Supervisory Board has set the quota of women at 25%, which currently equates to one woman. The company is also of the opinion that reaching a term or age limit will not allow conclusions to be drawn on the expertise of a Member of the Supervisory Board. The length of time each Member of the Supervisory Board has served is published on the company's website at <https://medios.ag/en/investor-relations/corporate-governance>.

Supervisory Board expertise profile

The expertise profile of the Medios AG Supervisory Board requires that all Members of the Supervisory Board are familiar with the sector in which the company operates and that the following knowledge, skills, and specialized experience be represented by at least one Member of the Supervisory Board, so that it covers all the necessary areas of expertise as a full board:

- Industry, management, and board expertise
- HR expertise
- Regulatory expertise
- Accounting expertise.
- Expertise on sustainability matters

The status of the implementation of the competence profile is disclosed below together with further qualifications in the form of a qualification matrix.

Qualification matrix Supervisory Board Medios AG

	Dr. Yann Samson	Joachim Messner	Dr. Anke Nestler	Klaus J. Buß
Duration of affiliation				
Member since	Termination AGM* 2015	Termination AGM* 2016	Termination AGM* 2021	Termination AGM* 2016
Personal suitability				
Independence ¹	#	#	#	#
No overboarding ¹	#	#	#	#
Diversity				
Date of birth	1973	1961	1969	1962
Gender	male	male	female	male
International experience				
Nationality	German	German	German	German
Europe	#	#	#	#
America	#		#	
Professional suitability				
Leadership experience	#	#	#	#
Technology	#			#
Sustainability	#		#	
Purchasing / Sales	#	#		#
Production / R & D				#
Finance			#	#
Financial expert ²	#		#	#
Risk Management	#		o	
Law / Compliance	o	#	o	#
Personal	#	#	o	#
Business field / Sector familiarity	#	#	o	o

¹ within the meaning of the German Corporate Governance Code ("Deutscher Corporate Governance Kodex"; "DCGK")

² within the meaning of Section 100 (5) AktG and Recommendation D.3 DCGK

Core competence; o Secondary competence; * AGM Annual General Meeting

Note The classification of competencies is based on a self-assessment and is derived, among other things, from existing qualifications, the knowledge and experience acquired in the course of work as a member of the Supervisory Board, or the training measures regularly attended by all members of the Supervisory Board. In this context, competence is defined as the ability to understand the relevant issues at least well and to make informed decisions.

Self-assessment of the Supervisory Board

At the end of 2022, the Supervisory Board decided to carry out the self-assessment pursuant to the DCGK transparency recommendations every two years. The next self-assessment is scheduled for the first half of 2023 and will take the form of one-to-one interviews conducted by an external consultant. The last self-assessment, carried out in 2021, came to the conclusion that sessions are organized and held efficiently and that information flows seamlessly between the Executive and Supervisory Boards.

Diversity concept for the composition of the Executive Board and long-term succession planning

At its meeting on June 27, 2017, the Supervisory Board appointed Ms. Mi-Young Miehler to the Executive Board and as Chief Operating Officer (COO). A decision was made at the same meeting that at least one woman must be represented on the Executive Board in the future. This target has been consistently met ever since.

The Supervisory Board strives for continuity in the Executive Board and, as part of its HR and succession planning, maintains close contact with the Executive Board. In respect of new appointments in Executive Board matters, the long-standing practice is to keep a list of internal solutions and update this list on an ongoing basis, with external candidates considered additionally. The Executive Board is responsible for succession planning for executives below Executive Board level. Close cooperation is maintained on HR matters, including emergency, medium-term, and long-term scenarios. A requirements profile has been developed for internal and external candidates, with a focus on different criteria:

- Personal suitability
- Integrity
- Impressive management qualities
- Special qualifications for the department in question
- Past achievements
- Knowledge of the company.

Remuneration

Remuneration of the Members of the Executive Board and Supervisory Board is set out in the remuneration report available at <https://medios.ag/en/investor-relations/corporate-governance>, as well as in the 2022 Annual Report under "Remuneration Report" in the Corporate Governance chapter.

Diversity concept below the Executive Board and Supervisory Board

The Medios AG diversity concept is based on two key factors. The company operates in an industry that is traditionally characterized by a high proportion of women at most levels. Women therefore enjoy above-average representation at Medios AG, too, compared with many other industries, meaning that Medios' diversity concept already goes beyond statutory regulations. Moreover, it's worth mentioning that Medios operates in a highly specialized industry and always strives to retain the best employees at all levels over the long term. For this reason, the Supervisory Board elects Members of the Executive Board solely on the basis of their qualifications, education, and professional experience – disregarding gender, nationality, and age. The Executive Board fills the two lower management levels based on those same principles. Members of the Medios AG Supervisory Board were also elected solely on the basis of their qualifications, impartiality, education, and professional experience – disregarding gender, nationality, and age.

The focus of the diversity concept is therefore the proportion of women on the Executive Board and in the two lower management levels, as well as education and professional experience. At Medios AG, the criterion of "professional experience" includes special knowledge of the markets that are important to Medios. The Supervisory Board will consider other diversity criteria if it deems them to be appropriate and expedient. In the 2022 financial year, the Supervisory Board met the aforementioned criteria with the exception of the quota of women for the supervisory body. More information on the proportion of women can be found in the next section.

Target women's quotas for both management levels below the Executive Board

On August 28, 2017, the Executive Board made the decision that the proportion of women at both management levels below the Executive Board should not fall below 30% in the future. This target has also been met consistently since then.

Berlin, March 24, 2023

On behalf of the Executive Board: Matthias Gärtner
Chairman of the Executive Board

On behalf of the Supervisory Board: Dr. Yann Samson
Chairman of the Supervisory Board

Explanatory report pursuant to sections 289a and 315a of the German Commercial Code (HGB)

Composition of Subscribed Capital

As of December 31, 2022, the subscribed capital stood at €23,805,723.00, divided into 23,805,723 no-par-value bearer shares with a nominal value of €1.00 per share. The shares are fully paid in. All shares carry the same rights and obligations. In particular, shareholders' rights and obligations are based on the provisions of the German Stock Corporation Act (AktG), especially Sections 12, 53a et seq., 118 et seq., and 186 AktG.

Restrictions relating to voting rights or the transfer of shares

Every share represents one vote at the annual general meeting and determines the share of the company's profits attributable to the shareholders. This does not apply to treasury shares held by the company, which do not entitle the company to any rights. In the circumstances governed by Section 136 AktG, the voting rights arising from the shares concerned are excluded by law. 924,233 new shares arising from an equity offering for contributions in kind entered into the commercial register on January 18, 2022, are subject to a lock-up period of either 12 months (50%) or 24 months (50%), but are already included in full in trading on the stock exchange. The Executive Board of Medios AG is not aware of any other restrictions relating to voting rights or the transfer of shares.

Direct and indirect equity holdings exceeding 10% of voting rights

Mandatory disclosures (direct and indirect equity holdings > 10%)

Pursuant to Section 33 (1) of the German Securities Trading Act (WpHG), Martin Hesse informed Medios AG on January 19, 2022 (notification published on January 19, 2022), that his share of voting rights in Medios AG totaled 19.71% (4,693,000 voting rights) on January 18, 2022. This notification also applied in respect of BMSH GmbH. Of these voting rights, 19.66% (4,180,000 voting rights) is attributable to him pursuant to Section 34 WpHG. Names of shareholders with 3% or more of voting rights from which voting rights are attributed to the party obliged to notify pursuant to Section 34 Paragraph 1 WpHG: BMSH GmbH.

Pursuant to Section 33 (1) of the German Securities Trading Act (WpHG), Manfred Schneider informed Medios AG on January 18, 2022 (notification published on January 19, 2022), by means of a voluntary notification due to the reaching of a threshold by a subsidiary, that his share of voting rights in Medios AG totaled 18.02% (4,288,734 voting rights) on January 18, 2022. This notification also applied in respect of Tangaroa GmbH & Co. KG and Tangaroa Management GmbH. Of these voting rights, 18.02% (4,288,734 voting

rights) is attributable to him pursuant to Section 34 WpHG. Names of shareholders with 3% or more of voting rights from which voting rights are attributed to the party obliged to notify pursuant to Section 34 WpHG: Tangaroa GmbH & Co. KG, Tangaroa Management GmbH.

As of the balance sheet date, Medios AG was not notified of, nor was aware of, any other direct or indirect equity holdings exceeding 10% of voting rights or any changes to the holdings stated above.

Further disclosures (direct and indirect equity holdings of 3% to 10%)

Pursuant to Section 33, Paragraph 1 of the German Securities Trading Act (WpHG), Allianz Global Investors GmbH informed Medios AG on July 16, 2020 (notification published on July 17, 2020), that its share of voting rights in Medios AG stood at 5.20% (836,736 voting rights) on July 15, 2020.

Pursuant to Section 33, Paragraph 1 of the German Securities Trading Act (WpHG), SEB Investment Management AB informed Medios AG on December 7, 2021 (notification published on December 8, 2021), that its share of voting rights in Medios AG stood at 4.74% (1,056,848 voting rights) on December 6, 2021.

Pursuant to Section 33 (1) of the German Securities Trading Act (WpHG), Marcel Jo Maschmeyer informed Medios AG on July 1, 2021 (notification published on July 2, 2021), that his share of voting rights in Medios AG stood at 3.20% (647,700 voting rights) on June 30, 2021. Of these voting rights, 3.14% (635,700 voting rights) is attributable to him pursuant to Section 34 WpHG. Names of shareholders with 3% or more of voting rights from which voting rights are attributed to the party obliged to notify pursuant to Sect. 34 (1) WpHG: Paladin Asset Management Investmentaktiengesellschaft mit Teilgesellschaftsvermögen.

Equity holdings notified after the balance sheet date

No further equity holdings were reported after the balance sheet date.

Holders of shares with special rights that confer powers of control

There are still no shares with special rights that confer powers of control.

Nature of voting rights control when employees have an equity holding and do not exercise their rights of control directly

There are no employees with an equity holding who do not exercise their rights of control directly. Where Medios AG

issues shares as part of an employee share option program or in the form of share-based employee remuneration, the shares are transferred to the employees directly. Just like other shareholders, the employees to whom shares are credited can exercise their control rights arising from the employee shares in accordance with the law and the provisions of the Articles of Association.

Appointment and recall of executive board members, amendments to the articles of association

The applicable legal requirements and provisions of the Articles of Association for the appointment and recall of Members of the Executive Board are Sections 84 and 85 AktG and Section 6 of the Articles of Association. Sections 133 and 179 AktG and Section 19 of the Articles of Association are authoritative in respect of amendments to the Articles of Association.

Powers of the executive board to issue or repurchase shares

Powers of the executive board to issue shares

Authorized capital 2021 – Pursuant to Section 4 Paragraph 3 of the Articles of Association, the Executive Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the company by up to €7,181,763.00 by June 9, 2026, by issuing up to 7,181,763 new bearer shares without nominal value (no-par-value shares) with a pro rata amount of the share capital of €1.00 per share, in exchange for cash or noncash contributions (Authorized Capital 2021). In the following instances, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription right: Equity offerings in exchange for contributions in kind; settlement of fractional amounts; Section 186, Paragraph 3, Sentence 4 AktG; insofar as necessary to grant holders of mandatory convertible bonds, convertible participation rights or option rights a subscription right equivalent to that to which they would be entitled as shareholders following the exercise of their conversion/option right; to grant shares to Members of the Executive Board, corporate governance bodies or employees of the company and/or affiliated companies as part of employee share option programs; to fulfill a greenshoe option.

Conditional capital/share option program 2018 – pursuant to Section 4, Paragraph 5 of the Articles of Association, the share capital of the company is conditionally increased by €300,000.00 by the issuing of up to 300,000 no-par-value bearer shares (Conditional Capital 2018). The conditional capital increase serves solely to fulfill subscription rights that are granted on the basis of the authorization of the annual general meeting of July 13, 2018, in accordance with agenda item 7. The conditional capital increase will only be carried out insofar as the holders of subscription rights issued as part of the Share Option Program 2018 exercise their right to subscribe to shares in the company and insofar as the company does not supply treasury shares to fulfill the options. The new shares shall be entitled to dividends from the

start of the financial year for which no resolution on the appropriation of profit has been passed at the time of their issue.

Thus far, Conditional Capital 2018 has not been utilized. As of the end of the 2022 financial year, a total of 276,750 options can still be exercised from the 2018 Stock Option Program, which was issued in the 2018 and 2019 financial years.

Conditional Capital/authorization to issue convertible and option bonds and to exclude the 2019 subscription right

– pursuant to Section 4, Paragraph 6 of the Articles of Association, the share capital of the company is conditionally increased by €5,825,607.00 by the issuing of up to 5,825,607 no-par-value bearer shares (Conditional Capital 2019). The conditional capital increase will only be carried out by issuing up to 5,825,607 no-par-value bearer shares with a dividend entitlement from the start of the financial year of their issue insofar as the holders/creditors of convertible bonds or warrant options from option bonds issued by Medios AG or a Group company by July 9, 2024, on the basis of the authorization of the Executive Board of the annual general meeting of July 10, 2019, exercise their conversion/option right, satisfy their conversion/option obligation, or shares are tendered and insofar as the rights/obligations are not served in any other way. The new shares shall be issued at conversion/option prices to be determined at the bond/option conditions pursuant to the provisions of the aforementioned authorization resolution. The Executive Board is authorized, with the consent of the Supervisory Board, to set further details of the capital increase and its execution.

Thus far, Conditional Capital 2019 has not been utilized. At the end of the financial year 2022, no options had been exercised under the Stock Option Plan 2019.

Conditional capital/share option program 2020 (amended in 2022)

– pursuant to Section 4 (8) of the Articles of Association, the share capital of the Company is conditionally increased by €477,500.00 by issuing up to 477,500 no-par value bearer shares (Conditional Capital 2020/I). The conditional capital increase serves exclusively to fulfill subscription rights granted on the basis of the authorization of the Annual General Meeting on October 26, 2020 in accordance with agenda item 8, amended by resolution of the Annual General Meeting of June 21, 2022 pursuant to agenda item 13. The conditional capital increase will only be implemented to the extent that the holders of subscription rights issued under the "Stock Option Plan 2020" exercise their right to subscribe for shares in the Company and the Company does not deliver treasury shares to fulfill the options. The new shares shall participate in profits from the beginning of the financial year for which no resolution on the appropriation of profits exists at the time of their issue. The Supervisory Board is authorized to amend the wording of § 4 of the Articles of Association in each case to reflect the issue of subscription shares. The same applies if and to the extent that the stock options can no longer be serviced.

The Conditional Capital 2020 has not been utilized to date. At the end of the financial year 2022, no options had been exercised under the Stock Option Plan 2020.

Conditional Capital/Share Option Program 2022 – pursuant to Section 4 (9) of the Articles of Association, the share capital of the company is conditionally increased by €1,600,000.00 by the issuing of up to 1,600,000 no-par-value bearer shares (Conditional Capital 2022/II). The conditional capital increase serves solely to fulfill subscription rights that are granted on the basis of the authorization of the annual general meeting of June 21, 2022, in accordance with agenda item 13. The conditional capital increase will only be carried out insofar as the holders of subscription rights issued as part of the Share Option Program 2022 exercise their right to subscribe to shares in the company and insofar as the company does not supply treasury shares to fulfill the options. The new shares shall be entitled to dividends from the start of the financial year for which no resolution on the appropriation of profit has been passed at the time of their issue. The Supervisory Board is authorized to amend Section 4 of the Articles of Association accordingly to reflect the issue of new shares. This also applies if and insofar as the share options can no longer be served.

Thus far, Conditional Capital 2022 has not been utilized. As of the end of the 2022 financial year, no options have been exercised as part of the Stock Option Program 2022.

Powers of the executive board to recall shares

The company may only recall treasury shares with the prior authorization of the annual general meeting or in the few cases expressly stipulated in the German Stock Corporation Act (AktG).

Ordinary annual general meeting 2018 – On July 13, 2018, the annual general meeting authorized the Executive Board to purchase treasury shares in the amount of up to 10% of the share capital at the time the resolution becomes effective or – if the following value is lower – at the time of utilization of the authorization. Together with any other treasury shares acquired by the company, which are held by the company or attributable to it pursuant to Section 71a et seq. AktG, the acquired shares may not exceed 10% of the company's share capital at any time. The acquisition authorization applies until July 12, 2023. At the discretion of the Executive Board, the shares may be acquired via the stock exchange, by means of a public purchase offer aimed at all shareholders, by means of a public offer to treat aimed at the shareholders of the company, or by means of the issue of tender rights to shareholders.

The Executive Board was further authorized to sell treasury shares acquired on the basis of this or a prior authorization, either via the stock exchange or through an offer to all shareholders. In the event of an offer to all shareholders, the subscription right is excluded for any fractional amounts. The Executive Board was further authorized to use treasury shares acquired on the basis of this or a prior authorization

for all legally permissible purposes. For example, these include: sale in exchange for noncash contributions, in particular as (partial) consideration in the context of business combinations or to acquire companies, interests in companies or parts thereof, or to acquire other assets (with the shareholders' subscription right excluded in each case); issuance to employees, selected employees in leadership and/or key positions at the company, and to Members of the Executive Board (with the shareholders' subscription right excluded in each case); sale in a form other than via the stock exchange or an offer to the shareholders if, in exchange for cash payment, the shares are sold at a price that is not significantly below the stock market price of the company's shares (insofar as the shareholders' subscription right is excluded); withdrawal of shares. Where the subscription right is excluded, the use of shares is subject to percentage restrictions. The authorization may be exercised once or multiple times, whether in whole or in part, and individually or collectively as well as by independent companies or companies with a majority holding in the company and on their account or on the account of third parties acting on the account of the company.

Thus far, the Executive Board has not made use of this authorization.

The details of the authorizations, in particular the limits of the option to exclude subscription rights and the conditions for crediting shares, are based on the authorization resolution concerned and Section 4 of the Articles of Association.

Material agreements of the company subject to the condition of a change of control following a takeover offer

No material agreements of the company subject to the condition of a change of control following a takeover offer were entered into.

Compensation agreements of the company concluded with executive board members or other employees for the event of a takeover offer

Compensation agreements of the company with Executive Board Members or other employees for the event of a takeover offer

Remuneration report

I. Remuneration report for the 2022 financial year

This remuneration report outlines the remuneration individually granted and due to serving and former Members of the Executive and Supervisory Boards of Medios AG in the 2022 financial year, i.e., in the period from January 1, 2022 to December 31, 2022. In the process, the report provides a detailed and personalized breakdown of the structure and amount of the individual components of Executive and Supervisory Board remuneration. The remuneration report was prepared jointly by the Executive and Supervisory Boards and is based on the requirements of the German Stock Corporation Act (Sect. 162 AktG) and complies with the recommendations of the German Corporate Governance Code (GCGC 2022). Clear, comprehensive and transparent reporting matters to both the Executive and Supervisory Boards.

This remuneration report will be submitted to the 2023 Medios AG Annual General Meeting for approval.

The remuneration report, prepared by Medios in accordance with Section 162 of the German Stock Corporation Act (AktG), on the remuneration granted and owed to the current and former members of the Executive and Supervisory Boards of Medios AG in the previous financial year 2021 was approved by the Annual General Meeting on June 21, 2022 with a majority of 70.69% of the share capital represented pursuant to Section 120a, Paragraph 4, of the German Stock Corporation Act (AktG). The Executive and Supervisory Boards see this vote as confirmation of the format used for the first time in the 2021 remuneration report. It will therefore also be retained for this 2022 remuneration report.

II. Executive and Supervisory Board remuneration

1. New remuneration system passed by the annual general meeting

Pursuant to Section 120, Paragraph 1 of the German Stock Corporation Act (AktG), in the version valid since January 1, 2020 following implementation of the second Shareholder Rights Directive of December 12, 2019 (ARUG II), the Annual General Meeting of a listed company decides on the approval of the remuneration system for Executive Board Members, as submitted by the Supervisory Board, following each significant change to the system, but at least every four years. It was required that the first resolution be passed by the end of the first Annual General Meeting following December 31, 2020.

With this in mind, the Supervisory Board of Medios AG decided on a remuneration system for Executive Board Members that met the requirements of ARUG II and – insofar as no exemption was declared pursuant to Section 161 AktG – that was based on the recommendations of the 2020 GCGC. On the basis of this remuneration system, the Supervisory Board adopted a new remuneration system for the Members of the Executive Board in the 2022 financial year. This remuneration system also complies with the cur-

rently applicable recommendations of the German Corporate Governance Code (GCGC 2022).

The corporate strategy of the Medios Group is geared toward profitable operations in the Specialty Pharma segment and the gain of further market share without generating an excess need for additional working capital. In this regard, considerable importance is attached to responsible corporate governance while simultaneously seizing business opportunities. In respect of the concrete structuring of remuneration, the setting of individual remuneration levels, the selection of key performance indicators and the structuring of payout and allocation conditions, the following principles are pursued/observed:

- Fostering of the long-term and sustainable corporate development of the Medios Group and support for the corporate strategy;
- Compliance with the German Stock Corporation Act and the German Corporate Governance Code;
- Due regard to shareholder interests and the needs of relevant stakeholders;
- Inclusion of ESG criteria (environmental, social and governance) to promote the sustainable development of the Medios Group;
- Transparent communication of Executive Board remuneration, both internally and externally;
- Synchronization and consistency of internal company goals to level the incentive effect for the Executive Board and top tier of management;
- Inclusion of modern elements and mechanisms in line with the market.

The first approval of a remuneration system for the Members of the Executive Board by the Annual General Meeting of Medios AG took place on June 10, 2021. In accordance with statutory provisions, this remuneration system was applicable to employment contracts with Members of the Executive Board of the company that were newly concluded, amended or extended at least two months after the first approval of the remuneration system by the Annual General Meeting (Section 87a, Paragraph 2, Sentence 1 AktG, Section 26j, Paragraph 1, Sentence 2 EGAktG).

The remuneration system for the Members of the Executive Board presented to the Annual General Meeting of Medios AG in the 2022 financial year was approved on June 21, 2022 with a majority of 88.50% of the share capital represented and has since been applied to newly concluded, amended or extended employment contracts with Members of the Executive Board.

Detailed information on the new remuneration system can be found on the company's website at <https://medios.ag/en/investor-relations/corporate-governance>.

2. Composition of the Executive Board

In the 2022 financial year, the Executive Board consisted of four members:

- (1) Matthias Gärtner (CEO; Member since September 14, 2015);
- (2) Mi-Young Miehler (COO, Member since July 1, 2017);
- (3) Christoph Prußbeit (CINO, Member since January 1, 2019) and
- (4) Falk Neukirch (CFO, Member since October 1, 2021).

3. Key remuneration systems in the 2022 financial year

The following overview shows the remuneration systems ("RSs") of Medios AG and the key remuneration systems (marked "X") applied in the 2022 financial year for the respective member of the Executive Board:

The employment contracts with the Members of the Executive Board serving in the 2022 financial year were amended and extended in 2021 before the end of two months (i.e.,

before August 10, 2021) following the first approval of the remuneration system by the Annual General Meeting. In the case of Mr. Neukirch, the contract was newly concluded. The Executive Board employment contract with Matthias Gärtner was amended on July 29, 2022, following the approval of the new remuneration system adopted in 2022.

Against this background, the remuneration system for the Members of the Executive Board approved by the Annual General Meeting on June 10, 2021, does not apply to the Executive Board employment contracts in place in the 2022 financial year. With effect from August 1, 2022, the new remuneration system for Executive Board Members submitted for approval at the Annual General Meeting on June 21, 2022, is only relevant for Executive Board Member Matthias Gärtner.

Insofar as the remuneration report refers to the applicable and key Executive Board remuneration system in accordance with Section 162 of the German Stock Corporation Act (AktG), the key remuneration system is the one for contracts concluded on or after June 30, 2021, which applied when the Executive Board employment contracts in place in the 2021 financial year were concluded. As explained below, this remuneration system only applied to Mr. Gärtner until July 31, 2022.

For better understanding, a brief description of the key remuneration systems of Medios AG is provided below.

Executive Board	Contract extension/ amendment	Contractual start date	Remuneration systems of Medios AG			
			RS for contracts concluded by June 30, 2021 (Basis: Executive Board employment contract) (RS 1)	RS for contracts concluded on or after June 30, 2021 (Basis: Executive Board employment contract) (RS 2)	RS for contracts concluded on or after June 30, 2021 (Basis: Executive Board employment contract) (RS 2)	RS for contracts concluded on or after June 30, 2022 (Basis: Executive Board employment contract) (RS 2)
Matthias Gärtner (CEO)	June 30, 2021 (renewal)	July 1, 2021		X		X
	July 29, 2022 (amendment)	August 1, 2022		(until July 31, 2022)		(since August 1, 2022)
Mi-Young Miehler (COO)	July 30, 2021 (renewal)	August 1, 2021		X		
Christoph Prußbeit (CINO)	July 30, 2021 (renewal)	August 1, 2021		X		
Falk Neukirch (CFO)	July 30, 2021 (renewal)	August 1, 2021		X		

X: key remuneration system applied in 2022 for the respective Member of the Executive Board

3.1. Key remuneration system up to June 30, 2021 (RS 1)

The Executive Board employment contracts with the Executive Board members Mr. Matthias Gärtner, Mr. Christoph Prußeit and Ms. Mi-Young Miehler were amended in fiscal year 2021 with effect from July 1, 2021.

Until June 30, 2021, the compensation of the members of the Executive Board consisted of the following compensation components:

- (1) Fixed remuneration
- (2) Profit sharing
- (3) Long-term incentive program
- (4) Fringe benefits

Fixed remuneration until June 30, 2021

Fixed remuneration constitutes the contractually stipulated basic remuneration. The fixed remuneration of each Executive Board Member is paid in twelve equal installments, with each installment paid by the 28th of each month. If the employment contract is terminated, the fixed remuneration will be paid in full for the month of termination.

Aim and relation to corporate strategy

Together with the other remuneration components, fixed remuneration forms the basis for the company's ability to recruit and maintain the highly qualified Executive Board personnel necessary to develop and implement the corporate strategy. The Executive Board remuneration system is a key element of the direction of the Medios Group and plays a significant role in fostering the business strategy and boosting operational performance, with fixed remuneration supporting sustainable corporate governance. In this regard, fixed remuneration needs to reflect the skills, experience and responsibilities of each individual Executive Board Member.

Profit sharing until June 30, 2021

The members of the Executive Board receive performance-related (variable) remuneration on the basis of the average adjusted EBT ("EBT")¹.

Each Member of the Executive Board receives a share of the profit sharing of the entire Executive Board. Profit sharing for the entire Executive Board stands at 20% of the share of EBT that exceeds an EBT margin of 3% of annual revenue. The calculation is to be based on the average of the EBT approved by the Supervisory Board in the annual financial statements of the past three years, with years prior to 2019 not included.

Variable remuneration in the form of profit sharing is limited to 150% of the contractually agreed gross fixed remuneration of each Executive Board Member. The payout amount in each case is due for payment by the last day of the month following the adoption of the annual financial statements for the previous year.

Aim and relation to corporate strategy

Profit sharing is intended to motivate the Executive Board Members to achieve demanding and challenging financial, operational and strategic targets during any given financial year. The targets reflect the corporate strategy and are designed to increase the value of the company. The link to EBT means that annual variable remuneration is tied to the achievement of targets for a key performance indicator for the Group in the financial year concerned.

Stock options as part of the long-term Incentive Program

The long-term incentive program ("LTIP") represents variable remuneration based on share option plans that provide for the issuance of share options with a vesting period of four years.

Within the scope of the share option plan, Executive Board Members are entitled to options on shares in Medios AG. Under the terms of contractual agreements with each Executive Board Member, the Executive Board Member is granted the right to acquire an individually agreed number of no-par-value bearer shares in Medios AG at an exercise price set in the respective share option plan following expiry of the relevant vesting period and in the event of attainment of the performance target subject to the provisions of the subscription right agreement. The performance target requires an increase in the share price of the Medios share above its price at the time the options are granted.

The stock options can be granted annually by the Supervisory Board in single or multiple tranches. The stock options may be exercised within an exercise period of seven years, which begins at the end of the vesting period. Exercise of the stock options is contingent on the performance target being met in a period of thirty trading days prior to the end of the vesting period. The performance target is deemed to be met if the closing price of the company's share reaches or exceeds an amount defined in the share option plan on thirty consecutive trading days in XETRA trading (or a comparable successor system on the Frankfurt Stock Exchange).

At the end of each year following the granting of the stock options, 25% of the total options granted to an Executive Board Member will become vested.

¹ Where reference is made to EBT below, this means EBT adjusted for nonrecurring expenses. Nonrecurring expenses relate to the items shown in the respective consolidated financial report that are used to reconcile EBT before nonrecurring items to EBT. For EBT (earnings before taxes) and the annual revenue stated therein, as well as for the term "annual financial statements" chosen, the consolidated financial statements of the Medios Group, prepared and audited in accordance with IFRS, are binding. Definitive are the items "revenue" (= annual revenue) and "earnings before taxes" (EBT) shown in the consolidated statement of total comprehensive income.

Within the scope of the key remuneration system until June 30, 2021, Medios AG had introduced a total of three share option plans – Share Option Plans 2017, 2018 and 2020 – with differing criteria for the granting and exercise of the stock options.

- Share Option Plan 2017: The exercise price per share option is €7.00 per share. The performance target for exercising the share options is a share price of at least €12.00.
- Stock Option Plan 2018: The exercise price is €15.00 per share. The performance target for exercising the share options is a share price of at least €23.00.
- Stock Option Plan 2020: The exercise price per share option is €29.00. The performance target for exercising the share options is a share price of at least €50.00.

Aim and Relation to Corporate Strategy

The company aims to increase the value of the company and shareholder value on a long-term basis by setting ambitious targets that are closely linked to share price development. By establishing a link to the development of the share price, a correlation is created between Executive Board remuneration and the interests and expectations of shareholders. The four-year vesting period helps to ensure that Executive Board actions in the ongoing financial year are also geared toward the long-term development of the company. It is ensured that variable remuneration under the LTIP – which is based on the achievement of long-term targets – exceeds the share attributable to short-term targets, meaning that the remuneration structure as a whole is geared toward sustainable long-term development. The combination of fixed and variable performance-related remuneration elements enables sustainable corporate governance while promoting a performance culture.

Fringe benefits until June 30, 2021

In addition to fixed remuneration and profit sharing, the Members of the Executive Board are reimbursed for travel expenses and other reasonable expenses in accordance with the company's applicable guidelines.

All Executive Board Members are insured against the risk of being sued for financial losses as part of their work through a D&O insurance policy, with the statutory deductible pursuant to the terms of the German Stock Corporation Act (AktG), taken out at the expense of Medios AG. The D&O insurance policy contains a deductible of 10% of the losses up to the amount of one-and-a-half times the fixed annual remuneration.

Aim and relation to corporate strategy

The company aims to create an attractive working environment for the Executive Board Members in order to ensure performance-oriented corporate governance.

3.2. Key remuneration system from July 1, 2021/ August 1, 2021, to July 31, 2022/December 31, 2022 (RS 2)

Amendments to the Executive Board employment contracts for Executive Board Members Mr. Matthias Gärtner (as of July 1, 2021), Mr. Christoph Prußeit and Ms. Mi-Young Miehler (both as of August 1, 2021) in place in 2021, and the newly concluded Executive Board employment contract for Mr. Falk Neukirch² (as of October 1, 2021) resulted in a minor adjustment to the remuneration system applied. For the sake of clarity, it is once again pointed out that the key remuneration system applied does not correspond to the Executive Board remuneration system presented to the Annual General Meeting for approval on June 10, 2021. This new remuneration system was, in accordance with statutory requirements, applied to employment contracts of the company's Executive Board Members that were newly concluded, amended or renewed after two months following initial approval of the remuneration system by the Annual General Meeting (Section 87a, Paragraph 2, Sentence 1 of the German Stock Corporation Act [AktG], Section 26j, Paragraph 1, Sentence 2 of the Introductory Act to the German Stock Corporation Act [EGAktG]).

The remuneration of the Members of the Executive Board in the 2022 financial year was based on the key remuneration system in place since July 1, 2021.

This remuneration system was only relevant for Executive Board Member Matthias Gärtner, and only until July 31, 2022, due to the Executive Board employment contract amended in 2022.

Since July 1, 2021, the remuneration of the Executive Board Members has comprised the following components:

- (1) Fixed remuneration;
- (2) Remuneration based on annual performance ("STI");
- (3) Share options under the LT;
- (4) A performance-based bonus ("ESG");
- (5) Fringe benefits.

The remuneration system is described below.

Fixed remuneration

The principles underpinning fixed remuneration did not change in the 2022 financial year. For an explanation of the fixed remuneration component, please refer to the description above.

2) The company and Mr. Falk Neukirch concluded a corresponding Executive Board employment contract on July 20, 2021.

Remuneration based on annual performance (short-term incentive “STI”) since July 1, 2021

As part of the short-term incentive program (“STI”), the Executive Board Members are eligible for the payment of a bonus if certain ambitious targets, set by the Supervisory Board, are met.

Financial figures			
Inorganic growth	Revenue growth	EBITDA growth	EBITDA margin
target requirements M&A transactions	percentage increase in group revenue	percentage increase in group EBITDA	target requirements group margin
Weighting: 40%	Weighting: 20%	Weighting: 20%	Weighting: 40%

Depending on the extent to which the targets set are achieved, each Executive Board Member can receive an STI amount up to 100% of the fixed remuneration agreed in each case.

The target attainment criteria are stipulated in the Executive Board employment contract for each Executive Board Member.

The specific targets and their calculated share of STI are structured as follows:

- (I) **Inorganic growth:** up to 40% of STI can be achieved in connection with the successful execution of M&A transactions insofar as these meet specific requirements in respect of the ratio of purchase price³ to EBITDA and the profitability of the target company;
- (II) **Revenue growth:** a further 20% of STI can be achieved if Group revenue grows year over year by an ambitious percentage rate set by the Supervisory Board;
- (III) **EBITDA growth:** a further 20% of STI can be achieved if Group EBITDA (before nonrecurring items) grows year over year by an ambitious percentage rate set by the Supervisory Board;
- (IV) **EBITDA margin:** a further 20% of STI can be achieved if the Group EBITDA margin (before nonrecurring items) grows year over year by an ambitious margin set by the Supervisory Board.

Aim and relation to corporate strategy

The variable remuneration for Executive Board Members seeks to set the right incentives for the Executive Board to act in accordance with the corporate strategy and stakeholder interests and to sustainably achieve long-term goals.

STI is intended to motivate the Executive Board Members to achieve demanding and challenging financial, operational and strategic targets during any given financial year. The targets reflect the corporate strategy and are designed to increase the value of the company. In particular, the link to EBITDA and revenue growth means that annual variable remuneration is tied to the achievement of targets for key performance indicators for the Group in the financial year concerned.

Stock options as part of the long-term incentive program

The fundamentals of LTIP remuneration did not change over the course of the entire 2021 and 2022 financial years. Therefore, please refer to the LTIP information above.

Variable ESG bonus since July 1, 2021

The ESG bonus represents short-term variable (performance-related) remuneration in the form of a bonus with a one-year assessment basis.

Before the start of any given financial year, the Supervisory Board, in consultation with the Executive Board, sets consistent ESG targets from various areas (e.g., climate and the environment) for all Executive Board Members. For each of the defined ESG targets, the Supervisory Board sets a target value, a demanding threshold value and an appropriate maximum value.

When setting the ESG targets, the Supervisory Board considers nonfinancial targets from the areas of climate and the environment, employees, social aspects and corporate governance, and technology and innovation. Relevant topics include, for instance, contributions to global climate protection (CO₂ reduction/carbon neutrality), recycling, renewable energies, the fostering of diversity and employee satisfaction, and occupational health and safety.

³) The purchase price is defined in IFRS 3 and is explained in more detail for the respective transaction in the notes to the consolidated financial statement of Medios AG.

When setting ESG targets, the Supervisory Board also determines the weighting between the ESG targets for total target attainment, as well as criteria and methods for assessing attainment of each ESG target. At the same time, a specific amount in euros is set for each Executive Board Member for a total attainment level of 100% of the ESG targets set.

An identical target amount is agreed upon in the employment contract of each Executive Board Member.

After the end of the financial year, the Supervisory Board determines the level of target attainment of each defined ESG target as a percentage for each Executive Board Member. Values between the threshold, target and maximum values are interpolated on a linear basis. Using the target attainment levels for each of the ESG targets, the Supervisory Board then calculates the total target attainment level as an average. A target attainment level below the threshold of 80% for a defined ESG target is included in the calculation with a factor of zero. The payout amount is then calculated by multiplying the target amount by the total target attainment level.

The payout amount of the ESG bonus is capped at 100% of the target amount. As there is no guaranteed minimum target attainment, it may be the case that no amount whatsoever is paid out.

The ESG bonus becomes payable in cash four months after the end of the financial year concerned.

If the employment contract/governing body position only applied for a portion of any given financial year, the total attainment level will be calculated on a pro rata basis, with the ESG bonus also only paid out on a pro rata basis.

Aim and relation to corporate strategy

Sustainable activities form an integral component of the strategy of both Medios AG and the Medios Group.

The ESG bonus focuses on the contribution made by Medios AG toward achieving stable economic, social and environmental conditions for the generations of today and tomorrow. As a company with a leading position in the area of specialty pharma, the Medios Group aims to implement an innovative sustainability strategy that matches the innovativeness of its products and services. A remuneration component in the form of an ESG bonus, geared solely towards nonfinancial sustainability targets, helps to ensure that Medios AG lives up to its responsibility as part of society.

Fringe benefits since July 1, 2021

Alongside fixed remuneration and profit sharing, the Executive Board Members have also received the following fringe benefits since July 1, 2021:

- An appropriate company car or, alternatively, a financial settlement according to the company's applicable guidelines in this area;
- A subsidy for statutory or private health and nursing care insurance.

All Executive Board Members are insured against the risk of being sued for financial losses as part of their work through a D&O insurance policy, with the statutory deductible pursuant to the terms of the German Stock Corporation Act (AktG), taken out at the expense of Medios AG. The D&O insurance policy contains a deductible of 10% of the losses up to the amount of one-and-a-half times the fixed annual remuneration.

Aim and relation to corporate strategy

The company aims to create an attractive working environment for the Executive Board Members in order to ensure performance-oriented corporate governance.

3.3. Remuneration system of June 10, 2021 (RS 3) – not applied

Remuneration system 3 was approved by the Annual General Meeting of Medios AG on June 10, 2021, and, in accordance with statutory provisions, was applicable to employment contracts with Members of the Executive Board of the company that were newly concluded, amended or extended at least two months after the approval of the remuneration system by the Annual General Meeting (Section 87a, Paragraph 2, Sentence 1 AktG, Section 26j, Paragraph 1, Sentence 2 EGAktG).

The remuneration system was not applied because the contracts of the Members of the Executive Board were newly concluded, amended or extended before the end of two months after the approval of the remuneration system by the Annual General Meeting, i.e., before August 10, 2021.

This remuneration system will also not apply to Executive Board employment contracts concluded, amended or extended in the future, as key remuneration system 4 of June 21, 2022, as set out below, is relevant to such contracts and has also been applied to Matthias Gärtner's Executive Board employment contract, which was amended in 2022.

3.4. Relevant remuneration system as of August 1, 2022 (RS 4)

The Executive Board remuneration system approved by the Annual General Meeting on June 21, 2022, has, since that date, been applied to newly concluded, amended or exten-

ded employment contracts with Members of the Executive Board. This remuneration system was applied for the first time following an amendment to the employment contract of Mr. Matthias Gärtner in the 2022 financial year (effective August 1, 2022). For reasons of clarity, please note that key remuneration system 2, applicable as of July 1, 2021, continued to apply to Executive Board Members Mr. Christoph Prußbeit, Ms. Mi-Young Miehler and Mr. Falk Neukirch in the 2022 financial year.

As part of the adjustment to the Executive Board remuneration system, determination of the performance target and the exercise price was made more flexible in connection with the long-term incentive program, meaning that these criteria can be determined on the basis of current developments in the future.

Medios AG introduced the Share Option Plan 2022 as part of the key remuneration system applicable as of August 1, 2022. The exercise price per share option is €27.00. The performance target for exercising the share options is a share price of at least €40.00.

The basic features of the remuneration system and the remuneration components did not change in the 2022 financial year as a result of the adjustment. For an explanation of the remuneration components, please refer to the description above.

4. Application of the key remuneration system

The key remuneration system was implemented and applied in full in the context of Executive Board remuneration in the 2022 financial year.

In particular, no advance payments, loans, sureties, pension commitments or similar payments or benefits were made to Executive Board Members that were not in accordance with the key remuneration system.

5. Individual Executive Board remuneration in 2022 pursuant to Sec. 162 AktG and the application of the performance criteria

5.1 Individually granted remuneration (pursuant to Sec. 314 para. 1 no. 6a of the German Commercial Code [HGB])

The following table presents the fixed and variable remuneration components (and fringe benefits) granted (i.e., actually paid out) and owed (i.e., legally established, not yet paid out but due in 2022) to current and retired members of the Executive Board in the past financial year 2022, including their respective relative share pursuant to Section 162 of the German Stock Corporation Act (AktG).

For the Executive Board Members Matthias Gärtner, Mi-Young Miehler, Christoph Prußeit and Falk Neukirch, the remuneration granted and owed in the 2022 financial year comprised the fixed basic remuneration, fringe benefits, variable remuneration in the form of the STI and the ESG bonus, and the granting of stock options under LTIP.

The sums paid out in the 2022 financial year as part of variable remuneration in the form of the STI and the ESG bonus are allocated to 2021.

The respective payout amount under variable remuneration in the form of the STI is payable by the last day of the month following the adoption of the annual financial statements for the previous year. This means that the existence of a payment entitlement to variable remuneration in the form of the STI for the 2021 financial year is only reviewed once the annual financial statements for the 2021 financial year have been adopted at the beginning of 2022.

in € (gross)	Fixed remuneration		Variable remuneration				
	Basic salary	in %	Fringe benefits	in %	One year	in %	Multiple years
Matthias Gärtner	320,000	68.3	10,800	2.3	138,000	29.4	0
Mi-Young Miehler	280,000	69.8	19,374	4.8	101,666	25.4	0
Christoph Prußeit	280,000	70.8	13,602	3.4	101,666	25.7	0
Falk Neukirch	240,000	78.7	11,904	3.9	53,000*	17.4	0

* pro rata (new contract concluded as of October 1, 2021)

Under the terms of the ESG bonus, the respective payout amount is due for payment in cash four months after the end of the financial year concerned. This means that an entitlement to payment is only established at the beginning of 2022 once the Supervisory Board has reviewed the attainment of targets after the end of the 2021 financial year.

In the 2022 financial year, variable remuneration under STI and the ESG bonus was neither granted nor owed to any Executive Board Member for the 2022 financial year. A decision on attainment of targets and performance criteria for the STI and ESG bonus for the 2022 financial year will be taken in conjunction with the adoption of the annual financial statements for the period ending December 31, 2022, or at the beginning of the 2023 financial year, by the Supervisory Board. This means that any payment amounts under the STI and ESG bonus for the 2022 financial year are due and payable in 2023 at the earliest.

In addition, the relative shares of all fixed and variable remuneration components in total remuneration must be disclosed pursuant to Section 162, Paragraph 1, Sentence 2, No. 1 of the German Stock Corporation Act (AktG). The relative shares disclosed in the following table relate to the remuneration components granted and owed in the financial year concerned pursuant to Section 162, Paragraph 1, Sentence 1 of the German Stock Corporation Act (AktG).

Extraordinary payments	Pension expenses	Total remuneration	in %
0	0	468,800	100
0	0	401,040	100
0	0	395,268	100
0	0	304,904	100

5.2 Variable remuneration, target attainment and application of the performance criteria

The performance-related variable remuneration under the STI/the ESG bonus is payable by the last day of the month following the adoption of the annual financial statements for the previous year/four months after the end of the financial year concerned following a review by the Supervisory Board (see also explanations above).

As such, the following tables show the fulfillment level of the performance criteria agreed for the 2021 financial year in respect of the variable remuneration components, with the remuneration actually paid out ("granted" within the meaning of Section 162 AktG) in the 2022 financial year.

Executive Board	Performance criteria	Relative weighting of the performance criterion in %	Information about the performance target		a) Target attainment b) Amount paid out
Matthias Gärtner			a) Minimum target and b) corresponding remuneration	a) Maximum target and b) corresponding remuneration	
	Inorganic growth	40	a) Revenue of the acquired target or assets less than €20 million; Purchase price more than 10 times the EBITDA of the target/ assets in Germany or more than 12 times the EBITDA of the target/assets abroad; EBITDA of up to €2 million b) €0	a) The sum of all revenues of all acquired targets or assets amounts to at least €40 million; Purchase price is no more than 10 times the EBITDA of the respective target or asset; Total EBITDA of all acquired targets or assets exceeds €4 million b) €64,000	a) Yes / 100% b) €64,000
	Revenue growth	20	a) Medios Group revenue growth compared to previous year < 84% b) €0	a) Medios Group revenue growth compared to previous year at least 84% b) €32,000	a) Yes / 100% b) €32,000
	EBITDA growth	20	a) Medios Group EBITDA growth compared to previous year < 150% b) €0	a) Medios Group EBITDA growth compared to previous year at least 150% b) €32,000	a) Yes / 100% b) €32,000
	EBITDA margin	20	a) EBITDA margin 2021 < 3% b) €0	a) EBITDA margin 2021 at least 3% b) €32,000	a) No / 0% b) €0
Total STI payout					€128,000

Executive Board	Performance criteria	Relative weighting of the performance criterion in %	Information about the performance target		a) Target attainment
					b) Amount paid out
Mi-Young Miehler			a) Minimum target and b) corresponding remuneration	a) Maximum target and b) corresponding remuneration	
	Inorganic growth	40	a) Revenue of the acquired target or assets less than €20 million; Purchase price more than 10 times the EBITDA of the target/ assets in Germany or more than 12 times the EBITDA of the target/assets abroad; EBITDA of up to €2 million b) €0	a) The sum of all revenues of all acquired targets or assets amounts to at least €40 million; Purchase price is no more than 10 times the EBITDA of the respective target or asset; Total EBITDA of all acquired targets or assets exceeds €4 million b) €46,667	a) Yes / 100% b) €46,667
	Revenue growth	20	a) Medios Group revenue growth compared to previous year < 84% b) €0	a) Medios Group revenue growth compared to previous year at least 84% b) €23,333	a) Yes / 100% b) €23,333
	EBITDA growth	20	a) Medios Group EBITDA growth compared to previous year < 150% b) €0	a) Medios Group EBITDA growth compared to previous year at least 150% b) €23,333	a) Yes / 100% b) €23,333
	EBITDA margin	20	a) EBITDA margin 2021 < 3% b) €0	a) EBITDA margin 2021 at least 3% b) €23,333	a) No / 0% b) €0
Total STI payout					€93,333

Executive Board	Performance criteria	Relative weighting of the performance criterion in %	Information about the performance target		a) Target attainment b) Amount paid out
Christoph Pruß			a) Minimum target and b) corresponding remuneration	a) Maximum target and b) corresponding remuneration	
	Inorganic growth	40	a) Revenue of the acquired target or assets less than €20 million; Purchase price more than 10 times the EBITDA of the target/ assets in Germany or more than 12 times the EBITDA of the target/assets abroad; EBITDA of up to €2 million b) €0	a) The sum of all revenues of all acquired targets or assets amounts to at least €40 million; Purchase price is no more than 10 times the EBITDA of the respective target or asset; Total EBITDA of all acquired targets or assets exceeds €4 million b) €46,667	a) Yes / 100% b) €46,667
	Revenue growth	20	a) Medios Group revenue growth compared to previous year < 84% b) €0	a) Medios Group revenue growth compared to previous year at least 84% b) €23,333	a) Yes / 100% b) €23,333
	EBITDA growth	20	a) Medios Group EBITDA growth compared to previous year < 150% b) €0	a) Medios Group EBITDA growth compared to previous year at least 150% b) €23,333	a) Yes / 100% b) €23,333
	EBITDA margin	20	a) EBITDA margin 2021 < 3% b) €0	a) EBITDA margin 2021 at least 3% b) €23,333	a) No / 0% b) €0
Total STI payout					€93,333

Executive Board	Performance criteria	Relative weighting of the performance criterion in %	Information about the performance target		a) Target attainment b) Amount paid out
Falk Neukirch			a) Minimum target and b) corresponding remuneration	a) Maximum target and b) corresponding remuneration	
	Inorganic growth	40	a) Revenue of the acquired target or assets less than €20 million; Purchase price more than 10 times the EBITDA of the target/ assets in Germany or more than 12 times the EBITDA of the target/assets abroad; EBITDA of up to €2 million b) €0	a) The sum of all revenues of all acquired targets or assets amounts to at least €40 million; Purchase price is no more than 10 times the EBITDA of the respective target or asset; Total EBITDA of all acquired targets or assets exceeds €4 million b) €24,000	a) Yes / 100% b) €24,000
	Revenue growth	20	a) Medios Group revenue growth compared to previous year < 84% b) €0	a) Medios Group revenue growth compared to previous year at least 84% b) €12,000	a) Yes / 100% b) €12,000
	EBITDA growth	20	a) Medios Group EBITDA growth compared to previous year < 150% b) €0	a) Medios Group EBITDA growth compared to previous year at least 150% b) €12,000	a) Yes / 100% b) €12,000
	EBITDA margin	20	a) EBITDA margin 2021 < 3% b) €0	a) EBITDA margin 2021 at least 3% b) €12,000	a) No / 0% b) €0
Total STI payout					€ 48,000

ESG-Bonus

Executive Board Member	Performance criteria	Relative weighting of the performance criterion in %
Matthias Gärtner	Development of a complete ESG strategy for the Medios Group by the end of 2021	50
	Formulation and determination of objectively measurable ESG KPIs for the 2022 financial year	50
Mi-Young Miehler	Development of a complete ESG strategy for the Medios Group by the end of 2021	50
	Formulation and determination of objectively measurable ESG KPIs for the 2022 financial year	50
Christoph Prußeit	Development of a complete ESG strategy for the Medios Group by the end of 2021	50
	Formulation and determination of objectively measurable ESG KPIs for the 2022 financial year	50
Falk Neukirch	Development of a complete ESG strategy for the Medios Group by the end of 2021	50
	Formulation and determination of objectively measurable ESG KPIs for the 2022 financial year	50

Information about the performance target		a) Target attainment
		b) Amount paid out
a) Minimum target and b) corresponding remuneration	a) Maximum target and b) corresponding remuneration	
a) No/only one performance criterion met b) €0	a) Both performance criteria met b) €10,000	a) Yes / 100% b) €10,000
a) No/only one performance criterion met b) €0	a) Both performance criteria met b) €8,333	a) Yes / 100% b) €8,333
a) No/only one performance criterion met b) €0	a) Both performance criteria met b) €8,333	a) Yes / 100% b) €8,333
a) No/only one performance criterion met b) €0	a) Both performance criteria met b) €5,000	a) Yes / 100% b) €5,000

The following pages contain a description of how the agreed performance criteria and the targets for the remuneration components “short-term incentive,” “ESG bonus” and “LTIP” were applied for the 2022 financial year.

5.2.1. Short-term incentive

Depending on the extent to which the targets set are achieved, each Executive Board Member can receive an STI amount up to 100% of the fixed remuneration agreed in each case. In respect of revenue growth, Group EBITDA growth and the Group EBITDA margin, the consolidated financial statements of the Medios Group, prepared and audited in accordance with IFRS, are definitive. Prior to the start of the relevant financial year, the Supervisory Board sets the four targets/percentages and margins for the STI target areas annually, following consultation with each Executive Board Member, and informs the Executive Board Members accordingly.

The following targets were set for 2022:

Inorganic growth (40% weighting)

20% bonus on completion of a transaction by December 31, 2022, if

- the revenue of the acquired target or assets amounts to at least €20 million;
- the purchase price is no more than 10 times the EBITDA of the target or the assets in Germany, or no more than 12 times the EBITDA of the target or the assets abroad, and
- EBITDA exceeds €2 million.
- revenue and EBITDA are deemed to have been gained by Medios if they are disclosed in the most recently adopted annual financial statements and there are no indications that they cannot also be realized within the Medios Group.

40% bonus on conclusion of one or more transactions by December 31, 2022, if

- the sum of all revenues of all acquired targets or assets amounts to at least €40 million;
- the purchase price is no more than 10 times the EBITDA of the target or the assets in Germany, or no more than 12 times the EBITDA of the target or the assets abroad, and
- the total of all EBITDA of all acquired targets or assets amounts to more than €4 million.
- multiple transactions are necessary to achieve these targets, at least one of the transactions must relate to internationalization or diversification into new segments for the Medios Group.
- revenue and EBITDA are deemed to have been gained by Medios if they are disclosed in the most recently adopted annual financial statements and there are no indications that they cannot also be realized within the Medios Group.

Revenue growth (20% weighting)

- 60% of this component if the consolidated revenue of the Medios Group amounts to at least €1.45 billion in 2022;
- 80% of this component if the consolidated revenue of the Medios Group amounts to at least €1.525 billion in 2022;
- 100% of this component if the consolidated revenue of the Medios Group amounts to at least €1.6 billion in 2022.

EBITDA growth (20% weighting)

- 60% of this component if the Medios Group's EBITDA before nonrecurring items amounts to at least €52 million in 2022;
- 80% of this component if the Medios Group's EBITDA before nonrecurring items amounts to at least €55 million in 2022;
- 100% of this component if the Medios Group's EBITDA before nonrecurring items amounts to at least €58 million in 2022.

EBITDA margin (20% weighting)

- 50% of this component if the Medios Group's EBITDA margin before nonrecurring items is at least 3.5% in 2022;

- 100% of this component if the Medios Group's EBITDA margin before nonrecurring items is at least 3.6% in 2022;

The STI payout amount in each case is due for payment by the last day of the month following the adoption of the annual financial statements for the previous year ended. As a result, the payout amount for the aforementioned STI targets for the 2022 financial year will only be paid out in the 2023 financial year, reflecting the level of target attainment.

5.2.2. ESG bonus

Before the start of any given financial year, the Supervisory Board, in consultation with the Executive Board, sets consistent ESG targets from various areas (e.g., climate and the environment) for all Executive Board Members. When setting ESG targets, the Supervisory Board also determines the weighting between the ESG targets for total target attainment, as well as criteria and methods for assessing attainment of each ESG target. At the same time, a specific amount in euros is set for each Executive Board Member for a total attainment level of 100% of the ESG targets set.

The target value for the ESG bonus for the 2022 financial year is €20 thousand ("target amount"). In the event of

- attainment of at least 17 of these targets (80% target attainment), the Executive Board receives a bonus of €16 thousand.
- Attainment of each additional target increases this amount by €1,000 up to a maximum of €20 thousand for attainment of 20 targets (100% target attainment).

The following table shows the specific measures agreed for attaining the ESG targets for the 2022 financial year.

	ESG target/measure	Target attainment criteria (measurement of success)
1.	Identification and evaluation of ESG risks	ESG rating issued by a rating provider
2.	Compliance training for all employees	At least 60% of employees received training in 2022
3.	Introduction of a complaint management system for all employees	System introduced by 12/31/2022
4.	Setting up of an internal audit department	Internal audit set up by 09/30/2022 at the latest
5.	Introduction of a package of measures to improve data protection	Package of measures introduced by 12/31/2022
6.	Code of Conduct training for all employees	At least 60% of employees received training in 2022
7.	Extension of the whistleblower system to suppliers	All suppliers able to access the system by 12/31/2022
8.	Regular customer satisfaction surveys	Completion and evaluation of a survey by 12/31/2022
9.	Introduction of a complaint management system for customers	System introduced by 12/31/2022
10.	Evaluation of customer complaints	80% of customer complaints evaluated and a report prepared by 12/31/2022
11.	Implementation of a platform with e-prescription compatibility for doctors, health insurers and specialized partner pharmacies	Medios Connect supplemented by a software module by 12/31/2022 that enables the processing of e-prescriptions
12.	Conduct annual employee review with employees	At least 60% of employees had a review in 2022
13.	Annual analyses of gender pay parity	An analysis carried out by 12/31/2022
14.	Offer of checkups and vaccinations	At least 60% of employees offered these services by 12/31/2022
15.	Introduction of uniform Group-wide occupational health and safety strategies, including training	At least 60% of employees received training in 2022
16.	Implementation of ESG software and expansion of digital electricity meters	System introduced by 12/31/2022
17.	Determination of energy-efficiency criterion in procurement criteria	Criterion defined by 12/31/2022
18.	Step-by-step transition to 100% green power	50% green electricity used by 12/31/2022 (consumption)
19.	Reusability or recyclability of suits, gloves, etc. defined as a procurement criterion	Defined as a procurement criterion by 12/31/2022
20.	Use of recycled and reusable packaging	10% of packaging recyclable or reusable by 12/31/2022
21.	Carry out a recycling awareness campaign	Campaign carried out by 12/31/2022
22.	Medios Specialty Pharma Day	A Specialty Pharma Day held by 12/31/2022

The ESG bonus for the 2022 financial year will become payable in cash four months after the end of the 2022 financial year, i.e., in the 2023 financial year. As a result, the payout amount for the aforementioned ESG bonus targets for the 2022 financial year will only be paid out in the 2023 financial year, reflecting the level of target attainment. The Executive Board expects target attainment of 80% for the 2022 financial year.

5.2.3. Variable remuneration under the LTIP

In the 2022 financial year, Executive Board Member Matthias Gärtner was granted options on shares in Medios AG under the LTIP.

These granted share options originate from the 2022 tranche of the Share Option Plan 2022. By means of contractual agreement, Matthias Gärtner was given the right to purchase an agreed number of 60,000 no-par-value bearer shares in Medios AG under the Share Option Plan 2022 at an exercise price of €27.00 after the expiry of the four-year vesting period and upon attainment of the performance target of €40.00 in accordance with the provisions of the share option plan.

The stock options may be exercised within an exercise period of three years, which begins at the end of the vesting period. Exercise of the stock options is contingent on the performance target being met in a period of 30 trading days prior to the end of the vesting period.

The performance target is deemed to be met if the closing price of the company's share reaches or exceeds an amount of €40.00 on 30 consecutive trading days in XETRA trading (or a comparable successor system on the Frankfurt Stock Exchange).

In the 2022 financial year, Executive Board Member Mr. Matthias Gärtner was "granted" share options within the meaning of Section 162, Paragraph 1, Sentence 1 AktG under the LTIP, as shown in the following table:

Key conditions for exercising the options:

Share option plan	SOP 2022
Vesting period	4 years
Grant date	10/28/2022
Vesting date	12/31/2025
End of vesting period	10/31/2026
End of exercise period	10/31/2029
Exercise price/performance target (in €)	27 / 40
Number of share options	60,000

5.2.4 Stock options in the 2022 financial year

As part of the Share Option Plan 2020, Executive Board Members Matthias Gärtner, Mi-Young Miehler, Christoph Prußeit and Falk Neukirch each received 40,000 options to subscribe to Medios AG shares (purchase option) on October 31, 2021. The exercise price of these options is €29.00. The option rights may be exercised following a vesting period of four years from the date of issue. The performance target is deemed to be met if the closing price of the company's share reaches or exceeds an amount of €50.00 on 30 consecutive trading days in XETRA trading (or a comparable successor system on the Frankfurt Stock Exchange) prior to the exercise of the rights concerned.

The vesting period for the share options granted expires on October 31, 2025, meaning that the options become exercisable on this date.

In respect of the share options granted to Executive Board Member Mr. Matthias Gärtner as part of the Share Option Plan 2022, please refer to the explanations outlined above.

Disclosures on stock options for Medios AG shares pursuant to sec. 162 para. 1 no. 3 AktG

Executive Board	Share option plan (SOP) and term	Opening balance	In the 2022 financial year
		as of January 1, 2022	granted and pledged (forfeitable) options
		No. of share options as of January 1, 2022	
Matthias Gärtner	SOP 2017	0	0
	SOP 2018	0	0
	SOP 2020	40,000	0
	SOP 2022	0	60,000
Mi-Young Miehler	SOP 2017	0	0
	SOP 2018	0	0
	SOP 2020	40,000	0
	SOP 2022	0	0
Christoph Prußeit	SOP 2017	0	0
	SOP 2018	0	0
	SOP 2020	40,000	0
	SOP 2022	0	0
Falk Neukirch	SOP 2017	0	0
	SOP 2018	0	0
	SOP 2020	40,000	0
	SOP 2022	0	0

In the 2022 financial year		Closing balance as of December 31, 2022	
non-forfeitable options	exercised options	forfeited options	No. of share options as of December 31, 2022
0	0	0	0
0	0	0	0
20,000	0	0	40,000
15,000	0	0	60,000
0	0	0	0
0	0	0	0
20,000	0	0	40,000
0	0	0	0
0	0	0	0
0	0	0	0
20,000	0	0	40,000
0	0	0	0
0	0	0	0
0	0	0	0
20,000	0	0	40,000
10,000	0	0	0

6. Benefits in the 2022 financial year pursuant to the 2017 GCGC

Pursuant to Item 4.2.5, Appendix tables 1 and 2, of the German Corporate Governance Code (GCGC) in the version dated February 7, 2017 ("2017 GCGC"), the following tables shows the "benefits granted" by Medios AG within the meaning of the 2017 GCGC. The recommendations underpinning the disclosure of such tables for the "benefits granted" within the meaning of the 2017 GCGC stopped being applicable with the enactment of the revised GCGC on March 20, 2020.

There is also no obligation under the German Stock Corporation Act in the applicable version of ARUG II (Shareholder Rights Directive) to continue including such information in the remuneration report. In order to provide our shareholders with an improved comparison against information from prior years, however, and to maintain the previously achieved level of transparency, the Executive and Supervisory Boards have decided to voluntarily include the information on "benefits granted" within the meaning of the former version of the GCGC in the remuneration report for the 2022 financial year.

The "benefits granted" within the meaning of the 2017 GCGC are not the same as the "granted and owed remuneration" within the meaning of Section 162, Paragraph 1, Sentence 1 AktG, as described above:

- "Benefits granted" within the meaning of the 2017 GCGC are – irrespective of the date of payment – all remuneration components that have been pledged in principle to an Executive Board Member in the financial year and whose (future) amount can at least be estimated.
- "Granted and owed remuneration" within the meaning of Section 162, Paragraph 1, Sentence 1 AktG, on the other hand, only constitutes remuneration that has factually been paid out in the financial year or remuneration that, as shown in the draft resolution (BT-Drs. 19 / 9739, page 111), is "due subject to legal categories, but that has not (yet) been paid out."

6.1 Benefits granted pursuant to the 2017 GCGC

The table of "granted benefits" pursuant to the 2017 GCGC shows the amounts allocated in the financial year. The stock options granted under LTIP are shown at their fair value at the grant date. The future amount of the resulting benefits cannot be reliably estimated, which is why no figures have been provided in the table. Pursuant to Section 162, Paragraph 1, Sentence 2, No. 1 AktG, all fixed and variable remuneration components are to be disclosed that were "granted and owed" to individual Executive Board Members in the 2022 financial year. These disclosures mostly correspond to the disclosures reportable as "benefits received" within the meaning of the 2017 GCGC.

Benefits granted 2022 according to 2017 GCGC	Matthias Gärtner			Mi-Young Miehler			Christoph Prußeit			Falk Neukirch		
	2022	min	max	2022	min	max	2022	min	max	2022	min	max
In thousand €												
Fixed remuneration	320	320	320	280	280	280	280	280	280	240	240	240
Fringe benefits	11	11	11	19	19	19	14	14	14	12	12	12
Total	331	331	331	299	299	299	294	294	294	252	252	252
Short-term variable remuneration	259	0	340	229	0	300	229	0	300	198	0	260
Long-term variable remuneration	0	0	0	0	0	0	0	0	0	0	0	0
Plan ID (plan term)	0	0	0	0	0	0	0	0	0	0	0	0
Total	590	331	671	528	299	599	523	294	594	450	252	512
Service cost	5	5	5	5	5	5	5	5	5	5	5	5
Total remuneration	595	336	676	533	304	604	528	299	599	455	257	517

7. Relationship between remuneration and work performance in 2022 (“pay for performance”)

In order to illustrate the correlation between remuneration and work performance for the 2022 financial year, the following table sets out both the remuneration components received in 2022 and – regardless of the date of payment – all remuneration components that were at least fundamentally promised to a Member of the Executive Board in the 2022 financial year and whose (future) amount can at least be estimated:

in € (gross)	Fixed remuneration		Variable (STI)			Variable (LTIP)	
	Fixed remuneration	Maximum possible STI bonus 100%	STI bonus (estimated) 76.3%	Maximum possible ESG bonus 100%	ESG bonus (estimated) 80%	Total	Granted share options (number)
Matthias Gärtner	320,000	320,000	243,200	20,000	16,000	259,200	60,000
Mi-Young Miebler	280,000	280,000	212,800	20,000	16,000	228,800	0
Christoph Prußeit	280,000	280,000	212,800	20,000	16,000	228,800	0
Falk Neukirch	240,000	240,000	182,400	20,000	16,000	198,400	0
Total	1,120,000	1,120,000	851,200	80,000	64,000	915,200	60,000

The STI bonus is broken down into the individual components as follows:

in € (gross)	Inorganic growth (40%)	Revenue growth (20%)	EBITDA growth (20%)	EBITDA margin (20%)	Total STI
Target attainment	100%	100%	80%	0%	76.3%
Matthias Gärtner	128,000	64,000	51,200	0	243,200
Mi-Young Miebler	112,000	56,000	44,800	0	212,800
Christoph Prußeit	112,000	56,000	44,800	0	212,800
Falk Neukirch	96,000	48,000	38,400	0	182,400
Total	448,000	224,000	179,200	0	851,200

8. Disclosures pursuant to Section 162, Paragraph 1, No. 4 AktG and benefits for the event of premature termination of Executive Board employment within the meaning of Section 162, Paragraph 2 AktG

8.1 Penalties and clawbacks

Under the key remuneration system since July 1, 2021, penalty and clawback provisions have been implemented with the employment contracts of Executive Board Members. This enables the recovery/reduction of already disbursed or not yet disbursed variable remuneration components in certain circumstances. This recovery/reduction option covers all variable remuneration components of Executive Board remuneration, i.e., payments under the ESG bonus as well as under the long-term incentive program and the short-term incentive program.

In the event of a serious and intentional breach of obligation or compliance on the part of an Executive Board Member, the company is entitled to cancel/withhold, whether in full or in part, variable remuneration under the ESG bonus, under the short-term incentive and under the long-term incentive ("penalty") and to impose a forfeit on or demand repayment of variable remuneration components already granted ("clawback").

(Variable) remuneration under LTIP, STI and the ESG bonus is subject to a penalty/clawback clause applicable in financial years starting on or after January 1, 2022. In the 2022 financial year, no use was made of the option to demand

8.2 Contractual termination and remuneration

In the event of a withdrawal of an appointment, the resignation of an Executive Board Member or other termination of the Executive Board position, the Executive Board employment contract ends at the end of the relevant period stipulated in Section 622 of the German Civil Code (BGB). In this instance, Medios AG is entitled to put the Executive Board Member concerned on garden leave, relieving them of any further duties, for the remaining term of their employment contract. Contractually agreed payments will continue during garden leave.

In the event of the death of an Executive Board Member prior to the end of their employment contract, the Executive Board Member's spouse or dependent children are entitled to the granting of the non-performance-related fixed basic remuneration (i.e., the gross monthly salary pursuant to the Executive Board employment contract concerned) for the month of the Executive Board Member's death and the following three months.

8.3 Severance clauses

The Executive Board employment contracts in place in the 2022 financial year contain severance clauses that comply with the recommendations of the German Corporate Gov-

ernance Code. If the employment contract with an Executive Board Member ends due to resignation or mutually agreed compromise agreement, the Executive Board Member will be entitled to a severance payment. This does not, however, apply in the event of termination of the employment contract for cause by the company pursuant to Section 626 of the German Commercial Code (BGB), where the Executive Board Member bears the responsibility. The severance payment may not exceed the amount of two total annual remunerations and is capped at the level of remuneration for the remaining term of the employment contract.

8.4 Change of control

In the event of a change of control, the Executive Board employment contracts set out the following special regulations under the key remuneration system since July 1, 2021, but do not provide for any additional severance payment:

In the event of a change of control, the Executive Board Member may resign from their position subject to a three-month notice period. The employment contract ends at this point. A change of control is present if

- the shares in the company are removed from stock market trading on a regular market (delisting);
- the appointment of an Executive Board Member ends due to a change to the company's legal form or due to a merger of the company with another entity unless the Executive Board Member is offered a position on the Executive Board of the new company at conditions economically similar to those previously offered;
- a company agreement is concluded with Medios AG as a dependent company pursuant to Section 291 et seq. AktG or the company is incorporated pursuant to Section 319 et seq. AktG.

8.5 Post-contractual non-compete clause

Under the key remuneration system since July 1, 2021, all Executive Board employment contracts contain a non-compete clause for up to two years after the end of the contract. During the term of the non-compete clause, each Executive Board Member is entitled to compensation in the amount of 50% of their most recent contractual payments. During the term of the non-compete clause, any other employment income earned will be offset against the compensation if the compensation plus the other employment income would exceed the most recently received contractual payments. Furthermore, any other contractual severance payments made to an Executive Board Member are offset against the compensation.

No compensation payments whatsoever were granted or owed in the 2022 financial year.

9. Further mandatory disclosures pursuant to Section 162, Paragraph 1 and Paragraph 2 AktG

The remuneration report for the 2021 financial year prepared by Medios in accordance with Section 162 of the German Stock Corporation Act (AktG) was approved by the Annual General Meeting on June 21, 2022.

There were no deviations from the key remuneration systems. As a precaution, we would like to point out that the Executive Board remuneration system⁴ submitted to the Annual General Meeting for approval in 2022 has not yet been applied to Ms. Mi-Young Miehler, Mr. Christoph Prußeit and Mr. Falk Neukirch, although the content of the corresponding Executive Board employment contracts generally corresponds to this system.

The maximum remuneration of €2.5 million (Chairman of the Executive Board) and €2.0 million (Members of the Executive Board) stipulated in the key remuneration systems

was adhered to in the 2022 financial year, as these maximum amounts exceeded the remuneration paid and owed to Mr. Gärtner (€469 thousand), Ms. Miehler (€401,000 thousand), Mr. Prußeit (€395,000 thousand) and Mr. Neukirch (€305,000 thousand).

III. Comparison of annual changes in the remuneration of the Executive Board with earnings development and with the average remuneration of employees of Medios AG pursuant to Section 162, Paragraph 1, No. 2 AktG

The following comparison presents the annual change in granted and owed remuneration of current Executive Board Members against the earnings development of the company and the remuneration of employees on a full-time-equivalent basis pursuant to Section 162 AktG.

	Remuneration granted and owed in 2022	Change 2022 vs. 2021	Remuneration granted and owed in 2021	Change 2021 vs. 2020	Remuneration granted and owed in 2020
	In thousand €	in %	In thousand €	in %	In thousand €
Executive Board					
Matthias Gärtner	469	58.4	296	15.7	256
Mi-Young Miehler	401	42.4	282	7.7	262
Christoph Prußeit	395	62.2	244	73.6	141
Falk Neukirch	305	18.4	258	n/a	n/a
Employees					
Average of Medios Group employees	48.7	-1.2	49.2	6.8	46.1
Earnings development of Medios AG					
Net profit for the year of the Medios Group (in €m)	19.2	159.2	7.4	34.0	5.5
Net profit for the year of Medios AG (in €m)	19.5	137.4	8.2	26.0	6.5

4) The remuneration granted and owed to Mr. Neukirch for the 2021 financial year (from October 1, 2021 to December 31, 2021) was paid pro rata and, in simplified form, projected on a linear basis in order to ensure meaningful comparability with the 2022 financial year.

The remuneration of the Executive Board Members shown in the table represents the amounts granted in the financial year concerned. Where Executive Board Members only received pro rata remuneration in a specific financial year – e.g., due to being appointed partway through the year – the remuneration for the financial year in question has been extrapolated to that of a full year for the sake of comparability.

The average remuneration of the Medios Group workforce is used for the comparison with the development of average employee remuneration. The remuneration of all employees – excluding executive staff within the meaning of sec. 5 para. 3 of the German Works Constitution Act (BetrVG) – was included for this purpose. In cases where employees also receive remuneration as Members of the Supervisory Board of Medios AG, this remuneration was not included. For the sake of comparability, the remuneration of part-time employees was extrapolated to that of full-time equivalents.

The earnings development is shown on the basis of the development of the annual net profit of Medios AG pursuant to sec. 275 no. 17 of the German Commercial Code (HGB).

IV. Review of the appropriateness of Executive Board remuneration

After the end of the 2022 financial year, the Supervisory Board conducted the annual review of Executive Board remuneration for the 2022 financial year. It came to the conclusion that the level of Executive Board remuneration pay is appropriate from a legal perspective within the meaning of sec. 87 para. 1 AktG.

When evaluating the appropriateness of Executive Board remuneration, the Supervisory Board also regularly seeks external advice. Firstly, the ratio of the amount and structure of Executive Board remuneration to the remuneration of the upper management tier and the workforce as a whole is evaluated from an external perspective (vertical comparison). Alongside a status quo assessment, the vertical comparison also looks at the development of remuneration ratios over time. Secondly, the remuneration level and structure are also evaluated on the basis of Medios AG's position in a comparative market (horizontal comparison). The comparative market consists of a combination of DAX and SIX/Euronext companies that fall within the scope of the German Stock Corporation Act or comparable European standards, that belong to comparable sectors and/or exhibit similar key characteristics and that are of a similar size as of the cutoff date of the analysis. The horizontal comparison not only includes fixed remuneration, but also the short- and long-term remuneration components and the amount of occupational pensions.

Comparative companies for the assessment of appropriateness of Executive Board remuneration

Company	Stock market segment
Fresenius SE & Co. KG aA	DAX
Zur Rose Group AG	Six
Galenica AG	Six
Fagron N.V.	Euronext

V. Supervisory Board and Supervisory Board remuneration

The remuneration system for Supervisory Board Members is based on statutory provisions and pays due regard to the applied regulations and suggestions of the German Corporate Governance Code. The Supervisory Board advises and oversees the Management Board and, in this regard, is closely involved in operational and strategic corporate governance topics. Supervisory Board remuneration is also vital to ensure the effectiveness of the Supervisory Board. This remuneration is commensurate with the duties of the Supervisory Board members and the position of the company. Appropriate Supervisory Board remuneration in line with the market supports the corporate strategy and the long-term development of Medios AG.

Pursuant to sec. 13 of the company's Articles of Association, the Annual General Meeting sets the level of Supervisory Board remuneration. The remuneration system for the Supervisory Board sets out both the abstract and specific parameters for Supervisory Board remuneration.

This ensures that the remuneration of Supervisory Board Members corresponds to the remuneration system passed by the Annual General Meeting at all times.

Pursuant to the revised version of sec. 113 para. 3 sent. 1 and 2 of the German Stock Corporation Act (AktG), effective as of January 1, 2020, the Annual General Meeting of a listed company must pass a resolution of Supervisory Board remuneration every four years, with a resolution confirming the remuneration also permissible. Pursuant to the transition regulation pursuant to sec. 26j para. 1 sent. 1 of the Introductory Act to AktG, the first resolution had to be passed in the Annual General Meeting following December 31, 2020. This resolution was passed on June 10, 2021.

The remuneration of the members of the Supervisory Board pursuant to Article 13 of the Articles of Association was last amended by the Annual General Meeting on June 21, 2022 with (retroactive) effect for the entire 2022 financial year.

More detailed information on the remuneration system for Supervisory Board Members can be found on the company's website at

<https://medios.ag/investor-relations/corporate-governance>

In accordance with the Articles of Association, the Supervisory Board of Medios AG consisted of four members in the 2022 financial year.

The members serving in the 2022 financial year were Dr. Yann Samson (Chairman of the Supervisory Board), Mr. Klaus J. Buß, Joachim Messner (Deputy Chairman of the Supervisory Board) and Dr. Anke Nestler.

1. Structure of the remuneration system for Supervisory Board Members

The currently applicable remuneration system for Supervisory Board Members, passed by the Annual General Meeting, has applied since the start of the 2022 financial year and can be summarized as follows:

Each Supervisory Board Member receives fixed basic remuneration of €30,000 per annum (in words: thirty thousand euros), payable after the end of the financial year. The Chair of the Supervisory Board receives double the basic remuneration.

In addition to the basic remuneration, each ordinary Member of a Supervisory Board committee receives annual remuneration of €10,000 per annum (in words: ten thousand euros) for their committee membership, payable after the end of the financial year. The Chair of a Supervisory Board committee receives double this remuneration; the Chair of the Audit Committee receives four times this remuneration. In addition to the basic and committee remuneration, the ESG Officer receives fixed annual remuneration of €10,000 (in words: ten thousand euros), payable at the end of the financial year.

Supervisory Board Members who only serve on the Supervisory Board or a Supervisory Board committee, or who only chair the Supervisory Board or a Supervisory Board committee, for part of a financial year will receive corresponding pro rata remuneration.

The company reimburses each Supervisory Board Member for their incurred expenses and for the VAT incurred on their remuneration insofar as the Supervisory Board Members are entitled to bill the company for VAT separately and insofar as they exercise this right.

The insurance premium for D&O insurance that the company needs to take out for Supervisory Board Members is paid by the company.

In the 2022 financial year, the Supervisory Board remuneration system was applied in all aspects as passed by resolution of the Annual General Meeting.

Beyond this, the Members of the Supervisory Board did not receive any further remuneration/benefits in the financial year for personally rendered services, in particular advisory and brokerage services. Furthermore, no loans or advances were granted to Supervisory Board Members, nor were any liability obligations entered into in their favor.

As the remuneration of Supervisory Board Members does not include any variable components, but instead solely comprises fixed components, there is no need to set a maximum total remuneration level for Supervisory Board Members. This also applies pursuant to the new provisions of the German Stock Corporation Act in the ARUG II (Shareholder

Rights Directive) version. These new provisions only expressly require the setting of a maximum remuneration level for Executive Board Members, but not for Supervisory Board Members.

2. Remuneration granted and owed in 2022 within the Meaning of Sec. 162 Para. 1 Sent. 1 AktG

The following table shows the fixed remuneration components granted and owed to serving Supervisory Board Members in the 2022 financial year, including the relative shares pursuant to sec. 162 AktG.

According to the resolution of the Annual General Meeting, the Supervisory Board remuneration is payable pro rata after the end of each financial year. Therefore, the valid remuneration system in place for the 2021 financial year still applies to the remuneration paid in 2022.

The following table, which shows remuneration for the 2022 financial year, therefore presents the remuneration paid out for the work carried out by the Members of the Supervisory Board in the 2021 financial year. The remuneration for the 2022 financial year does not become due until 2023 and is not listed as owed remuneration within the meaning of AktG for the 2022 financial year.

Please note that a different remuneration system still applied in respect of amounts paid to Supervisory Board Members for the 2021 financial year. The Annual General Meeting on June 10, 2021, approved the remuneration of the Supervisory Board in the 2021 financial year. The previous remuneration system for Members of the Medios AG Supervisory Board, still in place for the 2021 financial year, was as follows:

Each Supervisory Board Member receives fixed basic remuneration of €20,000 per annum (in words: twenty thousand euros), payable after the end of the financial year. The Chair of the Supervisory Board receives double the basic remuneration.

In addition to the basic remuneration, each ordinary Member of a Supervisory Board committee receives annual remuneration of €5,000 per annum (in words: five thousand euros) for their committee membership, payable after the end of the financial year. The Chair of a Supervisory Board committee receives double this remuneration; the Chair of the Audit Committee receives four times this remuneration. The company reimburses each Supervisory Board Member for their incurred expenses and for the VAT incurred on their remuneration insofar as the Supervisory Board Members are entitled to bill the company for VAT separately and insofar as they exercise this right.

The insurance premium for D&O insurance that the company needs to take out for Supervisory Board Members is paid by the company.

Supervisory Board	Fixed remuneration in €	Committee remuneration in €	Attendance fee in €	Fringe benefits ⁵ in €	Total in €
Dr. Yann Samson	40,000	5,589	3,794	0	49,383
Joachim Messner	20,000	2,808	0	0	22,808
Dr. Anke Nestler	11,667	11,667	3,434	0	26,768
Klaus J. Buß	20,000	2,808	0	0	22,808

⁵ In the interests of the company, the company includes the Members of the Supervisory Board in coverage under a pecuniary loss liability policy held in an appropriate amount, insofar as such a policy is held. The company pays the premiums for this policy.

VI. Comparison of annual changes in the remuneration of the Supervisory Board with earnings development and with the average remuneration of employees of Medios AG pursuant to Section 162, Paragraph 1, No. 2 AktG

The following table compares the percentage changes in the remuneration of Supervisory Board Members with the earnings development of Medios AG and with the average remuneration of full-time equivalent employees compared to the previous year. The remuneration of the Supervisory Board Members shown in the table represents the amounts actually paid out in the financial year concerned. Where Supervisory Board Members only received pro rata remuneration in a specific financial year – e.g., due to being appointed partway through the year – the remuneration for the financial year in question has been extrapolated to that of a full year for the sake of comparability. Where Supervisory Board Members previously sat on the Executive Board of Medios AG and received remuneration for doing so, this remuneration is not included in the comparison.

The earnings development is shown on the basis of the development of the annual net profit. As the remuneration of the Supervisory Board Members is also significantly dependent on the development of Group key performance indicators, the development of the adjusted annual net profit of the Medios Group, as reported in the consolidated financial statements, is also shown.

The average remuneration of the Medios Group workforce is used for the comparison with the development of average employee remuneration. The remuneration of all employees – excluding executive staff within the meaning of sec. 5 para. 3 of the German Works Constitution Act (BetrVG) – was included for this purpose. For the sake of comparability, the remuneration of part-time employees was extrapolated to that of full-time equivalents.

	Remuneration granted and owed in 2022	Change 2022 vs. 2021	Remuneration granted and owed in 2021	Change 2021 vs. 2020	Remuneration granted and owed in 2020
	In thousand €	in %	In thousand €	in %	In thousand €
Supervisory Board					
Dr. Yann Samson	49	23.5	40	100	20
Joachim Messner	23	52.1	15	50	10
Dr. Anke Nestler	27	n/a	n/a	n/a	n/a
Klaus J. Buß	23	14.0	20	100	10
Employees					
Average of Medios Group employees	48.7	-1.2	49.2	6.8	46.1
Earnings development of Medios AG					
Net profit for the year of the Medios Group (in €m)	19.2	159.2	7.4	34.0	5.5
Net profit for the year of Medios AG (in €m)	19.5	137.4	8.2	26.0	6.5

Independent auditor's assurance report on the examination of the remuneration report by Sec. 162 para. 3 AktG

To Medios AG, Berlin

Opinion

We have examined the attached remuneration report of Medios AG, Berlin, for the financial year from January 1 to December 31, 2022 which was prepared in accordance with the requirements of Section 162 AktG [German Stock Corporations Act]. The examination of the content of the remuneration report described in this audit report includes the formal examination of the remuneration report required by Section 162 paragraph 3 AktG, including the issuance of a report on this audit.

In our opinion based on our audit findings, the remuneration report for the financial year from January 1 to December 31, 2022 complies, in all material respects, with the disclosure requirements pursuant to Section 162 AktG.

Basis for the opinion

We conducted our audit of the remuneration report in accordance with Section 162 paragraph 3 AktG and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

Responsibilities of the Legal Representatives and the Supervisory Board

The legal representatives and the Supervisory Board of Medios AG are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The legal representatives and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objective is to obtain reasonable assurance as to whether the disclosures in accordance with Section 162 paragraph 1 and 2 AktG have been made in the remuneration report in all material respects including the issuance of a report on this audit.

We planned and performed our audit so as to give reasonable assurance on the formal completeness of the remuneration report by comparing the information provided in the remuneration report with the information required in Section 162 paragraph 1 and 2 AktG. In accordance with Section 162 paragraph 3 AktG we have not audited the accuracy of the information, the completeness of the individual information or the appropriate presentation of the remuneration report.

Limitation of liability

For the performance of the engagement and our responsibility and liability, also in relation to third parties, the "General Engagement Terms for German Public Auditors and Public Audit Firms" in the version dated 1 January 2017 issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer) apply.

Munich, March 29, 2023

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Gloth
German CPA

Weissinger
German CPA



Combined management report of the Medios Group and Medios AG as of December 31, 2022

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Combined management report of the Medios Group and Medios AG as of December 31, 2022

General information

This combined management report encompasses the Medios Group (hereinafter referred to as the “Medios Group” or “Medios”) as well as the parent company, Medios AG, which is headquartered in Berlin, Germany. The report has been prepared in accordance with the provisions of the German Commercial Code (HGB) and using German Accounting Standard (GAS) 20.

Medios AG prepares its annual financial statements in accordance with the accounting principles of the German Commercial Code (HGB) and the consolidated financial statements in accordance with the accounting principles of the International Financial Reporting Standards (IFRS). The management report and the consolidated management report are combined. The asset, financial and earnings position are each presented separately.

I. Group fundamentals

1. The Group’s business model

Medios AG is one of the leading providers of Specialty Pharma solutions in Germany. As a competence partner and expert, Medios covers all relevant aspects of the supply chain in this field – from pharmaceutical supply and the manufacture of patient-specific therapies to blistering (dispensing of individually dosed tablets). Our focus is on providing patients with the best possible care through specialized pharmacies. As a GMP-certified manufacturer, Medios also adheres to high international quality standards. Medios currently focuses on six areas of indication: oncology, neurology, autoimmunology, ophthalmology, infectiology and hemophilia.

Generally speaking, specialty pharmaceuticals are high-priced medications for rare and/or chronic conditions. Many of the newly developed for therapies for these kinds of conditions are personalized. They include, for example, infusions that are formulated and produced on the basis of individual disease patterns and parameters such as body weight and body surface area. Demand for these therapies is rising all the time. Patient-specific treatment requires considerable expertise. Specialty Pharma will continue to significantly change the future of the health care system.

Medios offers its partners a platform, enabling them to connect and learn from each other. As an open supply network, Medios currently partners with about 700 of a total of approximately 1,000 independent pharmacies in Germany with a focus on specialty pharmaceuticals. The expansion of the supply to currently around 700 pharmacies is due to organic growth and the acquisitions of NewCo Pharma GmbH in January 2022 and Blisterzentrum Baden-Württemberg GmbH in January 2023 as well as the collaboration ini-

tiated at the same time with Apotheken für Spezialversorgungen OHG.

Medios’ mission is to ensure that patients have the most comprehensive access to specialty pharmaceutical products possible through cooperative collaboration and the exchange of information between the various market participants, thereby contributing to a sustainable and transparent pharmaceutical supply.

1.1 Medios Group business segments

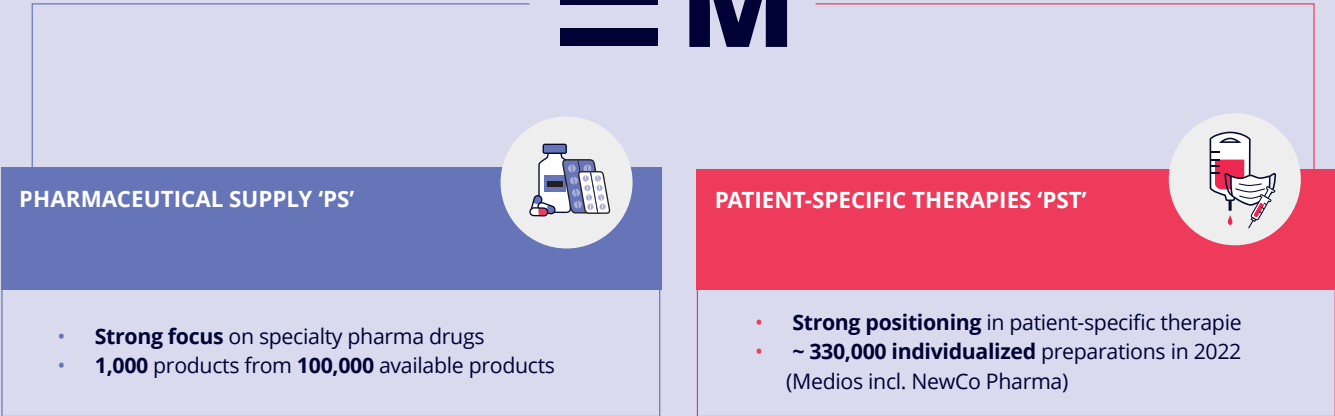
In the 2022 financial year, the Medios Group consisted of two operating divisions (operating segments) – **Pharmaceutical Supply** and **Patient-Specific Therapies** – the latter of which also includes blister packaging services. The third segment is the internal Services business unit, which encompasses the Group’s digitalization activities around the innovative mediosconnect digital platform.

With its focus on **Pharmaceutical Supply**, Medios is the largest provider of specialty pharmaceuticals in Germany thanks to its systematic further development in six indication areas. The range of expertise of Medios therefore covers the most important fields of application such as oncology, neurology, gastroenterology, and autoimmune diseases. Further focus indications include hemophilia, HIV (human immunodeficiency virus), and ophthalmology. Medios also offers supplementary infusion solutions for parenteral nutrition and pain therapy, which are used in myriad fields. With this systematic and clear focus, Medios clearly differentiates itself from full-range pharmaceutical wholesalers.

In the field of hemophilia, Medios is now the largest individual supplier in Germany. Corresponding therapies must be administered to affected patients for the rest of their lives and are among the most expensive worldwide.

The **Patient-Specific Therapies** segment encompasses the production of medications on behalf of pharmacies. Patient-specific therapies include, for example, infusions that are formulated and produced on the basis of individual disease patterns and individual parameters such as body weight and body surface area. This means that the batch size per produced formulation is always exactly one.

All Medios manufacturing facilities are regularly inspected by the responsible state authorities. These routine inspections are a requirement to obtain the manufacturing license in accordance with Section 13 of the German Medicines Act (AMG), which authorizes the companies to produce infusion solutions for individual patients in compliance with GMP requirements. GMP (which stands for “Good Manufacturing Practice”) refers to the guidelines for the quality assurance



Medios – Market leader in the Specialty Pharma sector in Germany
Specialty Pharma: Individualized medicine, treatment of chronic and/or rare diseases, usually time-consuming and cost-intensive

of production processes and the production environment in the manufacture of pharmaceuticals.

The following range of products results from the manufacturing licenses granted by the authorities: The focus of the manufacture of patient-specific pharmaceuticals for parenteral use is currently on the fields of oncology, autoimmune diseases, ophthalmology, and neurology. Furthermore, the company also manufactures pain therapies, virustatic and antibiotic preparations for anti-infective therapy, as well as parenteral nutrition solutions and clinical trial preparations. The entire manufacturing process is equally validated at all manufacturing facilities to guarantee the highest possible standards of quality. Furthermore, an extensive microbiological monitoring system is in place in all production areas, meaning that all critical process steps can be recorded and evaluated during production. In addition, the clean rooms are monitored by the production managers with regard to certain criteria.

Deviations from the norm are evaluated and taken into consideration during batch approval. Preparations are produced solely by trained and qualified staff. The training sessions are carried out on a regular basis pursuant to the training plan. Compliance with outstanding hygiene standards on the part of employees also plays a crucial role in the quality of the IV solutions produced. All manufacturing input materials are sourced solely from qualified suppliers and inspected pursuant to their specifications prior to use. As such, the input materials are fully traceable. Only finished medicinal products approved in Germany are used for production.

Medios Manufaktur GmbH, headquartered in Berlin, received approval for its new production site in Berlin Moabit at the end of October 2022. Production at the previous Berlin Mitte location was completely shut down in November 2022. Since December 2022, production has been carried out entirely in Berlin Moabit. Thanks to its size and state-of-the-art equipment, the new location has the potential to triple capacity.

Kölsche Blister GmbH, acquired in spring 2020, is fully integrated within the Group with its patient-specific blistering divisions. Continuous dialog within the Medios management team ensures the ongoing coordination of strategic planning and implementation.

In addition, NewCo Pharma GmbH, which was acquired in January 2022, is also fully integrated into the Medios Group. NewCo Pharma owns five manufacturing facilities for patient-specific sterile drugs as well as a specialized pharmaceutical wholesaler and a specialized parallel import company.

The following services are consolidated within the internal **Services** segment:

The wholly owned subsidiary Medios Digital GmbH is responsible for the digital transformation of all Group companies and drives momentum in the area of digital innovation. This includes the digital platform mediosconnect, which connects doctors, health insurers and specialist pharmacies and which fully digitalizes ordering and invoicing processes for complex, patient-specific medicinal products, thereby streamlining such processes to a considerable extent.

Medios AG also provides services for all Group companies, including in the areas of finance, human resources, IT and facility/contract management.

1.2 Scope of consolidation and segment allocation

The scope of consolidation of the Medios Group as of December 31, 2022 is as follows:

	Included in the scope of consolidation
Pharmaceutical Supply segment	
Medios Pharma GmbH, Berlin	100%
Cranach Pharma GmbH, Hamburg	100%
Logopharma Pharmagroßhandel GmbH, Mannheim	100%
hvd medical GmbH, Friedrichsthal	100%
Patient-Specific Therapies segment	
Medios Manufaktur GmbH, Berlin	100%
Medios Individual GmbH, Berlin	100%
Kölsche Blister GmbH, Köln	100%
NewCo Pharma GmbH, Mannheim	100%
Fortuna Herstellung GmbH, Mannheim	100%
cas central compounding Baden-Württemberg GmbH, Magstadt	100%
Rheinische Compounding GmbH, Bonn	100%
Rhein Main Compounding GmbH, Aschaffenburg	100%
Onko Service GmbH & Co. KG, Osnabrück	100%
Onko Service Beteiligungs GmbH, Osnabrück	100%
Services segment	
Medios AG, Berlin	100%
Medios Digital GmbH, Berlin	100%

Thus, as of December 31, 2022, the Medios Group, including Medios AG, consisted of 16 companies.

Changes in the 2022 financial year

NewCo Pharma GmbH has been a wholly owned subsidiary of Medios AG since January 10, 2022. NewCo Pharma GmbH in turn holds interests in the following subsidiaries:

- cas central compounding Baden-Württemberg GmbH (manufacturer)
- Rhein Main Compounding GmbH (manufacturer)
- Rheinische Compounding GmbH (manufacturer)
- Onko Service GmbH & Co. KG (manufacturer)
- Onko Service Beteiligungs GmbH (manufacturer)
- Logopharma Pharmagroßhandel GmbH (wholesaler)
- hvd medical GmbH (parallel import)
- Fortuna Herstellung GmbH (manufacturer/wholesaler)

With the exception of the investment in Fortuna Herstellungs GmbH, Medios AG holds 100% of the shares indirectly via NewCo Pharma GmbH. Medios AG holds 49% of Fortuna Herstellungs GmbH directly and 51% indirectly via NewCo Pharma GmbH.

The acquisition of NewCo Pharma enables Medios to significantly strengthen the Patient-Specific Therapies segment in particular, therefore also considerably and sustainability boosting the profit margins of the entire Medios Group; as such, Medios' consolidated revenue rose sharply year-over-year in the 2022 financial year. Thanks to the merger with NewCo Pharma, the partner network of specialist pharmacies has also grown. The purchase price was paid on the one hand in the form of 924,233 new Medios shares, which were created from Authorized Capital as part of an equity offering in return for contributions in kind and are subject to a lock-up period of 12 months (50%) and 24 months (50%); of which the first lock-up period of 12 months (50%) expired on January 10, 2023. On the other hand, the purchase price was paid with cash in the amount of €85.2 million, most of which was raised in the course of an equity offering carried out on December 3, 2021. As a result, Medios AG's capital stock increased to €23,805,723.

Expansion of the scope of consolidation in the 2023 financial year

With the completion of the takeover on January 10, 2023, Blisterzentrum Baden-Württemberg GmbH (hereinafter also referred to as "bbw"), Magstadt, a pharmaceutical manufacturing company that manufactures patient-specific blister packs on behalf of pharmacies, is now another wholly owned subsidiary of Medios AG (see "Events after the Reporting Date" and Note 43 in the Notes). In addition to its manufacturing license, the company holds a wholesale license and distributes finished medicinal products from the specialty pharmaceuticals sector that have been approved in Germany. The collaboration with Apotheken für Spezialversorgungen OHG (hereinafter also referred to as "AfS") that was agreed upon as part of the acquisition provides for AfS to collaborate with the Medios Group in the manufacture and supply of patient-specific preparations. The company

will strengthen the Medios Group and in this case the Pharmaceutical Supply segment starting in January 2023.

2. Goals and strategy

Background and objectives

Millions of people worldwide suffer from rare and/or chronic diseases such as cancer, HIV, or hepatitis. Many of the newly developed therapies for such conditions – which are becoming increasingly effective with fewer side effects – are patient-specific. In addition, a number of treatment methods have evolved over the years into what are known as **personalized therapies**. In particular, these include complex and innovative therapeutics based on RNA, gene, and cell therapies. The global market volume for these advanced therapeutics is expected to increase to around €30 billion by 2026 (equal to an annual growth rate of approximately 23%).

Due to continuous increases in life expectancy, such complex conditions are becoming increasingly frequent. As a consequence, we are witnessing rising demand for therapies that are tailored to suit the needs of individual patients. However, treatment with customized and, above all, personalized medicine is usually laborious, time-consuming, and cost-intensive and requires a great deal of expertise. This poses significant challenges in terms of health care. Medios specializes in solving precisely these challenges in health care. The aim of Medios is to ensure the best comprehensive patient provision through partnerships and communication between the various market actors, thereby contributing to the sustainable and transparent supply of medication.

Digitalization also plays a key role in this context and offers attractive growth opportunities in the medium and long term. This is why Medios is also focusing on the **digitalization of health care** as part of its growth strategy. This includes **mediosconnect**, the digital commerce platform for individualized medicinal products developed by Medios, which already connects doctors, health insurance companies, and specialized partner pharmacies and serves as an ordering and billing portal. The platform, which is currently available in five German federal states, is earmarked for rollout to further federal states.

Within the framework of this overarching objective, Medios intends to continue its successful growth trajectory. It is intended that future growth will also be driven by the **internationalization** of the Medios Group in Specialty Pharma. As Medios is already extremely well positioned in Germany, the Group is now also aiming for a leading market position in Europe in the Patient-Specific Therapies segment. Medios also plans to offer additional products and services in the area of personalized therapies and thus establish new business areas, which will contribute to further diversification of the business model. Expansion into other European countries and entry into the forward-looking market for personalized medicine are the next logical steps on Medios' growth path.

By implementing its growth strategy, however, Medios intends not only to tap into potential for improving margins, but also to further strengthen its market position and, at the same time, to diversify its customer groups and become more independent of German health care regulations.

When implementing these objectives, sustainable business practices are one of Medios' top priorities. The Sustainability Strategy 2025, developed on the basis of the **nonfinancial consolidated statement**, is therefore an integral part of our actions and sets out environmental, social, and legal aspects with regard to the activities of Medios.

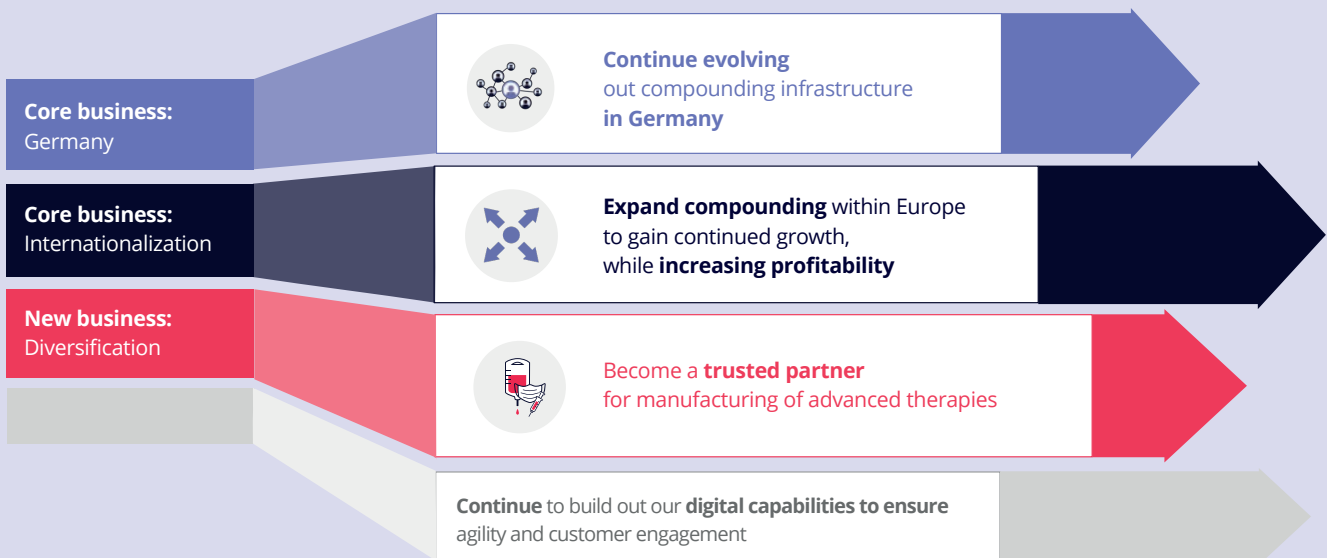
The details and planned measures of the **extended growth strategy**, unveiled in November 2022, are outlined and explained below.

Enhancement of the growth strategy

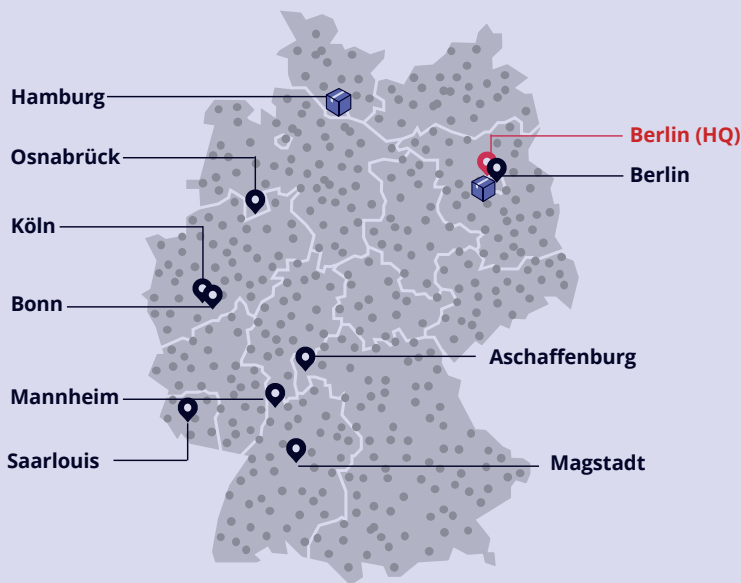
At its first Capital Markets Day in November 2022, Medios unveiled its enhanced growth strategy for seizing further growth opportunities and achieving the objectives outlined above. The adoption of this revised strategy was the culmination of an extensive process that spanned the period from April to October 2022, resulting in a more than 300-page-long report. The process was overseen by a prestigious international consulting firm with extensive expertise in the international specialty pharmaceutical market as well as in the life sciences industry.

Both the German Specialty Pharma market and 12 selected European Specialty Pharma markets were examined, and extensive interviews were conducted with global experts. In addition, more than 30 market reports and publications were reviewed. Based on the analyses of the relevant markets, Medios examined potential growth opportunities and set strategically relevant priorities.




The adjusted **growth strategy** is based on **three pillars**:



Excellent geographic coverage through strong nationwide network of partners and own compounding facilities



- 7 GMP¹ / blistering labs
- 2 warehouses
- ~ 700 specialized partner pharmacies
- ~ 330.000 individualized preparations manufactured in 2022 (pro forma: Medios including NewCo Pharma)
- **Compounding capacities now:**
~ 600k preparations p.a. including new labs in Berlin and NewCo Pharma's labs in Berlin

-  Compounding facilities (GMP¹ / Blistering labs)
-  Specialized partner pharmacies (various indications)
-  Warehouse

¹ GMP: Good Manufacturing Practice

1. Strengthening the core business in Germany

Medios is the market leader in the field of specialty pharmaceuticals in its home market of Germany and already has an unmatched network of specialist partner pharmacies and GMP (Good Manufacturing Practice) laboratories for the production of personalized therapies.

In recent years, Medios implemented numerous growth measures to strengthen its core business in Germany. Furthermore, Medios particularly intends to expand the higher-margin Patient-Specific Therapies segment. Among other measures, the company significantly upgraded its manufacturing capacities to up to 600,000 preparations per year (2022: roughly 330,000 preparations produced) by means of various acquisitions and the new GMP laboratory opened in Berlin in November 2022.

For example, the acquisition of the NewCo Pharma Group with its national network of **five regional manufacturing companies** took place in early 2022. At the beginning of 2023, the acquisition of Blisterzentrum Baden-Württemberg GmbH and the agreement on cooperation in the field of sterile production with *Apotheken für Spezialversorgungen OHG* were successfully concluded.

With its unique, Germany-wide network of specialized partner pharmacies and its own manufacturing laboratories, Medios has a strong basis for further expanding its leading market position in Germany. To this end, further laboratories could be set up or acquired in order to optimize Germany-

wide geographical coverage, for example in the southeast (Bavaria) or in the north of Germany.

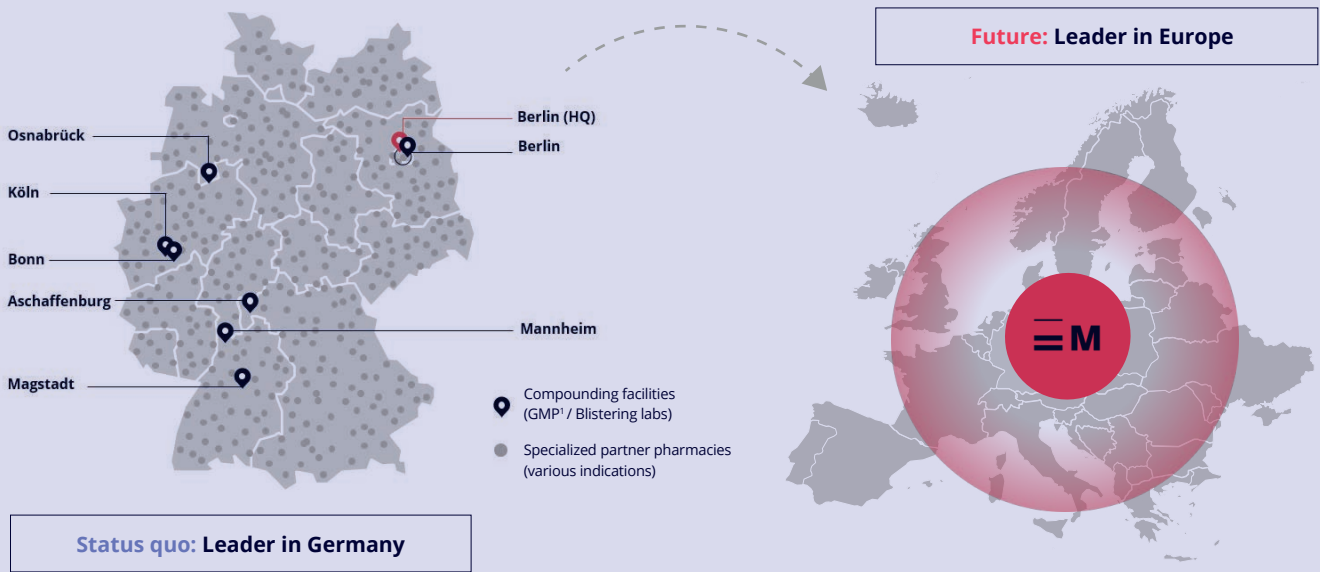
Continuously leveraging synergies, particularly through the integration of the acquired companies, is another key element in maintaining the company's above-average organic growth rate – the expanded network of now more than 700 specialized partner pharmacies, for example, opens up a wide range of **cross-selling opportunities**. Medios also benefits from additional manufacturing permits acquired with the acquisition of the NewCo Pharma Group, such as a manufacturing permit for ophthalmics, a broader study permit, and a permit for substances covered under Germany's Federal Narcotics Act. It also gives rise to further potential synergies in procurement and logistics. Further diversification into new indication areas is also planned.

On the basis of its market leadership and resulting extensive expertise in the area of specialty pharmaceuticals, Medios is well positioned for further growth, both in Germany and due to planned internationalization and further diversification.

2. Internationalization – expansion of the manufacturing business into other European countries

Medios plans to expand into other European countries in order to seize further growth opportunities in attractive markets. For example, the company is aiming to **acquire sterile GMP laboratories in selected countries** in order to manufacture and sell patient-specific therapies there. Medios has

From German network of compounding facilities to a European network of compounding facilities



¹ GMP: Good Manufacturing Practice

already demonstrated its ability to successfully operate and integrate sterile GMP labs on the basis of its comprehensive knowledge.

In doing so, the strategy is in line with the Medios mission to establish regional care networks in order to achieve the best comprehensive care for patients.

On the basis of an extensive screening of 12 European countries with regard to the specific conditions of their specialty pharmaceutical markets, the following **four countries** have been prioritized:

-  The United Kingdom,
-  the Netherlands,
-  Belgium, and
-  Switzerland.

They were selected on the basis of the criteria **“growing markets with attractive margins”** and a **“favorable regulatory environment”**.

Compared to the other markets examined, the four prioritized countries are characterized by the following excellent indicators:

- Gross margins range from 10% to 60%.
- The segment’s growth rate is between 5% and 65%.
- The four prioritized markets have a total population of approximately 106 million people and total spending on specialty pharmaceuticals of approximately €17 billion.

- The total size of the manufacturing market is estimated at around €2 billion.

It should be noted that the target markets are not the largest countries in terms of spending on medicines. Depending on the country, for example, unfavorable regulatory conditions or unattractive growth prospects may have led to them not making the cut.

By implementing its growth strategy, however, Medios intends not only to tap into potential for improving margins, but also to further strengthen its market position and, at the same time, to diversify its customer groups and become more independent of German health care regulations.

3. Entry into the groundbreaking personalized medicine market (including RNA, gene, and cell therapies)

Medios also plans to seize growth opportunities along the pharmaceutical value chain, drawing on its extensive expertise in the Specialty Pharma market. For example, the Group intends to expand its product range in the Patient-Specific Therapies segment by expanding the manufacturing of patient-specific medicine to include personalized medicine. This pioneering product group includes innovative RNA, gene, and cell therapies:

The global market for personalized therapies is estimated to have a volume of €13 billion for the full year 2022; the market volume is expected to more than double by 2025.

The manufacture of medicines for personalized therapies represents a highly attractive market opportunity for Medios, which is in line with the company's strengths:

For example, Medios already has significant expertise in the manufacture of patient-specific therapies and, thanks to its large network of GMP laboratories, which until now was restricted to Germany, is able to ensure optimal, rapid, and comprehensive care for patients. This is particularly important in the provision of medicines for personalized therapies, as personalized therapies often require timely and local administration. Medios also has great expertise in small-scale production with batch 1, which is particularly necessary in the manufacture of personalized therapies.

Due to the increasing number of small and medium-sized pharmaceutical companies and the increasing number of products at the commercial stage, a higher degree of outsourcing is expected and this can be harnessed by Medios.

In addition, there are already widespread capacity shortages in the manufacture of novel therapies, and market experts expect capacity to lag behind demand in the future.

All these trends support the Medios strategy of complementing the manufacture of patient-specific therapies with the **manufacture of personalized therapies**: in other words, this is the logical next step in the Medios growth strategy.

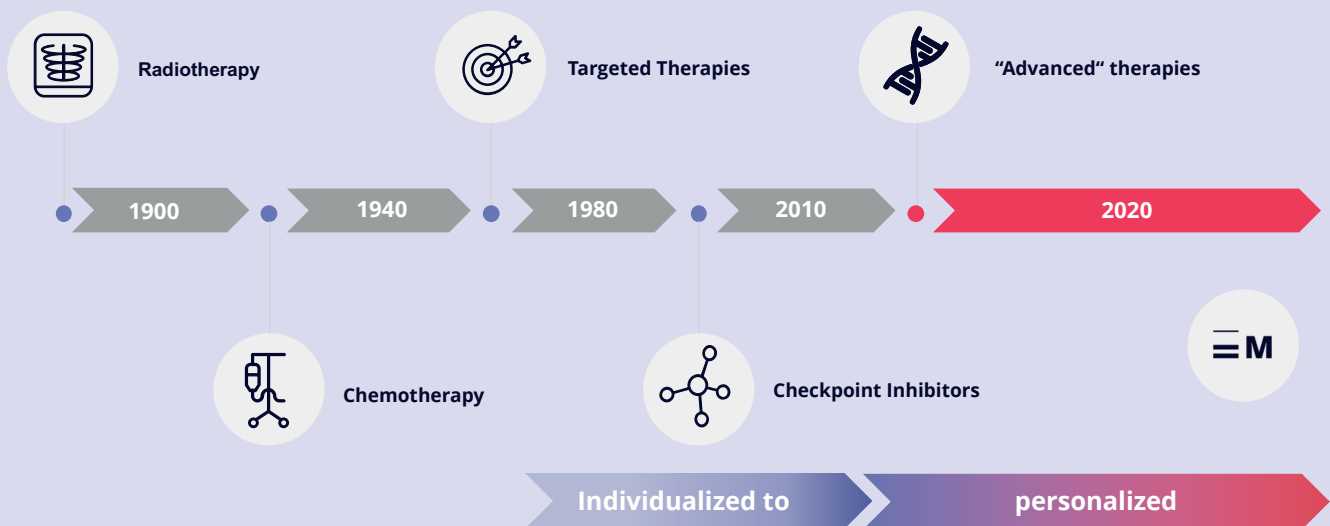
The company can achieve these objectives both through **organic growth**, i.e., adapting and using existing laboratories to produce personalized therapies, and **by acquiring other companies**.

Medios already has a list of possible acquisition targets, including European firms, which the company will review over the coming months. The company's strong financial basis enables it to finance its future growth. Thanks to the conclusion of a new syndicated loan of €75 million in November 2022 with a term of five years, its available cash and cash equivalents, and its sustained positive free cash flow, Medios has sufficient funds at its disposal to finance further growth.

Medium-term targets: €2 billion in revenue and an EBITDA pre margin in the mid-single digits

With the implementation of its enhanced strategy, the company intends to further expand its market share in Germany, roll out its patient-specific therapies to other European countries, and enter the manufacturing of personalized medicine.

Treatment types in oncology have evolved over the years, moving towards personalized advanced therapies



Source: Frontiers in Pharmacology, Evolution of Cancer Pharmacological Treatments at the Turn of the Third Millennium, November 2018.

3. Governance system

3.1 Governance KPIs

Financial KPIs of the Medios Group

The economic planning and governance of Medios AG, along with all business segments, is carried out in accordance with the framework conditions passed by the Executive Board, which are further developed as part of an ongoing strategy process. These conditions are translated into concrete and measurable targets during the annual operational budget planning. The course of business is monitored on an ongoing basis by means of continuous review of the financial KPIs, with regular updated estimates of significant governance and performance indicators. Implementation of the strategic goals is implemented in this context. Furthermore, countermeasures are initiated promptly in the event of significant divergence from forecasts.

Medios employs a streamlined system of KPIs to manage business success. In the 2022 financial year, the major financial KPIs for strategic development and decision-making, as well as for the measurement of operational business success, were as follows:

- Revenue
- Earnings before interest, taxes, depreciation, amortization, and special items (EBITDA before special items, or EBITDA pre for short)

In addition to their suitability for managing and measuring operational business success, these indicators also satisfy the needs and interests of the capital market in terms of the communication of suitable financial KPIs and are reflected in the Executive Board remuneration system.

All relevant key performance indicators are generated and analyzed monthly. They serve as a decision-making basis for the Executive Board of Medios AG and the management teams of subsidiaries – especially in relation to strategic decisions concerning the structuring of the product portfolio (Pharmaceutical Supply) and the planning of capacity utilization and, where necessary, the expansion of manufacturing capacities (Patient-Specific Therapies).

The targets are regularly reviewed and adapted to ensure that Medios' management systems are continuously improved and adapted to the specific requirements of each case.

Nonfinancial key performance indicators

Nonfinancial key performance indicators are analyzed alongside financial KPIs: The Medios Group strives for continuous improvement of relations with its employees. As an attractive and responsible employer, Medios aims to generate long-term company loyalty among expert and dedicated employees. To this end, it offers its employees a modern and attractive working environment with flexible working hours and the scope to develop. The employee turnover rate stood at 20.2% in 2022.

4. Research and development

The mediosconnect digital commerce platform used by Medios for personalized medicines is now being used in five German states and is to be rolled out further. Further development of the digital platform is performed on the basis of demand and indications, so that no significant R&D activities were carried out beyond this.

II. Economic report

1. Macroeconomic environment

The global economy slowed significantly again in almost all major economic regions in 2022. According to the International Monetary Fund (IMF), global gross domestic product (GDP) grew by only 3.4% compared to the previous year, compared with an increase of 6.2% in 2021. The Kiel Institute for the World Economy (IfW) estimated an increase in 2022 of 3.2% (2021: 6.1%).

The slowdown in the global economy is due, in particular, to the Russia-Ukraine war and the ongoing COVID-19 pandemic. As a result of these developments, uncertainties and challenges for the global economy have increased and have led to significant increases in energy and food prices. At the same time, international supply chains have come under further pressure. With global inflation rising from 4.7% to 8.8%, it stood well above international central banks' inflation targets, which responded by tightening monetary policy. As a result of the gradual increase in key interest rates, financing costs increased significantly and led to a noticeable reluctance to invest, which also had a negative impact on GDP growth.

1.1 Macroeconomic development in Germany

According to provisional calculations by the German Federal Statistical Office (Destatis), price-adjusted gross domestic product in Germany stood 1.9% higher in 2022 than in the previous year (growth in 2021: 2.6%). Despite an environment that remains challenging, the German economy performed well overall in 2022.

According to Destatis, the individual economic sectors performed very differently in 2022.

Despite the difficult environment, the labor market was robust, with the average number of gainfully employed persons rising by 1.3% to 45.6 million in 2022. Government budgets were able to reduce the funding deficit to €101.6 billion. According to Destatis, the deficit ratio as a percentage of nominal GDP stood at 2.6%.

According to IMF experts, the German economy will stagnate in 2023, with growth of only 0.1% expected. The IfW, however, expects an increase of 0.3%.

1.2 Development of the health care market

The health care market recovered from the impact of the COVID-19 pandemic in 2022. According to forecasts by the US company IQVIA, spending on pharmaceuticals in the ten largest high-income countries (USA, Japan, Germany, France, Italy, Spain, UK, Canada, Australia, South Korea) was up 3.6% year over year to roughly €894.6 billion (2021: €863.5 billion).

Overall, pharmacies in Germany sold approximately 1.8 billion packages last year, up 8.1% from 2021, according to IQVIA. The largest segment was over-the-counter preparations, which accounted for 56% of packages sold. Prescription-only medications made up a share of 44%. Sales of over-the-counter medicines grew by 12.2% compared to the previous year, while prescription medicines increased by 3.3%.

Pharmacy sales in Germany, calculated using the pharmaceutical companies' sales prices, increased by 5.5% year over year to €46.6 billion in 2022. Due to their high share of sales (86%), the main growth drivers were prescription medicines, which posted a 5.3% increase in sales. OTC drugs grew by 7.0% with a 14% share of total pharmacy sales.

In industrialized countries, the trend towards specialty pharmaceuticals is continuing. According to IQVIA estimates, in 2022 they reached a share of 49% of total spending on medicines. This corresponds to almost a doubling within the past eleven years (2011: 26%).

In Europe, spending on pharmaceuticals reached a total of approximately €188.4 billion in 2022, according to IQVIA. This means they have increased by roughly 35% within the last five years (2017: €139.4 billion). Generics and biosimilars were the main drivers of this growth.

Introduction of electronic prescriptions

Following an intensive and extensive testing phase, the e-prescription was rolled out nationwide in Germany in summer 2022. Since September 1, 2022, pharmacies have thus been able to receive and fill e-prescriptions and directly bill health insurance companies. Medical professionals are still not required to use e-prescriptions, however. According to Germany's Federal Ministry of Health, the next steps for a mandatory nationwide introduction of the e-prescription will be determined in a timely manner by the shareholders of gematik (Gesellschaft für Telematikanwendungen der Gesundheitskarte), however.

The introduction of e-prescriptions was decided in 2019 as part of the Act for More Safety in the Supply of Pharmaceuticals (abbreviated GSAV in German). Based on this law, doctor's prescriptions were generally only to be issued electronically. This means that patients receive their prescriptions via an app, select a pharmacy through this application, and send their prescription directly to the pharmacy of their

choice. The German Telematic Health Care Card Applications Organization (gematik) has been contracted to develop and operate the corresponding telematics infrastructure, which will be used to send e-prescriptions securely.

The introduction of e-prescriptions will create new opportunities for the Medios Group (see the section of this report on risks and opportunities).

Regulatory changes

Legal amendment of purchasing conditions and unit prices for the production of patient-specific therapies

In 2022, regulatory changes to the "auxiliary tax" came into force that regulate the purchasing conditions and unit prices for the manufacture of patient-specific preparations. The reduced purchase prices since September 1, 2022 and the adjusted unit prices for the production of patient-specific therapies (for some cytostatics preparations) as of October 17, 2022 had a negative impact on the business performance of the Medios Group in 2022.

Entry into force of the statutory health insurance financial stabilization act (Gesetz zur finanziellen Stabilisierung der gesetzlichen Krankenversicherung)

The Statutory Health Insurance Financial Stabilization Act (Gesetz zur finanziellen Stabilisierung der gesetzlichen Krankenversicherung) was adopted on October 28, 2022. It includes, among other elements, an increase in the drug manufacturer's discount for 2023. At the present time, it is not possible to predict whether and how Medios will be affected by the law, as not all pharmaceutical manufacturers have commented on future pricing for Medios. As usual, however, potential regulatory effects are taken into account in the Medios Group's financial planning.

2. Business performance

Medios' business performance in the financial year was very good, with a consolidated profit of €18.3 million achieved – despite a number of challenges, in particular the outbreak of war in Europe, the sharp rise in inflation as well as in gas and energy costs, and regulatory changes.

The number of partner pharmacies was expanded – also as a result of the successful acquisitions of NewCo Pharma GmbH on January 10, 2022, and Blisterzentrum Baden-Württemberg GmbH (bbw), as well as the collaboration in the field of sterile production with *Apotheke für Spezialversorgung OHG* – to currently around 700, and business relationships with existing partner pharmacies were intensified in most cases. The product range was also expanded, particularly in the Pharmaceutical Supply segment.

As such, the Medios Group is currently focusing on six areas of indication, including oncology, neurology, hemophilia and ophthalmology. The company expanded the percentage of non-oncological products it manufactures, as planned, and

thus continued to diversify its business in the Patient-Specific Therapies segment.

The underlying conditions remained positive with regard to the growth of the specialty pharmaceuticals market in Germany (see the section entitled Business Report). The trend towards personalized medicine continues unabated, driven by an increasing number of new developments of individualized therapies in various indication areas. The Medios Group increased its consolidated revenue by roughly 20%, particularly on account of inorganic growth through the successful acquisition of NewCo Pharma GmbH in January 2022. Earnings increased at a faster rate than revenue. This was primarily due to the higher share of earnings generated by the higher-margin Patient-Specific Therapies segment as a result of the acquisition. The effects of the coronavirus had virtually no impact on Medios' business performance in 2022, so the Executive Board continues to assume that the coronavirus will not have any effect on its revenue and earnings situation.

Apart from the scheduled purchase price payment for the acquisition of NewCo Pharma GmbH in January 2022, the Medios Group's liquidity increased steadily in the reporting period. As of December 31, 2022, the company did not have any significant noncurrent liabilities, with the equity ratio remaining extremely high at 77.8% (previous year: 75.2%). Therefore, Medios is in a strong financial position. At the end of the 2022 financial year, the Medios Group had an average of 497 employees (2021: 302).

The 2022 financial year was particularly marked by the following events:

NewCo Pharma Group became part of the Medios Group on **January 10, 2022**. The merger with the NewCo Pharma Group will enable Medios to significantly strengthen its Patient-Specific Therapies segment, in particular, and therefore also to significantly and permanently increase the profit margins across the entire Medios Group.

Through the expanded network of five regional manufacturing facilities, Medios can supply pharmacies with patient-specific therapies across almost all of Germany within a very short period of time. Thanks to the merger with the NewCo Pharma Group and the acquisition of Blisterzentrum Baden-Württemberg GmbH, as well as the collaboration in the field of sterile production with *Apotheken für Spezialversorgungen OHG*, the Group's network of **specialized partner pharmacies** has also increased to roughly 700. The production of specially formulated infusion solutions and other parenterals has almost tripled as a result of the integration of the capacities of the NewCo Pharma Group.

On **February 11, 2022**, Bryan, Garnier & Co began covering Medios AG. In addition to Bryan, Garnier & Co, Medios continues to be covered by Berenberg, Deutsche Bank, Jefferies, Kepler Cheuvreux, Metzler Capital Markets, and Warburg.

On **June 21, 2022**, Medios successfully held its 2022 virtual Annual General Meeting. In total, approximately 80.44% of the company's capital stock was represented. The agenda comprised 14 items, including corporate governance matters such as the approval of the compensation report and the relocation of the company's registered office from Hamburg to Berlin. In addition, the Annual General Meeting approved the creation of a new Share Option Plan 2022 and the corresponding Conditional Capital 2022. The management's proposals to create new authorized capital and an authorization to issue convertible bonds/warrants were not adopted.

All resolutions, including the **legal relocation of the registered office** from Hamburg to **Berlin** resolved at the Annual General Meeting, were successfully implemented upon entry in the commercial register.

The digitalization of the health care sector is one focus of Medios' growth strategy. This also includes **mediosconnect**, the digital platform implemented by Medios that already successfully connects physicians, health insurance companies, and specialized partner pharmacies and serves as an ordering and billing portal. This platform was rolled out in the fifth German state in 2022. As such, the company has significantly accelerated the rollout of this innovative ordering and billing platform for patient-specific medications. Alongside the expansion of **mediosconnect** in further German federal states, additional indication areas have also been integrated.

Medios published its first **sustainability strategy** in December 2021. The implementation period extends until 2025 (also see the nonfinancial consolidated statement). Implementation of a software-based ESG platform was completed at the end of 2022. ESG data was collected and evaluated for the first time on the basis of this platform. This platform is, in particular, intended to simplify sustainability management and facilitate the collection and analysis of ESG data.

On **August 1, 2022**, the Supervisory Board of Medios AG and Chief Executive Officer (CEO) Matthias Gärtner agreed on an early extension of his existing Executive Board contract until January 31, 2025. Matthias Gärtner has been a Member of the Executive Board since September 2015 and the Chairman of the Executive Board since January 2021. By taking this step, Medios is showing its commitment to continuity and stability within the company's highest management body.

On **October 26, 2022**, Medios received the manufacturing permit for the new GMP (good manufacturing practice) clean room laboratory in Berlin from the relevant authority State Office for Health and Social Affairs (Landesamt für Gesundheit und Soziales, "LaGeSo"). This represents a major milestone that will help to increase the Medios Group's ma-

nufacturing capacity in the higher-margin Patient-Specific Therapies segment to up to 600,000 preparations per year (2022: roughly 330,000 preparations (pro forma: Medios including NewCo Pharma)).

In **November 2022**, Medios negotiated the replacement of the available working capital line of €17.5 million with a syndicated loan of €75 million and concluded a corresponding syndicated loan agreement. The loan has a term of five years with an option to extend it.

On **November 22, 2022**, Medios concluded the purchase agreement for the acquisition of Blisterzentrum Baden-Württemberg GmbH ("bbw") and agreed on a collaboration in the field of sterile production with *Apotheken für Spezialversorgungen OHG* ("AfS") Medios gained control over bbw on January 10, 2023.

bbw is a pharmaceutical manufacturing company that manufactures patient-specific blister packages on behalf of pharmacies. In addition to its manufacturing license, the company holds a wholesale license and distributes finished medicinal products from the specialty pharmaceuticals sector that have been approved in Germany.

The pharmacies operated by AfS are primarily active in the field of specialty pharmaceuticals (production and supply of patient-specific infusion therapies and of ophthalmological sterile preparations) in southern Germany. The agreement provides for AfS to collaborate with the Medios Group in the manufacture and supply of patient-specific preparations. Medios expects a volume of approximately 70,000 additional patient-specific manufactures per year.

In the 2023 financial year, bbw and the sterile production area covered by the collaboration are expected EBITDA of approx. €6.8 million. The consideration to be provided by Medios amounts to €30.7 million, drawn from freely available liquidity and, if required, from available credit lines, more than a third of which is performance-based and to be paid over a period of two years.

Medios held its first **Capital Markets Day** on **November 24, 2022** in Berlin. At this event, the Executive Board presented the company's revised growth strategy and the corresponding medium-term outlook. The strategy is aligned with Medios' mission to establish regional care networks in order to deliver the best comprehensive patient care, and encompasses three growth pillars: In addition to strengthening its core business in Germany, the company intends to expand its drug manufacturing operations into other European countries and plans to further diversify its business model by entering the production of personalized medicine.

Besides presenting its revised strategy, Medios also announced medium-term targets for the first time at the Capital Markets Day. In particular, the company aims to further expand its market share in the field of patient-specific therapies and increase profitability – over the medium term,

Medios is targeting consolidated revenue of more than €2 billion (2022: €1.6 billion) and an EBITDA pre margin in the mid-single digits (2022: 3.4%).

Effective **December 19, 2022**, Medios exited the SDAX and has not been listed on any of the DAX selection indexes since then. As part of its regular review of the DAX selection indexes (DAX, MDAX, SDAX, TecDAX) on December 5, 2022, Deutsche Börse, among other things, decided to change the composition of the SDAX. The company was not included in the Deutsche Börse SDAX selection index again until June 2022. This was carried out as part of an unscheduled change in the SDAX, which Deutsche Börse had announced shortly beforehand.

3. Position of the Medios Group

3a.1 Earnings position of the Medios Group (IFRS)

In the 2022 financial year, Medios once again succeeded in significantly increasing consolidated revenue to €1,610.8 million (previous year: €1,357.4 million), which therefore stood only marginally above the upper end of the consolidated revenue guidance issued for 2022 of €1,450 million to €1,600 million. This increase was due, in particular, to the acquisition of the NewCo Pharma Group, whose business activities were included in the consolidated financial statements of Medios AG.

In addition, highly specialized, independent pharmacies were acquired as new customers. The expansion of the partner network will therefore continue on an ongoing basis, which contributed to organic growth in both the Pharmaceutical Supply segment and the Patient-Specific Therapies segment, among other things.

External revenue in the **Pharmaceutical Supply** segment amounted to €1,390.3 million in the 2022 financial year (previous year: €1,294.5 million). The NewCo Pharma Group companies acquired in 2022 contributed €55.6 million to this revenue. Earnings before interest, taxes, depreciation, amortization and special items (EBITDA before special items) increased to €38.0 million compared with €33.7 million in the same period of the previous year, with €3.9 million of this increase attributable to nonorganic effects.

In the **Patient-Specific Therapies** segment, Medios generated external revenue of €220.0 million (previous year: €62.2 million). The NewCo Pharma Group companies acquired in 2022 contributed €151.7 million to this amount. Earnings before depreciation, amortization and special items (EBITDA pre) increased to €23.7 million, compared with €7.9 million in the same period last year, with €15.2 million of this increase attributable to the acquisition of the NewCo Pharma Group.

The internal **Services** segment generated external revenue of €0.5 million in the reporting period (previous year: €0.6 million). All of the Group's revenue was generated almost exclusively within the Federal Republic of Germany. Ear-

nings before interest, taxes, depreciation, amortization and special items (EBITDA pre) decreased to €-6.8 million, compared with €-3.2 million in the same period last year, and was mainly caused by the increase in personnel costs on the Executive Board and for central functions, as well as by an increase in IT costs, property costs, and consulting fees.

Material expenses amounted to €1,505.2 million in the 2022 financial year (previous year: 1,290.0 million euros). The absolute increase in material expenses reflects the rise in revenue. Gross profit increased overall by €38.8 million to €108.9 million (previous year: €70.1 million), or 6.8% (previous year: 5.2%) of revenue. The gross profit margin thus increased by 1.6 percentage points and is mainly due to the acquisition of the NewCo Pharma Group, which primarily resulted in revenue growth in the Patient-Specific Therapies segment, which has higher gross profit margins than the Pharmaceutical Supply segment.

Total labor costs across the Group stood at €33.7 million (previous year: €22.1 million), or 2.1% of revenue (previous year: 1.6%). Noncash expenses for share option programs amounted to €2.9 million in the financial year (previous year: €3.0 million). The increase in labor costs reflects the increase in the number of employees, the creation of new Group structures, and changes to Executive Board compensation.

Other expenses totaled €24.0 million (previous year: €13.4 million). Of this total, the NewCo Pharma Group accounted for €7.2 million, while the other increases were mainly due to the increase in property costs (+€0.9 million), the increase in legal and consulting costs (+€0.7 million), the increase in IT costs (+€0.9 million) and the increase in the cost of third-party services (+€0.7 million).

The Pharmaceuticals Supply and Patient-Specific Therapies segments contributed €38.0 million (previous year: €33.7 million) and €23.7 million (previous year: €7.9 million), respectively, to the Group's consolidated earnings before interest, taxes, depreciation, amortization, and special items ("EBITDA pre") of €54.9 million (previous year: €38.4 million). The Medios Group's EBITDA pre therefore lies within the guidance range for the 2022 financial year of €52 million to €58 million.

Depreciation and amortization in the 2022 financial year increased by €2.9 million to €22.2 million (previous year: €19.4 million). This increase particularly resulted from the impairment losses on customer bases (+€3.1 million) relating to the NewCo Pharma Group, which has been included in the scope of consolidation since 2022.

The financial result totaled €-1.1 million in the 2022 financial year (previous year: €-1.7 million). Costs for the syndicated loan amounted to €-0.2 million (previous year: €-0.6 million). In November 2022, Medios entered into a new syndicated loan agreement with a syndicate of banks in the amount of €75 million and a term of five years, which is available for financing growth and as a working capital credit line. As of the reporting date, Medios has fully repaid the old syndicated

loan and has not drawn on any tranches under the new syndicated loan. The costs incurred in connection with the conclusion of the new syndicated loan amount to €0.1 million.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) are reconciled to EBITDA before special items (EBITDA pre) as follows:

In thousand €	2022	2021
EBITDA	51,214	34,635
Expenses from share option programs	2,870	2,996
Other M&A expenses	790	805
EBITDA pre*	54,875	38,435

* adjusted for special items

In the 2017, 2018, 2020, and 2022 financial years, share option programs were set up in which Executive Board Members and selected employees of the Medios Group were granted options to purchase shares as compensation for work performed and to foster long-term loyalty to the company. Employees do not have the right to opt for a cash payment in lieu of the share options. These expenses do not have any effect on cash flow.

Tax expenses in the 2022 financial year totaled €9.5 million. The consolidated tax rate therefore stands at 34.12%.

Consolidated net income for the 2022 financial year amounts to €18.3 million, compared with €7.4 million in the previous year.

3a.2 Financial position of the Medios Group (IFRS)

Cash and cash equivalents totaled €79.2 million as of December 31, 2022 (previous year: €168.4 million) and consisted mainly of bank balances.

The reduction in cash and cash equivalents resulted primarily from the payment of the cash component of the acquisition of the NewCo Pharma Group in 2022 in the amount of €87.8 million and the repayment of former shareholder loans of the NewCo Pharma Group in the amount of €3.0 million, as well as acquired cash and cash equivalents of the NewCo Pharma Group in the amount of €6.0 million. The positive operating cash flow of €+37.1 million with operating capital expenditure of €5.0 million (free cash flow of €+32.1 million) had a positive impact on the development of cash and cash equivalents.

The major capital expenditures in the 2022 financial year were the acquisition of the NewCo Pharma Group and the construction of a new manufacturing site in Berlin for the Patient-Specific Therapies segment, which received manufacturing approval at the end of 2022.

The cash outflow for investments in property, plant and equipment amounted to €4.4 million, €2.2 million of which was for the new manufacturing site in Berlin and €0.5 million for the expansion of the Group's IT infrastructure. A further €0.4 million was spent on the expansion of the NewCo Pharma Group's clean room facilities.

A syndicated loan of €75 million is available to the Medios Group to finance acquisitions and as a working capital loan. To finance the acquisition of bbw GmbH, €25 million of this credit line had already been drawn upon as of January 2023, leaving a credit line of €50 million available at the time of publication.

3a.3 Asset position of the Medios Group (IFRS)

In the 2022 financial year, the consolidation of the NewCo Pharma Group led to an increase in noncurrent assets as well as inventories and trade receivables. On the other hand, the outflow of the cash component for the acquisition significantly reduced liquid assets.

Noncurrent assets of €325.9 million as of December 31, 2022 (previous year: €223.5 million) mainly comprised intangible assets of €284.6 million (previous year: €192.9 million), property, plant and equipment of €24.6 million (previous year: €13.7 million) and usage rights as a lessee of €16.0 million (previous year: €16.2 million). The significant change in noncurrent assets resulted, on the one hand, from the first-time consolidation of the NewCo Pharma Group with the corresponding purchase price allocation, which primarily recognized its customer base and €72.0 million of goodwill. The customer base was valued at €86.7 million as of the reporting date (previous year: €64.5 million).

Current assets totaled €250.0 million at the end of the 2022 financial year (previous year: €300.7 million). They primarily comprised cash and cash equivalents of €79.2 million (previous year: €168.4 million), trade receivables of €106.8 million (previous year: €87.8 million), and inventories of €50.0 million (previous year: €36.5 million). The increase is primarily due to the acquisition of NewCo Pharma Group and the resulting increase in revenue. The key figures used to measure average days sales outstanding (DSO) and days inventories outstanding (DIO) increased only marginally year on year to 23.9 days (previous year: 23.3 days) and 11.2 days (previous year: 10.2 days), respectively.

Equity totaled €448.0 million as of December 31, 2022 (previous year: €394.2 million), corresponding to an equity ratio of 77.8%. As such, the equity ratio increased slightly against the previous year (75.2%) due to the capital increase against contributions in kind carried out in connection with the acquisition of the NewCo Pharma Group and due to the positive business performance in 2022. The Medios Group's total assets increased to €576.0 million as of December 31, 2022 (previous year: €524.1 million). This represents a year-over-year increase of 9.9%.

On the reporting date of December 31, 2022, the Group's noncurrent liabilities amounted to €45.9 million (previous year: €36.2 million), consisting mainly of noncurrent liabilities as a lessee of €15.2 million (previous year: €15.3 million), deferred tax liabilities of €26.2 million (previous year: €19.9 million), and noncurrent provisions for asset retirement obligations of €4.2 million (previous year: €1.0 million).

Current liabilities decreased to €82.1 million at the end of the year (previous year: €93.8 million). As a result of the integration of NewCo Pharma, trade payables particularly increased from €32.3 million in the previous year to €47.8 million as of December 31, 2022. Current financial liabilities amounted to €5.8 million as of December 31, 2022 (previous year: €34.4 million). Loan liabilities of €25.2 million were repaid in full by September 2022. At the same time, the Group entered into a new syndicated loan agreement for €75 million with a term of five years, which had not yet been drawn on as of the reporting date. In addition, loans from former shareholders of Cranach Pharma amounting to €6.8 million were repaid. The NewCo Pharma Group resulted in a loan of €3.0 million to Deutsche Factoring Bank. Income tax liabilities rose to €16.5 million (previous year: €10.9 million), of which €9.7 million was attributable to assessment periods prior to 2022. Tax liabilities excluding income taxes were reduced by the amounts paid in January 2022 for payroll tax and social security in connection with the exercise of stock options. Labor costs include liabilities for Executive Board bonuses of €0.9 million (previous year: €0.4 million) and variable employee compensation of approximately €1.0 million (previous year: €0.6 million).

3a.4 Overall management statement on net assets, financial position, and results of operations

The guidance for consolidated revenue (€1.45 billion to €1.6 billion) and EBITDA pre (€52.0 million to €58.0 million) originally published for the 2022 financial year were achieved by the end of the year.

3b.1 Earnings position of Medios AG (HGB)

In the 2022 financial year, Medios AG generated revenues of €8.7 million (previous year: €8.5 million), mainly as a result of

allocations within the Medios Group. Net income amounted to €19.5 million in 2022 (previous year: €8.2 million), a year-over-year increase of €11.3 million. This change was mainly due to higher income from profit and loss transfer agreements amounting to €36.3 million (previous year: €14.1 million) as a result of the effective conclusion of new profit and loss transfer agreements within the scope of consolidation of the Medios Group. On the other hand, labor expenses, among other items, increased (+€1.3 million) as a result of the expansion of the central function. Income from investments amounted to €0.0 million (previous year: €10.0 million). To support Kölsche Blister, a loan of €2.3 million was waived and converted into equity. The resulting effects are recognized directly in depreciation and amortization and other operating income.

The 2022 financial year was characterized by the further expansion of the central functions of Medios AG in order to drive forward the further integration of Group companies and to be prepared for the further, future growth of the Medios Group. The total number of employees at Medios AG rose to 76 as of December 31, 2022 (previous year: 74).

In addition to the increasing provision of central functions, Medios AG continues to assume financing functions within the Group. These intercompany loans extended as of December 31, 2022 amounted to €78.4 million (previous year: €100.4 million). The interest income generated mainly from this amounted to € 2.2 million in the reporting period (previous year: € 2.3 million).

On the cost side, labor costs totaled €7.8 million (previous year: €6.5 million). This figure includes liabilities for Executive Board bonuses (€0.9 million) and variable employee compensation (€0.1 million) amounting to €1.0 million (previous year: €0.6 million). Depreciation and amortization totaled €3.7 million (previous year: €6.2 million), €2.3 million of which was attributable to unscheduled impairment losses in connection with Kölsche Blister GmbH, as explained above, which were offset by income under other operating income. Other costs stood at €10.2 million (previous year: €10.3 million) and were largely composed of property costs of €2.5 million (previous year: €1.9 million), costs in connection with equity offerings (€0.1 million, previous year: €2.8 million), and legal and consulting fees including costs for M&A transactions (€2.6 million, previous year: €1.9 million). This resulted in EBITDA of €-6.7 million for the financial year (previous year: €-8.0 million).

EBT amounted to €27.3 million (previous year: €9.4 million) and net income to €19.5 million (previous year: €8.3 million).

3b.2 Financial position of Medios AG (HGB)

Cash and cash equivalents amounted to €2.3 million as of December 31, 2022 (previous year: €88.4 million) and consisted mainly of bank balances.

Medios concluded a new syndicated loan agreement for €75 million with a term of five years with a consortium of banks. In the 2023 financial year, €25.0 million was utilized as part of the acquisition of bbw GmbH. Liabilities to affiliated companies amount to €0.3 million (previous year: €2.8 million) and other liabilities to €1.2 million (previous year: €4.3 million). Of the previous year's amount, €3.7 million related to payroll and church taxes paid in connection with the exercise of share option rights via Medios AG. They were paid out in January 2022.

Medios AG invested €1.8 million in property, plant and equipment in the 2022 financial year, mainly in connection with the new production site in Berlin and the expansion of the IT infrastructure.

3b.3 Asset position of Medios AG (HGB)

Noncurrent assets amounted to €421.2 million at the end of the 2022 financial year, equal to an increase of 30.7% compared with the previous year (€322.1 million). The largest line items under noncurrent assets were shares in affiliated companies amounting to €337.2 million (previous year: €216.5 million) and loans to affiliated companies amounting to €78.4 million (previous year: €100.4 million).

Of the loans, €46.0 million relates to a bullet loan extended to Medios Pharma GmbH (previous year: €59.0 million) and €17.0 million to a bullet loan extended to Cranach Pharma GmbH (previous year: €30.0 million). The loan to Medios Pharma has a term until December 31, 2026, while the loan to Cranach Pharma GmbH has a term until December 31, 2024.

Current assets amounted to €42.2 million as of December 31, 2022 (previous year: €117.5 million) and mainly consisted of bank balances of €2.3 million (previous year: €88.4 million) and receivables from affiliated companies of €37.1 million (previous year: €26.5 million). The bank balances in the previous year reflect the net proceeds from the equity-offering in December 2021 in the amount of €73.3 million. For the acquisition of NewCo Pharma, €87.7 million was paid in the 2022 financial year as part of the purchase price payment.

Equity totaled €454.5 million as of December 31, 2021 (previous year: €402.3 million). With total assets of €464.1 million (previous year: €439.9 million), this corresponds to an equity ratio of 97.9% (previous year: 91.5%).

Provisions amounted to €7.2 million (previous year: €3.6 million) and consisted mainly of provisions for taxes. Tax provisions of €4.6 million (previous year: €2.1 million) increased as a result of earnings growth in 2022.

In total, Medios AG's liabilities amounted to €2.4 million as of December 31, 2022 (previous year: €33.8 million), the largest individual line item of which was liabilities to banks in the amount of €0.1 million (previous year: €25.5 million). In 2020, a syndicated loan agreement worth €62.5 million was concluded with a banking consortium. The stated liabilities to banks as of December 31, 2021, result from the utilization of this loan. This loan was repaid in full in September 2022.

3b.4 Overall management statement on the net assets, financial position, and results of operations (HGB)

As a result, Medios AG's overall financial position remains strong. Medios AG successfully met the challenges posed by COVID-19 and the war in Ukraine in the 2022 financial year. The company successfully completed important projects. For example, the company completed the acquisition of the NewCo Pharma Group and initiated the acquisition of bbw GmbH. Furthermore, the company generated clearly positive net earnings of €19.5 million. Consequently, Medios is satisfied with the development of its net assets, financial position, and results of operations in accordance with IFRS during the 2022 financial year, particularly when viewed in the light of the extraordinary circumstances.

III. Events after the end of the reporting period

For information on business transactions and events occurring after December 31, 2022, please refer to the notes under item 43 "Events after the Reporting Period" and item 9 "Transactions of Particular Importance" in the notes to the annual financial statements.

IV. Risks, opportunities, and forecast

1. Accounting-related internal control system

The aim of the accounting-related internal control system is to ensure that the Medios Group's accounting, financial reporting, and management report are correct and reliable by implementing appropriate principles, procedures, and controls in accordance with statutory regulations and the relevant accounting standards. The scope and focus of the internal control system in place were defined by the Executive Board on the basis of the requirements specific to the Group.

The internal control system is embedded in the risk management system. Accounting-related reporting and consolidation are performed with the help of IT systems that are appropriate to the size of the Group. Preparation of the consolidated financial statements and accounting for the individual companies is carried out centrally, which ensures that accounting principles are applied uniformly and consistently

within the scope of a single financial statement preparation process. Following the preparation of the financial statements, the consolidated financial statements and the combined management report are submitted to the Supervisory Board for approval.

2. Risks

The company's overall risk situation at the end of the reporting period was largely unchanged from the previous year.

2.1 Risk management

In order to guarantee the quality of services for the Medios Group and at the same time continuously improve them, Medios has established a comprehensive risk management system within the Group.

Gap analysis: to minimize risk, potential gaps in the system are identified and described, and measures are defined to prevent or contain potential errors in advance. Risk assessment is based on quantitative criteria: potential harm to the company, probability of occurrence, and detection of the error.

The following point scales are used to evaluate these criteria:

Potential harm to the company:

- No harm, €0 million → 0 points
- Minimal harm, €0 – 0.1 million → 1 point
- Slight harm, €0.1 – 1 million → 2 points
- Moderate harm, €1 – 5 million → 3 points
- Significant harm, €5 – 10 million → 4 points
- Extreme harm, €10 – 25 million → 5 points
- Existential harm, >€50 million → 6 points

Probability of occurrence:

- Will not occur, 0% → 0 points
- Extremely low probability, 0 – 10% → 1 point
- Low probability, 10 – 25% → 2 points
- Moderate probability, 25 – 50% → 3 points
- High probability, 50 – 75% → 4 points
- Extremely high probability, 75 – 95% → 5 points
- To be expected with certainty, 95 – 100% → 6 points

Detection of the error:

- Will be detected with certainty, 0% → 0 points
- Extremely high probability, 75 – 95% → 1 point
- High probability, 50 – 75% → 2 points
- Moderate probability, 25 – 50% → 3 points
- Low probability, 10 – 25% → 4 points
- Extremely low probability, 0 – 10% → 5 points
- Not at all likely to be detected, 0% → 6 points

The points for each of the three criteria are added up to produce the corresponding risk value. This subsequently leads to the risks being categorized in the following classes:

- Class 1 (0 – 5): No to low risk
- Class 2 (6 – 10): Low to moderate risk
- Class 3 (11 – 15): Moderate to high risk
- Class 4 (16 – 18): Significant risk

Gap analyses are carried out on a regular basis in order to be able to respond to risks and potential errors as quickly as possible. The respective general managers of the subsidiaries and the heads of the segments of Medios AG, in consultation with the Executive Board, are responsible for preparing these gap analyses.

Standard operating procedures (abbreviated SOP): In order to properly fulfill the legal requirements for Medios AG's subsidiaries and to ensure consistent quality, clear and understandable standard operating procedures have been established to which the management and employees adhere. These SOPs outline the steps in a process that must be continuously adapted to changing circumstances and situations during day-to-day operations.

The aim of the risk management system is primarily to avoid financial losses due to production stoppages and/or disruptions and to immediately initiate appropriate countermeasures. Under this system, the Executive Board, management, and the Supervisory Board are informed of risks at an early stage.

In addition to continuously monitoring liquidity and earnings, an important early detection mechanism is to monitor all of the risks associated with the production and distribution of pharmaceuticals. Identifying deviations from the plan in a timely manner is also a responsibility of Controlling. If necessary, the respective managers of the specialist departments decide together with the Executive Board on the appropriate strategy and risk management measures.

For the purpose of ongoing risk management, the general managers of the respective subsidiaries as well as the members of the Executive Board of Medios AG receive all relevant business analyses as well as management, controlling, and sales reports on a monthly basis. In order to respond to possible deviations even more quickly, the relevant general managers and Executive Board members also receive daily updates on the Pharmaceutical Supply segment's sales and revenue figures. The Executive Board and the Supervisory Board of Medios AG are informed of the segments' actual business performance compared with the planning or the last forecast on a monthly basis.

Unless otherwise stated, the following presentation of risks applies to all reportable segments.

2.2 Sector-specific risks

The Pharma market in Germany and the European Union (EU) is governed by numerous legal regulations. Possible legislative changes may have a direct impact on the Medios Group's business.

Cost increases in the health care system due to demographic change and increasingly complex forms of treatment and therapy as a result of advancing medical innovations are driving health care systems to the limits of financial viability. A deteriorating economic situation, including the ongoing uncertainties caused by the coronavirus pandemic and the consequences of the United Kingdom's exit from the EU, which still cannot be conclusively assessed, could further exacerbate this (financing) situation. As a result, national governments may continue to seek to reduce spending on health care services through legislative intervention.

The legal framework governing the Medios Group's business operations has been subject to fundamental changes in the past and this is not expected to change in the future. At the same time, the company's business operations are particularly influenced by government regulation and control. Fundamental changes in the existing regulatory and/or other framework conditions or other legal changes affecting the company's business operations, particularly changes in pharmaceutical regulations, could have an adverse effect on the Medios Group's business activities, as could a change in the approach taken by government agencies vis-à-vis existing legal regulations.

As part of its risk analysis, the company has categorized these risks as Class 1 and Class 2 risks.

2.3 Regulatory risks

The Medios Group is dependent on public authorities, health insurance companies, and other health care institutions at least partially bearing and/or reimbursing the costs of treatment with drugs, medicinal products, and other services offered and sold by the Medios Group. The amount that is reimbursed for pharmaceuticals and medical services, however, is increasingly being reduced. In addition, the number of patients eligible for reimbursement of medical expenses is limited and the coverage or reimbursement rate is decreasing. If reimbursement for the costs of the pharmaceuticals distributed by the Medios Group cannot be guaranteed or cannot be guaranteed to a sufficient extent, it could have an adverse effect on the market acceptance of the pharmaceuticals, medicinal products, and other services offered by the Medios Group as well as on the revenues and earnings that can be generated with them.

Furthermore, the company cannot foresee which additional legal provisions or regulations will be enacted to reduce costs in the health care sector, what changes will be made to existing laws or regulations, and what impact such changes would have on the reimbursement or coverage of costs by third parties for treatment with pharmaceuticals, medicinal products, and other services offered, and therefore on the business activities of the Medios Group. Government regulatory measures such as fixed pricing, co-payment exemptions, discount limits, and rebate contracts between manufacturers and health insurance companies can limit growth in the Pharma market and have a direct impact on the Pharmaceutical Supply segment's revenues. If manufacturers or government agencies lower drug prices, the margins of pharmaceutical wholesalers may also come under further pressure. Wholesale price ranges are also subject to relatively frequent legislative changes, both directly and indirectly.

All of these factors could have an adverse effect on the company's net assets, financial position, and results of operations.

The company has assigned these risks to categories 1, 2, and 3. However, only one risk was classified as a Class 3 risk, and the degree of risk in this case can be rated as moderate. The probability of this Class 3 risk occurring has been assessed at a maximum of 3 out of 6 possible points, and the extent of potential harm to the company should this event occur has been assessed at 5 out of 6 possible points.

2.4 Business-related risks

The following have been identified as material business-related risks:

a) Technical risks

The risk of technical equipment not being used properly is mitigated by regular servicing and maintenance measures

and by the possibility of outsourcing production to business partners. Furthermore, the acquisition of Medios Individual GmbH in 2017, the acquisition of the NewCo Group with various manufacturing sites, and the establishment of the new manufacturing site in Berlin created alternative opportunities within the Medios Group in the event of technical problems. Medios AG also has a malfunction and maintenance management system in place so that any disruptions can be dealt with promptly and eliminated.

The IT and process landscape may constitute a risk, particularly in light of the growth of the Medios Group. Increasing size and complexity, as well as increasing regulatory requirements, necessitate continuous adaptation and further development of the systems. If it is not possible to adapt processes and systems to the respective requirements, this may result in regulatory requirements not being met or incorrect decisions being made due to a lack of or incorrect information.

The company has primarily categorized these risks as either class 1 or class 2 risks. Individual risks have also been categorized as class 3 risks. The probability of these class 3 risks occurring has been assessed at a maximum of 4 out of 6 possible rating points, and the extent of potential harm to the company should this event occur has been assessed at 5 out of 6 possible rating points.

b) Human-resource-related risks

A further risk is the loss of qualified personnel as well as employees in key positions. Targeted HR development, advanced training and professional development opportunities, and the expansion of social benefits reduce the likelihood of losing employees and/or increase the attractiveness of the position. An additional risk lies in the company's ability to recruit sufficient employees to manage the growth it is striving to achieve. The situation on the labor market remains tight, and it is likely to remain difficult to find sufficiently qualified specialists for the foreseeable future. However, Medios AG benefits from its location in Berlin, as Berlin is currently regarded as an extremely attractive environment, especially among younger employees. Another positive aspect is the pharmaceuticals sector, which continues to be perceived as an attractive and secure working environment. Due to its stock market listing, Medios AG is in a position to additionally motivate employees through stock options.

The company has primarily categorized these risks as either Class 1 or Class 2 risks. Only two risks are classified as Class 3. The probability of this Class 3 risk occurring has been assessed at a maximum of 4 out of 6 possible points, and the extent of potential harm to the company should this event occur has been assessed at 5 out of 6 possible points.

c) Risks from unforeseeable events

Unforeseeable external events, such as severe storms or power outages, may lead to a temporary disruption of production in the Patient-Specific Therapies segment and affect storage (chilled goods) and logistics in the Pharmaceutical Supply segment. This could lead to a loss of revenues and earnings. In general, however, the company assesses the risk from unforeseeable events as extremely low.

If, contrary to expectations, such an event were to occur, the insurance policies taken out by the Medios Group (particularly the general liability and business interruption policies) can cover or reduce any financial losses that may arise. The company reviews its insurance coverage annually and adjusts it accordingly. All material risks arising from unforeseeable events are covered by insurance policies to the greatest possible extent.

On January 25, 2023, Germany's federal cabinet approved the early end of the Coronavirus Occupational Safety and Health Ordinance effective February 2, 2023.

At this time, Medios does not foresee any additional material business impact from the coronavirus (COVID-19) pandemic during the 2023 financial year. Further disruptions on the procurement market beyond the current level are not expected at present. As the situation continues to change, however, the company's senior management continuously monitors developments, especially in relation to:

- The availability of qualified employees at manufacturing companies and in the logistics center
- Suppliers' ability to deliver
- Potential legally mandated rationing of individual active ingredients and the supply chains and energy supply that are also important in this context

Should the company identify any significant changes, it may be necessary to adjust its risk assessment.

At present, the Executive Board does not expect the war in Ukraine to have any material impact on the Medios Group's business operations. Experience from 2022 shows that neither the Medios Group's procurement nor its sales markets are directly affected by the war. This assessment is based on the premise that the war will not have any sustained economic impacts on a global scale and will have a more moderate impact on the Medios Group's procurement and sales markets instead. In the event of a prolonged war with global implications, the Medios Group cannot rule out risks to its business.

As part of its risk analysis, the company has categorized these risks as either Class 1 or Class 2 risks.

2.5 Earnings-related risks

Medios assesses the earnings-related risks in the Pharmaceutical Supply segment as low, as the company has the flexibility to manage its margin policy as a distributor with limited inventories and due to the partially predictable demand caused by chronic diseases.

The pharmaceutical industry, in particular the prescription drug and therefore also the specialty pharmaceuticals sector, is relatively unaffected by economic cycles and is therefore only subject to minor cyclical fluctuations. The price and margin structure in pharmaceutical distribution in Germany is largely regulated by law and is therefore relatively insensitive to other external factors. This generally also applies in the event of the currently expected increase in inflation and higher energy prices, as these are currently expected to result in only moderate cost increases for Medios AG. These market risks have been categorized as either class 1 or class 2 risks. One of these risks has also been categorized as a class 3 risk. The likelihood of this class 3 risk occurring has been assessed at a maximum of 5 out of 6 possible points, and the extent of potential harm to the company should this event occur has been assessed at 4 out of 6 possible points.

Alongside an organic growth strategy, Medios also has a proven inorganic growth strategy. The strong organic growth witnessed in recent years necessitates further investment in the structures needed to integrate the acquisitions and in strengthening the management capability of the strongly grown group. This will require the company to expand capacities for labor and IT structures, among other things, in order to further improve its management capabilities and administration.

2.6 Financial risks

As the Medios Group generates almost all of its revenues in euros, there were no foreign currency risks at the end of the reporting period. Likewise, the company had virtually no noncurrent liabilities as of December 31, 2022. As a result, the Medios Group is not exposed to any material interest rate risk.

In its business operations, the Medios Group faced with the risk of payment default on the part of its customers. The customer base is diversified and the majority of receivables do not present a risk to the group's ability to continue as a going concern. Customers' creditworthiness is high and the majority of customers are liable with their private assets. Payment defaults have not transpired in the past. However, payment defaults cannot be ruled out for the future – and these could result in significant earnings losses if related to major customers. In the 2022 financial year, the Group recognized specific allowances for doubtful accounts in the amount of €0.3 million.

The Medios strategy, which is geared towards expansion, will go hand in hand with an increase in working capital and greater investment activity. As the business expands, the number of employees will also continue to grow. In this con-

text, investments in the IT infrastructure, logistics, and administration will become necessary.

According to Medios' planning, the expected financing requirements will be largely covered by the company's cash flow from operating activities and by the cash and cash equivalents available to the Medios Group, as well as by a contractually negotiated syndicated loan. The company plans to cover identifiable additional financing requirements in subsequent financial years as a result of revenue growth by obtaining further credit lines from banking institutions. The company may also conduct additional equity offerings, if required.

In the future, the importance of ESG-compliant conduct and reporting will increase in this regard. If Medios is unable to generate a positive image on the financial market, this could have negative consequences in terms of the availability of additional capital and/or the conditions that need to be met in order to access this capital. If the company faces difficulties in raising capital in the future due to general developments on the world's stock markets, this could also slow the rate of growth of the Medios Group. Senior management is committed to aligning expansion potential with available financial resources.

The company has primarily categorized these risks as either Class 1 or Class 2 risks.

Overall assessment of risks

Medios has focused on the Specialty Pharma sector and is therefore part of the pharmaceutical industry, which is relatively unaffected by economic cycles. Medios therefore assesses economic risks as relatively low.

Overall, it can therefore be stated that financial risks, regulatory risks, and the risks associated with unforeseeable events continue to present the greatest uncertainty for the Medios Group. The members of the Medios companies' senior management have already witnessed numerous changes, some of them far-reaching, in the regulation of the German health care market over the course of their many years of professional experience. Until now, however, they have always succeeded in adapting to these changes extremely rapidly and often using them to the company's advantage. Medios considers itself well positioned to meet ESG-related requirements. For this reason, Medios is confident that the company will also be able to successfully meet future regulatory challenges.

The overall assessment of risks reveals that the Group is currently not exposed to any risks that could seriously jeopardize its continued existence as a going concern. Overall, the risks facing the Medios Group are both limited in number and manageable.

3. Opportunities

Managing opportunities, like risk management, is a central component of corporate governance. The company's overall opportunity situation as of the reporting date remains strong compared with the previous year, including as a result of the acquisition of the NewCo Pharma Group completed in January 2022 and the takeover of bbw GmbH initiated in November 2022 and completed in January 2023. The individual areas of opportunity are identified, analyzed, prioritized, and, where appropriate, incorporated into the Group's overall strategy at regularly held strategy meetings.

General managers, sales staff, and the field and office staff from various Medios companies are regularly included in this process. This ensures that the company is able to identify in a timely manner whether market and competitive developments or internal events within the Group require a reassessment of individual areas of opportunity.

The Specialty Pharma market continues to offer Medios strong growth potential across all of its segments. This is attributable to the following opportunities, in particular:

Opportunities through market growth

The global Pharma market continues to grow at a stable pace. As an essential part of the overall market, the Specialty Pharma market that Medios focuses on can also benefit from this. According to IQVIA, global spending on pharmaceuticals will increase to the equivalent of €1.768 billion by 2027. This represents an increase of around 29% compared with spending in 2022 (€1,369 billion), with average annual growth of 5.3%. According to IQVIA, the Pharma market is expected to grow by an average of 4.8% per year from 2023 to 2027 in the ten industrialized countries (USA, Japan, Germany, France, Italy, Spain, UK, Canada, Australia, South Korea). The total volume of pharmaceutical spending in the industrialized countries would therefore increase to approximately €1,222 billion by 2027 and grow by 26% compared with 2022 (€969 billion).

In the industrialized countries, specialty pharmaceuticals are playing an increasingly important role. According to IQVIA, the share of total drug spending in these countries will rise to 56% by 2027. In 2022, the share stood at 49%. According to estimates by IQVIA and calculations by Medios, Specialty Pharma spending in developed countries is expected to rise to around €632 billion by 2027, an increase of around 44% compared to 2022 (around €438 billion). This would correspond to an average annual growth of 7.6%. In 2023, Specialty Pharma spending in the developed world is therefore expected to increase to approximately €472 billion, up 7.8% year over year (i.e., approximately €438 billion), according to IQVIA.

The growth of the Specialty Pharma market is due, in particular, to pharmaceuticals that are manufactured and marketed on a patient-specific basis – including by Medios, for

example. Most of these drugs are used in the therapeutic areas of oncology, autoimmunology, infectiology, and neurology. In the coming years, global spending on these drugs is expected to continue to rise significantly, according to IQVIA. Oncology therapies alone are expected to grow at an average annual rate of between 13% and 16% from 2023 to 2027. According to the "Arzneimittel-Kompass 2022", the combined share of the costs of cancer, immunotherapies, nervous system diseases, and infectious diseases in German statutory health insurance (GKV) pharmaceutical expenditure amounted to just under 65% in 2021.

Opportunities through long-term trends

Growth in the Specialty Pharma market is particularly driven by long-term trends. The focus is on the development of new active substances, with an emphasis on rare, chronic, or genetic diseases. In addition, revenue increases have been occurring for years due to the trend of shifting to newer and more expensive drugs and therapeutic methods. In 2021, this trend alone was responsible for revenue growth of 6.4%, according to the "Arzneimittel-Kompass 2022."

Patient-specific drugs represent another factor driving growth in the Specialty Pharma market. As advances in genetics enable the increasing personalization of diagnoses and therapies, the chances of effective treatment are also increasing.

Demographic change is a long-term driver of the Pharma market – and thus also of the specialty Pharma market. According to the Organization for Economic Cooperation and Development (OECD), the average life expectancy of newborns in the European Union has increased significantly in recent decades. As a result of the COVID-19 pandemic, it stood at just over 80 years in 2021, roughly one year below the average life expectancy in 2019. Susceptibility to chronic diseases increases with the age of the population. In 2020, for example, 36% of people aged 65 and over were affected by at least two chronic diseases on average in the EU. Women are slightly more affected (40%) than men (32%), mainly due to their longer life expectancy. Health care systems in EU countries must therefore continue to prepare for an "epidemic" of chronic diseases. As a result, high-quality chronic disease treatment is needed to meet the needs of the aging population. With its focus on Specialty Pharma and its broad presence in the field of pharmaceutical supply and the manufacture of patient-specific therapies, Medios is extremely well positioned to meet this demand.

Opportunities through Medios' positioning as a Specialty Pharma supplier

Medios established itself on the market as a Specialty Pharma provider at an early stage and has built up a nationwide distribution network of now some 700 specialized partner pharmacies. As a pharmaceutical wholesaler and manufacturer, Medios covers a broadly diversified portfolio of indications, products, and services. This enables the company to cover all relevant parts of the supply chain in this sector and to grow at an above-average rate. In addition, Medios can benefit from structural changes, such as the consolidation of the market or increasing competition.

The consolidation of the market will continue to accelerate due to the increasing pressure on margins in individual indication areas and the growing regulatory requirements for manufacturing companies and manufacturing pharmacies in the field of individualized medicine. To meet these challenges, Medios has expanded its product portfolio in a timely manner to include additional indication areas such as neurology, ophthalmology, infectiology, and hemophilia. This will enable the company to continue manufacturing profitably in the future and therefore continue to actively participate in market consolidation.

The introduction of new biosimilars – i.e., treatment alternatives that are comparable in terms of efficacy and safety and are usually less expensive – is further intensifying competition between the manufacturers of originals and generics. Within the Medios Group, this may have a positive impact on the Pharmaceutical Supply segment in particular. According to the Scientific Institute of the AOK (WIdO), biosimilars have been available in Europe since 2006 and have since gained an increasingly important role in drug therapy.

Medios has a clearly defined focus on specialty pharmaceuticals. These mostly consist of high-priced medications for chronic and/or rare diseases whose therapy is usually extremely time-consuming and expensive. In this context, Medios has identified roughly 1,000 of the more than 100,000 pharmaceutical products available in Germany as having potential – i.e., only 1% of all products on the market. Medios distributes these to customers throughout Germany from a total of two central warehouses in Berlin and Hamburg. The integration of the NewCo Pharma Group added a third warehouse in Mannheim at the beginning of 2022. As the majority of therapies are predictable and/or relate to chronic illnesses, Medios is able to anticipate demand with extremely high accuracy. As a result, the company maintains relatively low stock levels and a low amount of capital tied up in inventory. Structurally, this clearly distinguishes Medios from full-line wholesalers and gives the company the opportunity to operate profitably, even with high-priced products, and gain further market share without generating excessive additional working capital requirements.

Opportunities through organic growth

Medios' growth strategy is built around both organic and inorganic growth. Organic growth can be accelerated, above all, by expanding manufacturing capacities. In Berlin, Medios set up new GMP-approved laboratories at an existing location and received manufacturing approval in October 2022. This significantly expanded the company's manufacturing capacities in the high-margin patient-specific therapies business. This, together with the integration of the NewCo Pharma Group with five laboratory sites, will further increase the Medios Group's operational efficiency and generate synergy effects.

In addition, Medios intends to strengthen its business related to the blistering of high-priced finished medicinal products and further expand its partner network. In addition, Medios intends to further diversify its range of indication areas. Furthermore, the company plans to achieve organic growth by expanding its manufacturing business into further European countries and entering new lines of business.

Opportunities through digitization

Over the medium and long term, growth opportunities will particularly result from the digitization of the health care sector. Medios wants to play an active role in shaping this transformation and has already developed mediosconnect, a digital trading platform for personalized drugs that connects doctors, health insurance companies, and specialized partner pharmacies. The platform's aim is to simplify ordering and billing processes and thus make the health care system more cost-effective. The rollout of mediosconnect continued in the 2022 financial year, meaning that the platform is now available in a fifth German state. A total of 35 medical practices were acquired as users and orders placed via the platform increased by around 50%. The company intends to continue rolling out the digital commerce platform in 2023.

Opportunities through inorganic growth

Medios is well positioned to continue to actively participate in the consolidation of the Pharma market in Germany. The Group has sufficient liquidity and so far only partially used credit lines. In addition, it can use treasury shares as "acquisition currency" for which authorized capital is already available. This gives Medios the ability to accelerate its growth through further acquisitions. As a result of the acquisition of the specialized pharmaceutical wholesaler Cranach Pharma, which was completed in January 2021, Medios has significantly expanded its Pharmaceutical Supply segment. Medios also significantly strengthened its Patient-Specific Therapies segment with the completion of the acquisition of the NewCo Pharma Group in January 2022 and the acquisition of bbw, as well as through the collaboration with AfS that began in January 2023. This is in harmony with the strategy

of increasing the Group's profitability. Medios expects future acquisitions to enable it to take advantage of further growth opportunities and synergy effects.

Opportunities through internationalization and the establishment of a new business segment

The Medios Group also plans to achieve further growth in the future through its internationalization in the field of Specialty Pharma. Now that the company is in an extremely strong position in Germany, Medios also intends to carve out a leading market position in Europe. To this end, Medios plans to acquire laboratories in selected countries. The company is prioritizing growing markets with strong margins and an attractive regulatory environment. Medios also plans to offer additional products and services and thereby establish new lines of business in order to further diversify its business model. For example, the company plans to expand its Patient-Specific Therapies segment by entering the field of personalized medicine (including RNA, gene and cell therapies).

Opportunities through an attractive working environment

The company's above-average growth over the past few years that have led to Medios becoming the leading provider of Specialty Pharma solutions in Germany has contributed to the company's ability to attract skilled employees on the labor market. By establishing a service structure and providing all subsidiaries with professional services in the fields of IT, Human Resources, Accounting, Facility Management, and Marketing/Sales, Medios was able to professionalize workflows across the company.

As an attractive and responsible employer, Medios wants to retain skilled and committed employees over the long term. To achieve this, Medios offers a modern and attractive working environment as well as a range of additional benefits. For example, employees of the Medios Group are offered a public transportation allowance in Berlin as well as private supplementary health insurance; Medios, as the employer, bears the cost of these benefits.

Overall assessment of opportunities

The overall assessment of opportunities shows that the Medios Group has numerous opportunities that will enable it to continue to leverage the aforementioned high growth potential for all business segments in the Specialty Pharma market in the future and to continue to grow significantly in the current financial year. With the acquisition of NewCo Pharma, the expansion of manufacturing capacities with the new laboratory in Berlin, the acquisition of bbw, and the initiated collaboration with AfS, Medios has further expanded its market position as the leading provider of Specialty Pharma solutions in Germany. This will enable the company to further increase consolidated revenue in the 2023 financial year compared with the previous year.

4. Forecast

The forward-looking statements and information presented below are based on the company's expectations and assessments at the time of preparing this Group management report. As such, they contain a number of risks and uncertainties. Numerous factors, many of which are outside of the Medios Group's control, affect the Group's business activities and results as well as Medios AG's earnings performance.

Actual business performance may deviate from Medios AG's forecasts due to the opportunities and risks described above, among other factors. The company's performance heavily depends on the regulatory and industry environment and may be negatively impacted by increasing uncertainties, such as the impact of the coronavirus, or a deterioration in the economic and regulatory environment.

The Executive Board expects the Medios Group to continue to grow in the 2023 financial year. Medios is focused on the Specialty Pharma sector and is the market leader in Germany in this industry.

The management has based its forecast on the following market data: Specialty Pharma is a segment within the Pharma market that, in industrialized nations, has already reached a volume of €438 billion according to IQVIA estimates and Medios' own calculations (IQVIA study: The Global Use of Medicines 2023, Outlook to 2027). Specialty Pharma generally comprises high-priced drugs for chronic, complex, or rare diseases, such as those sold and/or processed by Medios. For developed countries, IQVIA expects Specialty Pharma spendings to increase by around 7.6% to approximately €472 billion in 2023.

In addition, the IMF forecasts that the global economy will grow by 2.9% in 2023, whereas the Kiel Institute for the World Economy anticipates growth of 2.2%. By contrast, experts predict that the German economy will stagnate in 2023. The IMF expects growth of 0.1%. The Kiel Institute for the World Economy forecasts an increase of 0.3%.

The market situation outlined in the section on opportunities will lead to further changes and consolidation in the Pharma market as a whole. As a leading company in the Specialty Pharma market, Medios expects to leverage this consolidation to increase its market share.

The company currently has a total of roughly 700 partner pharmacies (December 31, 2021: roughly 550). The merger with NewCo Pharma GmbH in January 2022 led to an increase of 50 additional partner pharmacies, and the acquisition of Blisterzentrum Baden-Württemberg GmbH and the collaboration in the area of sterile production with Apotheken für Spezialversorgungen OHG in January 2023 increased this figure by another 30. In addition, Medios acquired further specialized pharmacies as partners.

Medios has identified a total potential of approximately 1,000 specialized pharmacies out of the roughly 18,000 total pharmacies in Germany. Over the long term, the company intends to acquire the majority of specialized pharmacies as its partners. These specialized partner pharmacies supply pharmaceuticals to medical specialists and infusion centers. This means that by acquiring additional partner physicians and infusion centers, Medios will also be able to generate additional growth within its existing partner network.

In the Pharmaceutical Supply segment, the total potential in Germany stands at approximately 1,000 products – the majority of which the Medios Group already covers. As the trend towards personalized therapies is expected to continue in the future, the overall potential for Specialty Pharma products will steadily increase.

At the present time, the Medios Group focuses on six indication areas: oncology, neurology, autoimmune diseases, ophthalmology, hemophilia, and infectiology. Medios is already the market leader in Germany for the hemophilia indication as a result of the merger with Cranach Pharma, and is striving to achieve a leading position in Germany in the other indications. As such, Medios intends to continue to expand its market position in 2023 through further organic as well as inorganic growth.

The entire Pharma market in Germany continues to find itself in a period of intense consolidation. Due to certain systematic and strategic changes, such as e-prescriptions and online pharmacies, along with increasing regulatory requirements and rules, the pharmacy market will undergo further consolidation. The number of pharmacies in Germany has continued to decline sharply in recent years. The same applies to the number of pharmacies that operate their own laboratories to produce personalized medicine themselves. This is leading to the production of personalized medicine being outsourced to external GMP-certified laboratories such as those operated by the Medios Group. Medios will also be able to continue to benefit from this trend.

Medios has established an extensive internal administrative structure to handle its strong growth over the past three years (the company has recorded average annual revenue growth of 60%). These include services in the fields of Finance, Human Resources, IT and Facility Management, among others, which are made available to all Medios Group companies. The establishment of these structures was largely completed back in 2020 with the establishment of an M&A (Mergers and Acquisitions) Department. Since then, Medios has been in an even better position to handle inorganic in addition to organic growth. As a result, Medios intends to continue playing an active role in the M&A market in the future, which offers additional growth potential for the company.

The war in Ukraine has not yet had any material impact on the Medios Group's business. As in the previous year, the risk assessment showed that neither the Medios Group's procurement nor sales markets are directly affected by the conflict. This assessment is based on the premise that the conflict will continue to have no lasting global economic impact, but rather a moderate effect on the Medios Group's procurement and sales markets. In the event of an extended conflict with global implications, risks affecting the Medios Group's business cannot be excluded.

Based on these assumptions and the acquisition of the bbw GmbH completed in January 2023 (also see "Events After the Reporting Period"), as well as the significant expansion of manufacturing output, senior management is forecasting revenues of approximately €1.6 to 1.8 billion and EBITDA pre of €56.0 to 63.0 million for the Medios Group in the 2023 financial year. This corresponds to a year-over-year increase in revenue of approx. 11.8% and an increase in earnings (EBITDA pre) of approx. 14.8% compared to the previous year. Should there be any significant changes to underlying assumptions, the guidance provided here may need to be adjusted. As in the previous year, the special expenses adjusted in the EBITDA pre forecast for 2023 include expenses for stock options and M&A as well as one-off performance-related payments for the acquisition of manufacturing volumes in 2023 and 2024 (amounting to €5.7 million in each case), which are part of the cooperation agreement in connection with the bbw transaction concluded in January 2023.

Over the medium term, Medios aims to further expand its market share, particularly in the field of patient-specific therapies, and thereby increase the profitability of the Group as a whole. Accordingly, Medios is targeting consolidated revenue of more than €2 billion in the medium term (2022: €1.6 billion) and an EBITDA pre margin in the mid-single digits (2022: 3.4%).

In the 2022 financial year, Medios AG (single entity) mainly realized revenues from cost allocations and income from transferred profits based on profit and loss transfer agreements. For 2023, a slight increase in costs and thus revenue/earnings development is expected at Medios AG.

Medios continues to pursue a slight reduction in the employee turnover rate.

V. Risk reporting on the use of financial instruments

The financial instruments held by the company mainly include receivables, liabilities, bank balances, and syndicated loans.

The company has a solvent customer base. Since pharmacies are founded as partnerships with personally liable pharmacists, payment practices are generally excellent and

the risk of nonpayment is relatively low. Liabilities are usually paid within the stipulated payment periods. In 2022, the Medios Group financed itself by means of equity and supplier credit as well as from current cash flow and the utilization of credit lines. In the event of short-term increases in working capital requirements, the company can draw on additional credit lines of €75 million, of which only €25 million was drawn in January 2023.

The objective of the company's financial and risk management is to safeguard the company's success against financial risks of any kind. The company pursues a conservative risk strategy when managing its financial resources. To minimize default risks, the company employs an adequate accounts receivable management system.

VI. Report on branch offices

The company does not maintain any branch offices.

Further components of the consolidated management report

The consolidated management report also contains the following components:

- "Corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB)"; this is published on the company's website www.medios.ag in the Investor Relations/Corporate Governance section (<https://medios.ag/en/investor-relations/corporate-governance>),
- "Reporting in accordance with Sections 289a and 315a of the German Commercial Code (HGB)"

Berlin, March 29, 2023

Matthias Gärtner
Chief Executive Officer (CEO)

Falk Neukirch
Chief Financial Officer (CFO)

Mi-Young Miehler
Board Member (COO)

Christoph Prußeit
Board Member (CINO)



Group financial statement IFRS

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Consolidated statement of comprehensive income

in thousand €	Notes	2022	2021
Revenue	9	1,610,777	1,357,408
Change in stocks of finished goods and work-in-progress	10	-35	-19
Work performed and capitalised	11	1,251	1,117
Other income	12	2,122	1,616
Cost of materials	13	1,505,178	1,290,028
Personnel expenses	14	33,704	22,055
Other expenses	15	24,018	13,405
Earnings before interest, tax, depreciation and amortisation (EBITDA)		51,214	34,635
Depreciation and amortisation	18, 19, 33	22,248	19,374
Operating profit/loss (EBIT)		28,966	15,261
Financial expenses	16	1,257	1,727
Financial income	16	113	43
Consolidated earnings before tax (EBT)		27,821	13,576
Tax	17	9,492	6,174
Consolidated earnings after tax		18,329	7,402
Total consolidated earnings			
Undiluted earnings per share (in €)	40	0.77	0.37
Diluted earnings per share (in €)	40	0.77	0.37

† Adjusted, see note 17

Consolidated balance sheet

Assets

in thousand €	Notes	31.12.2022	31.12.2021
Non-current assets		325,945	223,473
Intangible assets	18	284,562	192,861
Property, plant and equipment	19	24,594	13,713
Right of use	33	16,024	16,209
Financial assets	20	765	690
Current assets		250,013	300,669
Inventories	21	50,029	36,471
Trade receivables	22	106,799	87,770
Other assets	23	10,407	5,852
Income tax receivables	17	3,564	2,144
Cash and cash equivalents	24	79,213	168,431
Balance sheet total		575,958	524,142

Liabilities

Equity	25		
Subscribed capital		23,806	22,881
Capital reserves	37	377,194	342,567
Accumulated Group's net income		47,045	28,716
Attributable to shareholders in the parent company		448,045	394,164

Liabilities

Non-current liabilities		45,856	36,212
Financial liabilities	26	15,464	15,290
Other accrued liabilities	27	4,217	1,040
Deferred tax liabilities	17	26,175	19,882
Current liabilities		82,057	93,766
Other provisions	27	1,276	687
Trade payables	28	47,769	32,321
Financial liabilities	26	5,769	34,420
Income tax liabilities	17	16,502	10,900
Other liabilities	29	10,741	15,438
Total liabilities		127,913	129,978
Balance sheet total		575,958	524,142

Consolidated cash flow statement

in € thousands	Notes	2022	2021
Cash flow from operating activities			
Net income for the year		18,329	7,402
Depreciation and amortisation	18, 19	22,248	19,374
Decrease/increase in provisions	27	-37	-937
Other non-cash expenses	14, 37	2,870	2,996
Increase in inventories, trade receivables and other assets not attributable to investment or financing activities	21, 22 23	-8,547	34,759
Decrease/increase in trade payables and other liabilities not attributable to investment or financing activities	28, 29	4,092	-4,260
Financial result	16	1,144	1,684
Income/expenses from the disposal of assets	12, 15	79	-23
Income tax expense	17	9,492	6,174
Income tax payments	17	-12,548	-5,649
Net cash inflow/outflow from operating activities		37,123	61,520
Cash flow from investment activities			
Payments made for investments in intangible assets	18	-630	-2,922
Proceeds from disposals of intangible assets		0	250
Payments made for investments in property, plant and equipment	19	-4,434	-9,899
Proceeds from disposals of tangible fixed assets	12, 19	6	42
Proceeds from finance lease	33	127	102
Proceeds from additions to the scope of consolidation	16	0	29,972
Payments for disposals from the scope of consolidation	16	-81,724	-224
Interest received		113	43
Net cash outflow from investment activities		-86,541	17,364
Cash flow from financing activities			
Proceeds from equity injections		0	76,071
Payments for issuing costs for the capital increase		-53	-2,763
Proceeds from financial liabilities		500	30,000
Cash outflows from the repayment of financial liabilities		-35,866	-30,141
Interest paid	16	-1,647	-1,329
Repayments of lease liabilities	33	-2,734	-2,079
Net cash inflow from financing activities		-39,799	69,759
Net change in cash and cash equivalents		-89,218	148,643
Cash and cash equivalents at the beginning of the financial year		168,431	19,788
Cash and cash equivalents at the end of the financial year	24	79,213	168,431

Consolidated statement of changes in equity

in € thousands	Notes	Subscribed capital	Capital reserves	Accumulated total consolidated earnings	Attributable to shareholders in the parent company	Equity
As at 01/01/2021		16,085	105,026	21,314	142,425	142,425
Net profit for 2020	25	0	0	7,402	7,402	7,402
Share-based payments	37	0	2,996	0	2,996	2,996
Capital increase		6,796	236,474	0	243,270	243,270
Transaction costs and tax from the capital increase		0	-1,929	0	-1,929	-1,929
As at 12/31/2021		22,881	342,567	28,716	394,164	394,164
As at 01/01/2022		22,881	342,567	28,716	394,164	394,164
Net profit for 2021	25	0	0	18,329	18,329	18,329
Share-based payments	37	0	2,870	0	2,870	2,870
Capital increase		924	31,794	0	32,718	32,718
Transaction costs and tax from the capital increase		0	-37	0	-37	-37
As at 12/31/2022		23,806	377,194	47,045	448,045	448,045



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Notes to the consolidated financial statements for the 2022 financial year

1. General information

Medios AG (hereinafter also the "Company", "Medios", or, in connection with its subsidiaries, the "Medios Group") is a joint-stock company under German law. The Company's stock is listed in the regulated market on the Frankfurt Stock Exchange (Prime Standard). In addition, the stock is approved for over-the-counter trading on the stock exchanges in Düsseldorf and Stuttgart.

The Company's registered office is in Berlin (HRB 246626, Local Court Berlin Charlottenburg). Its business address is Heidestr. 9, 10557 Berlin, Germany.

The consolidated financial statements are presented in euros (€), the reporting Company's functional currency. Figures are presented in thousands of euros (€ thousand) unless otherwise stated. Readers should be aware that the use of rounded amounts and percentages may result in discrepancies within tables due to the nature of the commercial rounding method. This also applies to the totals and subtotals presented in the consolidated financial statements.

The consolidated statement of comprehensive income is prepared using the total cost method. The financial year of Medios AG and its subsidiaries included in the consolidated financial statements corresponds to the calendar year; a group relationship has existed since August 31, 2016.

2. Business activity

Medios AG is the leading provider of specialty pharma solutions in Germany. As a competence partner and expert, Medios covers all relevant aspects of the supply chain in this field – from pharmaceutical supply and the manufacture of patient-specific therapies to blistering (dispensing of individually dosed tablets). Its focus is on providing patients with the best possible care through specialized pharmacies. As a GMP-certified manufacturer, Medios also adheres to high international quality standards. GMP (which stands for "good manufacturing practice") refers to the guidelines for the quality assurance of production processes and the production environment in the manufacture of pharmaceuticals. Medios currently focuses on six areas of indication: oncology, neurology, autoimmunology, ophthalmology, infectiology, and hemophilia.

Generally speaking, specialty pharmaceuticals are high-priced medications for rare and/or chronic conditions. Many of the newly developed therapies for these kinds of conditions are personalized. They include, for example, infusions that are formulated and produced on the basis of individual disease patterns and parameters such as body weight and body surface area.

In the fiscal year, the Medios Group consisted of the two operating divisions (operating segments): Pharmaceutical Supply and Patient-Specific Therapies. The third segment is the internal Services segment.

With its Pharmaceutical Supply segment focused on specialty pharma, Medios is the largest provider of specialty pharmaceuticals in Germany in six indication areas.

The Patient-Specific Therapies segment encompasses the production of medications on behalf of pharmacies. Patient-specific therapies include, for example, infusions that are formulated and produced on the basis of individual disease patterns and individual parameters such as body weight and body surface area.

3. Basis of preparation of the financial statements

The consolidated financial statements of Medios AG as of December 31, 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the additional requirements of German commercial law pursuant to Section 315e(1) of the German Commercial Code (HGB).

The corporate group around Medios AG as the reporting company was established in August 2016 through a reverse acquisition.

The Company prepares its consolidated financial statements on a going concern basis.

Reporting for the 2022 financial year has been carried out in accordance with the mandatory accounting standards and provides a true and fair view of the net assets, financial position, and results of operations of the Group. These consolidated financial statements were prepared and approved by the Executive Board of Medios AG on March 29, 2023.

4. Newly applicable and/or amended and applicable standards and interpretations

The following new or revised standards and interpretations were applied in the financial year:

	Standards/interpretations	Mandatory effective date	Date of EU endorsement
IFRS 1, IFRS 9, IFRS 16, IAS 41	Annual Improvements to IFRSs 2018 – 2020 Cycle	01/01/2022	06/28/2021
IFRS 3	Amendment to IFRS 3 – Business Combinations: Reference to the Conceptual Framework	01/01/2022	06/28/2021
IAS 16	Amendment to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use	01/01/2022	06/28/2021
IAS 37	Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	01/01/2022	06/28/2021

The application of the new accounting standards as of January 1, 2022 did not have any material impact on the consolidated financial statements of the Medios Group.

Standards and interpretations that have already been published but not yet applied:

	Standards/interpretations	Mandatory effective date	Date of EU endorsement
IFRS 17	Insurance Contracts	01/01/2023	11/19/2021
IFRS 17	First-Time Adoption of IFRS 17 and IFRS 9 – Comparative Information	01/01/2023	09/08/2022
IAS 1	Amendments to IAS 1: Presentation of Financial Statements – Disclosure of Accounting Policies	01/01/2023	03/02/2022
IAS 8	Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	01/01/2023	03/02/2022
IAS 12	Amendment to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/01/2023	08/11/2022
IAS 1	Amendments to IAS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Noncurrent	01/01/2024	TBD
IFRS 16	Leases – Lease Liability in a Sale and Leaseback	01/01/2024	TBD
IAS 1	Amendments to IAS 1: Noncurrent Liabilities with Covenants	01/01/2024	TBD

Similarly, the other new or amended IFRSs to be adopted for the first time after December 31, 2022 will have, at most, an immaterial impact on Medios' consolidated financial statements. With respect to the standards not yet adopted by the EU, the date of first-time adoption provided for by the IASB is initially assumed to be the expected date of first-time adoption.

5. Scope of consolidation

In addition to Medios AG, the consolidated financial statements as of December 31, 2022 included the following subsidiaries:

1. 100% in Medios Pharma GmbH, Berlin
2. 100% in Medios Manufaktur GmbH, Berlin
3. 100% in Medios Digital GmbH, Berlin
4. 100% in Medios Individual GmbH, Berlin
5. 100% in Kölschen Blister GmbH, Cologne
6. 100% in Cranach Pharma GmbH, Hamburg
7. 100% in NewCo Pharma GmbH, Mannheim
8. 100% in Logopharma Pharmagroßhandel GmbH, Mannheim
9. 100% in hvd medical GmbH, Friedrichsthal
10. 100% in cas central compounding Baden-Württemberg GmbH, Magstadt
11. 100% in Rhein Main Compounding GmbH, Aschaffenburg
12. 100% in Rheinische Compounding GmbH, Bonn
13. 100% in Onko Service Beteiligungs GmbH, Osnabrück
14. 100% in Onko Service GmbH & Co. KG, Osnabrück
15. 100% in Fortuna Herstellung GmbH, Mannheim

In the case of companies 8 to 14, the ownership interest results from a 100% interest in NewCo Pharma GmbH, which in turn holds 100% of the shares in the respective company. With respect to Fortuna Herstellung GmbH, 49% of the shares are held directly by Medios AG, 51% via NewCo Pharma GmbH.

Acquisition of the NewCo Pharma Group

On November 25, 2021, the Medios Group contractually acquired 100% of the shares in NewCo Pharma GmbH and 49% of the shares in Fortuna Herstellung GmbH ("the NewCo Pharma Group"). Through the acquisition of the entire NewCo Pharma Group, Medios AG aims to strengthen its market position in the field of pharmaceutical manufacturing, in particular by expanding its business activities in the Patient-Specific Therapies segment throughout Germany, and to significantly improve its profit margins.

The German Federal Cartel Office (Bundeskartellamt) approved the acquisition of the NewCo Pharma Group on December 14, 2021. Upon completion of all closing terms and closing actions stipulated in the purchase agreement, the Medios Group obtained control as of January 10, 2022.

The purchase price totaling roughly €120.5 million was paid in the form of 924,233 new Medios shares, which were created from authorized capital within the scope of an equity offering for contributions in kind. The new shares are subject to staggered lock-up periods of up to 24 months. Secondly, the purchase price was also settled in cash in the amount of €85.2 million in January 2022, which was financed by the equity offering carried out on December 3, 2021. The final payment of €2.5 million was rendered in the second quarter of 2022.

The basis for determining the acquired (reported) assets and liabilities was the consolidated financial statements of the NewCo Pharma Group, including the 49% interest in Fortuna Herstellung GmbH, as of December 31, 2021.

NewCo Pharma Group, reconciliation of IFRS net assets and goodwill on the acquisition date

Main groups of recognized assets and liabilities	Carrying amount	Remeasurement assets and liabilities	Carrying amount upon first-time consolidation
in thousand €			
Intangible assets and property, plant and equipment	5,241	1,442	6,683
Customer relationships		34,939	34,939
Inventories	8,447		8,447
Receivables and other assets	18,323		18,323
Cash and cash equivalents	6,038		6,038
Deferred taxes	656	291	947
Total assets	38,705	36,672	75,377
Deferred tax liabilities		11,374	11,374
Provisions	4,760		4,760
Trade payables	9,832	950	10,782
Total liabilities	14,592	12,324	26,916
Fair value of net assets			48,461
Consideration transferred pursuant to IFRS 3			120,480
Goodwill			72,018

The acquired payables have been settled in full.

The value of the customer relationships recognized as of their acquisition date was calculated using the residual value method. Customer relationships constitute by far the largest share of the hidden reserves identified and measured.

In addition, an obligation previously classified as a contingent liability in the amount of €0.95 million was recognized as a liability as part of the remeasurement of liabilities. This relates to the residual purchase price for the acquisition of the oncological business of a pharmacy from March 2021 that was agreed as an earn-out component subject to conditions precedent. According to the terms of this agreement, this amount is to be paid in three installments (2022: €0.35 million, 2023: €0.3 million, and 2024: €0.3 million). As the maturity of the purchase price payment is contractually linked to the continuation of the business relationship with the Fortuna pharmacy and there are no indications for any intended termination/cancellation, the earn-out was recognized in full as a contingent liability.

The goodwill resulting from the difference between the consideration given and the revalued net assets primarily represents the value of the expected revenue and cost synergies from the acquisition of the business and the industry expertise of the management team. This goodwill is not tax-deductible.

Acquisition of Blisterzentrum Baden-Württemberg GmbH (bbW GmbH)

On November 22, 2022, the Medios Group contractually acquired 100% of Blisterzentrum Baden-Württemberg GmbH (bbW GmbH) and agreed on a collaboration in the field of sterile production with Apotheken für Spezialversorgungen OHG. bbW GmbH is a pharmaceutical manufacturing company that manufactures patient-specific blister packages on behalf of pharmacies. In addition to its manufacturing license, the company holds a wholesale license and distributes finished medicinal products from the specialty pharmaceuticals sector that have been approved in Germany. The acquisition will enable Medios to significantly strengthen its position as a partner to specialized pharmacies in southern Germany and to further increase revenue and profitability. The German Federal Cartel Office (Bundeskartellamt) ap-

proved the acquisition of bbw GmbH on December 1, 2022. The execution of all terms of the purchase agreement and all closing acts took place on January 10, 2023 (acquisition date). Medios therefore gained control of the company on this date.

As consideration for the acquisition of the shares in bbw GmbH, the sellers will receive a provisional purchase price of €19.4 million in cash. The final purchase price is based on the binding statement of financial position as of the acquisition date agreed between Medios and the sellers of bbw GmbH.

The consideration does not constitute contingent consideration. bbw GmbH will be included in the scope of consolidation of Medios AG as a wholly owned subsidiary as of January 10, 2023 and will thus be fully consolidated for the coming 2023 financial year. The collaboration with Apotheken für Spezialversorgungen OHG in the field of sterile manufacturing, which was agreed upon at the same time as the acquisition, will commence on January 10, 2023 and run until December 31, 2024.

The acquisition of the shares in bbw GmbH meets the requirements to qualify as a business combination pursuant to IFRS 3. The preliminary financial statements of bbw GmbH as of December 31, 2022, prepared in accordance with German commercial law, formed the basis for determining the assets and liabilities acquired (recognized). As financial statements pursuant to IFRS have not yet been finalized, an indicative determination of IFRS net assets was used to identify goodwill pursuant to IFRS 3. The following allocation of the purchase price is based on information available to management as of December 31, 2022. On the basis of a preliminary allocation, the following assets including goodwill (not deductible for tax purposes) were acquired and liabilities assumed as of the acquisition date:

Blisterzentrum Baden-Württemberg GmbH. Preliminary reconciliation of IFRS net assets and goodwill on the acquisition date

Main groups of recognized assets and liabilities	Carrying amount	Remeasurement assets and liabilities	Carrying amount upon first-time consolidation
in thousand €			
Intangible assets and property, plant and equipment	234		234
Customer relationships		6,568	6,568
Inventories	1,277		1,277
Receivables and other assets	1,515		1,515
Cash and cash equivalents	2,386		2,386
Total assets	5,411	6,568	11,979
Deferred tax liabilities		1,971	1,971
Provisions	78		78
Trade payables	2,511		2,511
Total liabilities	2,589	1,971	4,559
Fair value of net assets			7,420
Consideration transferred pursuant to IFRS 3			19,412
Goodwill			11,992

No valuation allowances have been recognized to date for the acquired receivables, as defaults have not occurred in line with the experience of previous years. Inventories mainly comprise finished goods at purchase prices, which is why no hidden reserves were identified.

The value of the customer relationships recognized as of their acquisition date was calculated using the residual value method.

The goodwill resulting from the difference between the consideration given and the remeasured net assets mainly represents the value of the expected revenue and cost synergies from the acquisition of the business as well as the future business performance beyond the assumed term of the customer relationships recognized as intangible assets. This goodwill is not tax-deductible.

6. Accounting policies

The accounting policies applied in the preparation of the consolidated financial statements are presented below. The following explanations contain information in individual items of the consolidated statement of comprehensive income and the consolidated balance sheet, as well as corresponding figures. The consolidated financial statements are prepared in accordance with the going concern principle and using the historical cost method.

Revenue recognition and reporting

Revenue includes all proceeds from the transfer of goods and services to customers resulting from the Group's ordinary business activities. Proceeds from the sale of property, plant and equipment or intangible assets do not constitute revenue. Medios recognizes the gains or losses from such transactions in other operating income or other operating expenses.

Revenue is recognized excluding VAT. Revenue is generally recognized when the products or goods (pharmaceutical products and drugs) have been delivered or the services have been rendered and control has been transferred to the customer. This is the case when the customer takes possession of the products. Revenue is recognized less deductions. Furthermore, revenue is measured on the basis of a consideration stipulated in a contract with the customer concerned.

Agreements with customers mainly set a payment term of 30 days upon receipt of the invoice, although this payment term may differ if market circumstances dictate.

Sales by the Medios Group occasionally result in reimbursement claims from customers. These arise from a situation in which a health insurance company refuses to reimburse the costs of the pharmacy for medications that have already been issued to patients. Pharmacies charge such reimbursements to the Medios Group as the manufacturing company. When recognizing revenue, the Medios Group estimates the expected reimbursements to pharmacies using the expected value method.

In this process, the expected revenue is determined as a probability-weighted amount for each order, taking into account the empirical risk of recalculation.

The estimated value of the reimbursement is initially not included in revenue. When there is no longer any uncertainty regarding reimbursement of health insurance companies, the amounts are recognized in revenue. A reimbursement liability is recognized under other current liabilities for expected reimbursements.

Other internally produced and capitalized assets

Other internally produced and capitalized assets relate to noncurrent intangible assets. The Medios Group capitalizes the costs directly attributable to the further development or new construction of production facilities as well as customization activities and expenses related to the implementation of ERP software.

Recognition of interest income

Interest income is recognized using the effective interest rate method.

Expenses

Expenditures are recognized as an expense when the service is utilized or when the expense is incurred. Interest is recognized as an expense using the effective interest rate method.

Goodwill/intangible assets with an indefinite life

Goodwill acquired within the scope of a business combination is recognized as an asset on the acquisition date. This is initially measured at cost, which is the excess of the consideration transferred over the fair value of the remeasured net assets of the acquired business. After first-time recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not depreciated on a straight-line basis, but is reviewed for impairment losses at the level of cash-generating units once a year – and more frequently if there are any indications of impairment. New goodwill is allocated to the cash-generating units that are expected to benefit from the business combination.

In order to calculate a potential impairment, the recoverable amount of a cash-generating unit is compared with its carrying amount. The recoverable amount is the higher of value in use or fair value less sale costs. An impairment loss is only recognized if the recoverable amount is lower than the carrying amount.

If the reasons for an impairment loss recognized in previous financial years cease to apply, no subsequent reversal is performed.

Goodwill includes an amount of €6,804 thousand from the business combination with Medios Manufaktur GmbH in the 2016 fiscal year and an amount of €436 thousand from the business combination with Medios Individual GmbH in 2017. Further goodwill in the amount of €9,497 thousand results from the business combination involving a manufacturing facility for noncytostatic products in Medios Individual GmbH in 2018. This goodwill is allocated to the Patient-Specific Therapies reporting segment.

A total of €103,829 thousand of recognized goodwill was attributable to Cranach Pharma GmbH, which was first consolidated in 2021, and allocated to the Pharmaceutical Supply reporting segment. The first-time consolidation of the New-Co Pharma Group resulted in goodwill of €72,018 thousand, of which €66,623 thousand was allocated to the Patient-Specific Therapies segment and €5,392 thousand to the Pharmaceutical Supply segment. The ratio of the relative fair values of the respective companies was used as a basis for the allocation.

In total, goodwill of €83,360 thousand was therefore allocated to the Patient-Specific Therapies segment as of the reporting date. The Pharmaceuticals Supply segment accounted for €109,221 thousand.

From the 2022 financial year onwards, the Executive Board will manage the Group according to the reporting segments Pharmaceutical Supply, Patient-Specific Therapies, and Services. These segments represent the cash-generating units relevant to impairment testing.

Pharmaceutical Supply segment cash-generating unit

The recoverable amount, which was higher than the carrying amount, was determined during an impairment test. The applied value in use is based on anticipated cash flows derived from planning for the next three years approved by the management. The planned cash flows are based on expectations and assumptions from internal and external sources such as customer surveys, taking into account previous experience. Management is targeting revenue growth of approximately 2% annually in the medium term. The discount rate before taxes amounted to 8.729% (previous year: 8.064%) and after taxes to 6.599% (previous year: 6.195%) for the detailed planning phase and 5.599% (previous year: 5.195%) for the distant planning phase, reflecting the specific risks of this cash-generating unit. A perpetual growth rate of 1.0% (previous year: 1.0%) was assumed. The discount rate was calculated in accordance with the WACC model and on the basis of current market data and estimates. As of the balance sheet date, the impairment test did not identify any need to recognize impairment losses.

Patient-Specific Therapies segment cash-generating unit

The recoverable amount, which was higher than the carrying amount, was determined during an impairment test. The applied value in use is based on anticipated cash flows derived from planning for the next three years approved by the management. The planned cash flows are based on expectations and assumptions from internal and external sources such as customer surveys, taking into account previous experience. Management is targeting revenue growth of 3% annually in the medium term. The discount rate before taxes amounted to 8.729% (previous year: 8.064%) and after taxes to 6.599% (previous year: 6.195%) for the detailed planning phase and 5.599% (previous year: 5.195%) for the distant planning phase, reflecting the specific risks of this cash-generating unit. A perpetual growth rate of 1.0% (previous year: 1.0%) was assumed. The discount rate was calculated in accordance with the WACC model and on the basis of current market data and estimates. As of the balance sheet date, the impairment test did not identify any need to recognize impairment losses.

Other intangible assets

Medios has internally generated intangible assets in the form of software and patents. As of December 31, 2022, they are recognized at a residual carrying amount of €448 thousand (previous year: €626 thousand). Internally generated intangible assets are capitalized on the basis of the directly attributable expenses incurred during the development phase. In particular, these include labor expenses and manufacturing-related overheads. Development expenses are only capitalized if the development costs can be reliably

measured, if the product or process is technically and commercially suitable, if a future economic benefit is likely and if the Group intends to complete development and use or sell the asset and has sufficient resources to do so.

Other intangible assets are measured at historical cost, less scheduled amortization and depreciation. Intangible assets are amortized on a straight-line basis over their estimated useful lives. Amortization is recognized in profit or loss. The company uses the following amortization methods and useful lives:

Intangible assets	Amortization method	Useful life
Software	Straight-line amortization	3 to 5 years
Customer relationships	Straight-line amortization	4 to 20 years
Other purchased intangible assets	Straight-line amortization	10 to 20 years

Amortization methods, useful lives, and residual values are reviewed and, if necessary, adjusted on each reporting date.

Amortization of intangible assets is combined with depreciation of property, plant and equipment and recognized under depreciation and amortization in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment is measured at cost less scheduled depreciation and impairment losses. Disposals are recognized both at historical cost and at cumulative de-

preciation. Any gain or loss from the disposal of property, plant and equipment is recognized in profit or loss.

Amortization is calculated in order to amortize the historical cost of property, plant and equipment, less their residual value, on a straight-line basis over their extended useful lives. Amortization is recognized in profit or loss. Land is not amortized.

The company uses the following amortization methods and useful lives:

Property, plant and equipment	Amortization method	Useful life
Buildings	Straight-line amortization	3 to 15 years
Technical equipment and machinery	Straight-line amortization	4 to 15 years
Furniture and office equipment	Straight-line amortization	3 to 15 years

Amortization methods, useful lives, and residual values are reviewed and, if necessary, adjusted on each reporting date.

Government grants

Government grants are recognized when there is reasonable assurance that the grants will be received and the Company will comply with the conditions attached to them. Investment grants or subsidies are netted directly with the acquisition cost of the subsidized assets and reduce the carrying amounts of the corresponding assets. A grant is then recognized in the form of less depreciation over the remaining useful life. The Company has always met the existing terms and conditions to date and expects to continue to do so in the future. In the event that the Company ceases to meet the terms and conditions in the future, repayment obligations could arise that have not been recognized as liabilities to date.

Impairment of other intangible assets and property, plant and equipment

An impairment test is carried out for intangible assets with a determinable useful life and for property, plant and equipment if there are specific indications that impairment losses have been incurred. Any impairment loss is then recognized in profit or loss commensurate to the extent by which the carrying amount exceeds the recoverable amount. As a general rule, the recoverable amount is calculated for each asset individually. If this is not possible, the recoverable amount is calculated on the basis of a group of assets that largely generate independent cash flows. A cash-generating unit represents the smallest group of assets that generate cash flows from continued use that are largely independent from the cash flows of other assets or other cash-generating units. The recoverable amount is the higher of either fair value less costs to sell and value in use. Any impairment loss is immediately recognized in profit or loss. If the reasons for an impairment loss recognized in previous years cease to apply, the impairment loss will be reversed up to a maximum of amortized cost.

Advance payments

Advance payments made on an item of property, plant and equipment are also recognized under this item if they are advance payments on an item that is classified as noncurrent.

Inventories

Inventories are recognized at either historical/amortized cost or at net disposal value, whichever is lower. Alongside directly attributable costs, manufacturing costs include manufacturing and material overheads and pro-rated production-related general administrative expenses.

In this context, fixed overheads are accounted for on the basis of the production facilities' normal capacity utilization. Financing costs do not form part of historical or production costs. The cost of unused production capacity (idle capacity costs) are recognized directly in profit or loss.

Impairment losses are recognized on inventories insofar as the historical or manufacturing costs exceed the expected net disposal proceeds. FIFO is used consistently through the Medios Group as the sequence-of-use procedure.

Provisions

Provisions are formed insofar as it is overwhelmingly likely that, as of the reporting date, a current legal or actual obligation has arisen toward a third party that will probably result in a future outflow of resources and where the corresponding amount can reliably be estimated. Provisions are recognized at their expected fulfillment amount. Provisions that are based on a large number of similar events are recognized at their expected value.

Contingencies that are not recognized and that are disclosed in the Notes are potential obligations or assets resulting from events in the past and whose existence is contingent on the occurrence or absence of one or more uncertain future events that are not fully under the control of the Group. Contingent liabilities also include current liabilities where there is not expected to be a likely outflow of economic resources or where the amount of the liabilities cannot be reliably estimated.

Income taxes (current and deferred taxes)

Income tax expenses represent the sum total of current (actual) tax expenses and deferred taxes. Actual and deferred taxes are recognized in profit or loss.

Actual tax expenses are calculated on the basis of the taxable income for the year. The Group's liability for actual tax expenses is calculated on the basis of the tax rates applicable on the reporting date or in the near future. The amount of the expected tax payable or receivable reflects the best estimate, taking into account tax-related uncertainties.

Current tax assets and liabilities are netted whenever possible.

Deferred taxes are recognized using the liability method. This means that, subject to an express prohibition on recognition, deferred taxes must be recognized for all temporary differences between the carrying amounts of assets and liabilities in the IFRS statement of financial position and their tax bases. This applies irrespective of the date on which the temporary differences are eliminated.

Deferred tax assets and liabilities are measured using the tax rates (and tax provisions) that are expected to apply in the periods in which the temporary differences are expected to be eliminated. In this context, the rules in force on the reporting date are applicable, unless they have already been amended for the future. Deferred tax assets are recognized for tax loss carryforwards to the extent that it is probable that they can be utilized.

Deferred tax assets are reviewed on each reporting date and decreased to the extent that it is no longer probable that the related tax benefit will be utilized; reversals are recognized when there is an improvement in the probability of future taxable profit that can be used to utilize expenses from the reversal of temporary differences or losses.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it is probable that future taxable income will allow them to be utilized.

Deferred tax assets and deferred tax liabilities are netted if certain conditions are met.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognized as financial assets and those recognized as financial liabilities are always reported separately. Financial instruments are recognized as soon as Medios becomes a contractual party to agreements relating to the financial instrument. For regular way purchases or sales of financial assets, Medios has selected the trade date for both first-time recognition and derecognition.

The classification of financial instruments is based on the business model under which the instruments are held, as well as the composition of the contractual payment flows.

In this context, IFRS 9 divides financial assets into the following categories:

- Financial assets measured at fair value through profit and loss
- Financial assets measured at fair value through other comprehensive income (debt instruments)
- Financial assets measured at fair value through other comprehensive income (equity instruments)
- Financial assets measured at amortized cost

Financial liabilities are classified into the following categories:

- Financial liabilities measured at fair value through profit and loss
- Financial liabilities measured at amortized cost

Financial instruments are not reclassified following first-time recognition unless the Group changes its business model for the management of financial assets. In this instance, all affected financial assets will be reclassified on the first day of the reporting period following the change to the business model.

Financial assets measured at amortized cost are nonderivative financial assets with contractual payments solely comprising interest and principal repayments on the outstanding nominal amount and that are held for the purpose of collecting the contractually agreed payment flows.

With one exception, Medios AG classifies all of its financial instruments in the category "financial assets and liabilities measured at amortized cost."

Within the Medios Group, financial assets and liabilities measured at amortized cost relate, in particular, to trade receivables and payables, other receivables and financial assets and liabilities, financial debt, cash and cash equivalents

Financial instruments relating to existing factoring agreements, on the other hand, are classified as financial assets at fair value through profit or loss (FVtPL) due to the "selling" nature of the business model.

First-time recognition of financial instruments is at fair value, with the exception of trade receivables without significant financing components. These are measured at the transaction price.

Following first-time recognition, these financial assets are measured at amortized cost using the effective interest rate method, less impairment losses. Profit and loss is recognized in the income statement when the receivables are impaired or derecognized.

Impairment losses due to expected loan defaults on the reporting date are calculated on the basis of the following circumstances:

- The need for impairment is determined taking into account industry-specific probabilities of default.
- Only in the Pharmaceutical Supply segment were individual cases identified where impairment losses needed to be recognized. In the opinion of the company, this constitutes an exceptional case that is not representative of the risk classification of the customer and receivables structure of Medios AG and that, in this form, represents a historical and systematic one-off. A divergent decision to impair due to expected credit losses was therefore not reached.

Financial liabilities include, in particular, trade payables, liabilities to banks, leasing liabilities and other liabilities and are measured at fair value on first-time recognition. Financial liabilities include, in particular, trade payables, liabilities to banks, leasing liabilities and other liabilities and are measured at fair value on first-time recognition.

Financial assets and financial liabilities are netted, and the net amount reported in the consolidated balance sheet, insofar as there is an enforceable legal claim to offset the amounts against each other and insofar as it is intended to bring about settlement on a net basis or to simultaneously clear the related financial liability upon collection of the corresponding asset.

Leases as lessee

At the start of the contract, the Medios Group assesses whether the contract establishes or includes a lease. This is the case if the contract authorizes the control of an identified asset in exchange for payment of a fee for a specified period. In order to assess whether a contract includes the right to control an identified asset, the Medios Group applies the definition of a lease pursuant to IFRS 16.

At the date of provision or upon modification of a contract containing a lease component, the Medios Group allocates the contractually agreed consideration on the basis of the relative individual selling prices.

In respect of real estate lease agreements, however, the Group has decided not to separate non-lease components and, instead, recognizes lease and nonlease components as a single lease component.

On the provision date, the Medios Group recognizes an asset for the right-of-use granted and a leasing liability. The right-of-use asset is initially measured at cost, which corresponds to the initial measurement of the leasing liability, adjusted for payments made on or before the provision date, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or restoring the underlying asset or the site on which it is located.

Subsequently, the right-of-use asset is amortized on a straight-line basis from the provision date to the end of the lease term. In addition, the right-of-use asset is adjusted for impairment losses on an ongoing basis, if necessary.

Leasing liabilities are initially discounted at the present value of lease payments not yet made on the provision date using the incremental borrowing rate, as an internal interest rate could not be readily determined.

The lease payments included in the measurement of the leasing liability comprise lease payments, amounts due under residual value guarantees, purchase options, and renewal options to the extent that it is reasonably certain that they will be exercised.

The leasing liabilities is measured at its amortized carrying amount, using the effective interest rate method. It is remeasured if the future lease payments change due to an indexing change, if the Medios Group adjusts its estimate of the anticipated payments in connection with a residual value guarantee, or if the Medios Group changes its estimate regarding the exercise of a purchase, renewal, or termination option. Upon such remeasurement of the leasing liabilities, an adjustment is made to the carrying amount of the right-of-use asset or is recognized in profit or loss if the carrying amount of the right-of-use asset has decreased to zero.

The Medios Group does not recognize right-of-use assets and leasing liabilities for leases that are based on assets of low value (limit: €5 thousand) or have a term of less than one year. The Medios Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As lessor

At the inception of, or upon modification to, a contract containing a lease component, the Group allocates the contractually agreed consideration on the basis of relative stand-alone selling prices.

When the Medios Group acts as the lessor, it classifies each lease as either a financing lease or an operating lease at the start of the contract.

For the purpose of classifying the lease, the Medios Group has carried out an overall assessment as to whether the lease transfers all significant risks and opportunities connected with ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers certain indicators, for example, whether the lease covers the majority of the economic life of the asset.

The Medios Group recognizes the head lease and the sublease separately if it acts as an intermediate lessor. It classifies the sublease based on its right-of-use asset from the head lease rather than the underlying asset. If the head lease is a short-term lease to which the Group applies the exception described above, it classifies the sublease as an operating lease. In the 2022 financial year, all subleases were classified as finance leases.

The Group applies the derecognition and impairment rules of IFRS 9 to the net investment in the leases. The Group periodically reviews the estimated unguaranteed residual values used in calculating the gross investment in the lease.

There were no fundamental differences between the accounting policies applicable to the Group as a lessor under IFRS 16 and those applied in the prior-year period. This does not include subleases entered into in the current reporting period, which are classified as finance leases.

Share-based compensation

The Medios Group has granted stock options (equity-settled share-based compensation transactions). The fair value of the obligation is recognized over the vesting period under labor expenses and through the simultaneous recognition of a capital reserve. The expense is recognized on a prorated basis over the vesting period. This is the period during which the recipients of share-based compensation must fulfill the agreed employment condition. The issued options are measured using a binomial model.

7. Consolidation principles

Business combinations are recognized using the acquisition method if the Medios Group gains control. Control is deemed gained if the Medios Group has power of disposal over the associated enterprise, if there is a burden of risk through fluctuating returns or rights to these returns and, moreover, the Group has the ability to use its power of disposal in such a way that it can influence the level of returns from the associated enterprise. The individually identifiable assets and liabilities acquired as part of the acquisition are recognized at their fair values at the time of the acquisition.

If the remeasured net assets of the acquired business exceed the fair value of the consideration given, goodwill is recognized in the amount of the difference. In the opposite case, the resulting difference must be recognized immediately in profit or loss as an acquisition gain. Transaction costs are recognized immediately as an expense. Any resulting goodwill is tested for impairment.

Revenue, expenses, and income, as well as receivables and payables, between the consolidated companies are eliminated. Interim results are eliminated where material.

8. Use of estimates and assumptions

When preparing the consolidated financial statements, the Executive Board is required to make estimates and assumptions that influence the items of the consolidated financial statements and the notes to the consolidated financial statements. Actual developments may differ from these estimates and assumptions. Due to the fact that the further effects of the war in Ukraine on Medios AG's business cannot be assessed in the future, or can only be assessed with difficulty, there is an increased degree of uncertainty. Medios continuously reviews its impact on the business and any resulting effects on the Group's financial accounting. There are no indications of a need to diverge from the going concern principle. Significant estimation uncertainties and assumptions are further explained below.

Goodwill and other intangible assets

Assumptions and estimates are necessary in respect of goodwill and other intangible assets, especially in relation to impairment tests. In particular, these concern estimates regarding future cash flows, the cash-generating unit, and the determination of discount rates. The current assessments and experience regarding the impact of the war in Ukraine on Medios' business performance have been incorporated into the planning underlying the impairment tests. This did not result in a need to recognize any impairment losses.

Reimbursement liabilities

The calculation of reimbursement liabilities is, to a significant extent, subject to estimates and assumptions. Reimbursement claims arise in the event that a health insurance company refuses to cover the cost of a drug that the phar-

macy has already dispensed to the patient. The pharmacies then charged these reimbursement claims further to Medios as the manufacturer. Medios therefore estimates the amount of the reimbursement claims that will be lodged against the company.

The Group has recognized a reimbursement liability, in particular for risks from reimbursement claims, in the amount of €957 thousand (previous year: €660 thousand). The amount of any necessary reimbursements cannot be assessed with certainty and is subject to estimates based on empirical data.

Dismantling obligations

The determination of dismantling obligations involves estimates and assumptions. The dismantling obligation includes the estimated cost of dismantling the tenant improvements after the estimated remaining term of the lease.

The Group has recognized provisions for dismantling obligations in the amount of €4,217 thousand (previous year: €1,040 thousand).

Income taxes

In order to recognize tax provisions, assumptions must be made about future tax rates and the tax assessment basis. Furthermore, the Group must determine whether an impairment loss or a nonrecognition is required for deferred tax assets. The Group also needs to assess the probability that deferred tax assets arising from temporal differences and loss carryforwards can be offset against future taxable income. Uncertainties exist regarding the interpretation of complex tax rules and the amount and timing of future taxable income.

Share-based compensation

The terms of the share option programs provide that the share options granted to the respective beneficiaries are earned over a vesting period of four years. However, some of the claims become nonforfeitable before the end of this four-year period. In light of this fact, the company must separately estimate the periodization of expenses, which is based on the work performed up to the reporting date compared to the total work to be performed by the beneficiaries over the respective vesting period. Since a certain portion is already earned in the first year for the following installments, the company assumes that the expense will decline over the course of the subsequent years. Furthermore, it is highly probable that the share options will be exercised within one year after the end of the vesting period. Further information on the conditions and assumptions is presented in note 37.

Notes to the consolidated statement of comprehensive income

9. Revenue

The as yet unbilled credit notes for reimbursements were recognized as a reduction in revenue in the amount of €480 thousand (previous year: €63 thousand). The expected value method was used to calculate the value of these reimbursements. The expected reimbursements were measured per customer and delivery. The expected value is based on empirical values. For a breakdown of revenue, please refer to note 31.

10. Changes in inventories of finished goods

The changes in inventory relate to the finished products in the Patient-Specific Therapies segment.

11. Internally produced and capitalized assets

Internally produced and capitalized assets in the reporting year amounted to €1,251 thousand (previous year: €1,117 thousand) and was primarily attributable to software under development at €272 thousand (previous year: €467 thousand) and to the expansion of operating facilities at €979 thousand (previous year: €650 thousand).

12. Other income

Other income can be broken down as follows:

in thousand €	2022	2021
Income from the sale of property, plant and equipment	6	34
Income from refunds under the Expense Compensation Act	392	145
Income attributable to other periods and income from the reversal of provisions	1,038	1,028
Other	687	409
Total	2,122	1,616

13. Cost of materials

The cost of materials encompasses the purchase of goods, raw materials, and supplies, and the consumption of purchased services.

in thousand €	2022	2021
Goods	1,363,576	1,272,215
Raw materials, consumables, and supplies	141,547	17,813
Third-party services	55	0
Total	1,505,178	1,290,028

The cost of materials amounted to €1,505,178 thousand in the 2022 financial year (previous year: €1,290,082 thousand), or 93.4% of revenue (previous year: 95.2%), and decreased by 1.8 percentage points.

The increase in the gross profit ratio is mainly due to a structural effect, as the Patient-Specific Therapies segment, which has a larger relative margin compared to the Pharmaceutical Supply segment, grew disproportionately as a result of the acquisition of the NewCo Group.

14. Labor costs

Labor costs comprise the following:

in thousand €	2022	2021
Wages and salaries	25,977	16,290
Social security contributions	2,819	1,567
Pensions	2,036	1,202
Equity-settled share-based compensation	2,870	2,996
Total	33,704	22,055

The increase in wages, salaries, and social security contributions follows the increase in the number of employees, expansion of central Group structures, and the changes to Executive Board compensation. Share-based compensation did not change year over year.

15. Other expenses

Other expenses comprise the following:

in thousand €	2022	2021
Legal and consulting fees	4,007	2,047
Property costs	3,357	1,289
Cost of goods sold	2,881	2,307
IT, telecommunications	2,543	902
Marketing and sales	1,389	1,394
Financial statement and auditing fees	1,298	785
Third-party services	1,256	472
Business supplies and work clothes	1,165	666
Repair and maintenance	990	331
Insurance, contributions and taxes	643	529
Investor Relations	543	332
HR and recruitment	405	237
Specific valuation allowances	289	968
Training expenses	270	179
Supervisory Board	243	115
Vehicle costs	211	76
Travel expenses	176	86
Miscellaneous operating costs	2,351	692
Total	24,018	13,405

Legal and consulting fees include expenses for M&A projects (€790 thousand, previous year: €805 thousand) and consulting costs in connection with strategy development and integration (€911 thousand, previous year: €0 thousand). The increase in property costs is due, on the one hand, to the expanded scope of consolidation and, on the other hand, to the expansion of manufacturing capacity as well as the increase in energy supply costs and ancillary rental costs.

16. Financial result

The financial result comprises:

in thousand €	2022	2021
Financial expenses	-1,257	-1,727
Financial income	113	43
Total	-1,144	-1,684

Financial expenses include €437 thousand (previous year: €204 thousand) from the accrual of interest on leasing liabilities. Financial income includes €18 thousand (previous year: €10 thousand) from the accrual of interest on lease receivables.

17. Income taxes

The companies included in the consolidated financial statements are subject to corporate income tax (including the solidarity surcharge) and trade tax. The amount of income taxes is determined on the basis of the taxable income or trade income calculated in this way. Deferred taxes were calculated on the basis of temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS statement of financial position. To the extent that future arithmetic tax benefits from deferred tax assets are not likely to be utilized, they are impaired.

Deferred taxes and actual expenses for income taxes are broken down as follows for the past two financial years:

in thousand €	2022	2021
Actual tax expense	13,610	8,757
Deferred tax income	4,118	2,583
Total income taxes	9,492	6,174

Deferred tax assets (not netted) of €7,263 thousand (previous year: €5,517 thousand) include €5,326 thousand relating to the recognition of lease leasing liabilities and €1,138 thousand relating to noncurrent provisions.

Deferred tax liabilities (not netted) of €33,438 thousand (previous year: €25,399 thousand) mainly relate to the recognition of intangible assets in the course of the first-time consolidation of the patient-specific production of noncytostatic products business unit in the amount of €2,920 thousand, to the recognition of intangible assets in the course of the first-time consolidation of Cranach Pharma GmbH in the amount of €14,241 thousand, to the recognition of intangible assets in the course of the first-time consolidation of the NewCo Pharma Group in the amount of €9,400 thousand, and to the recognition of intangible assets in the amount of €4,864 thousand on the recognition of rights of use and from leases pursuant to IFRS 16.

Deferred taxes were calculated on the basis of the companies' domicile. This consists of the corporate income tax rate, the base federal trade tax rate, and the municipal rate set by the individual municipality

Companies	Tax rate
Medios AG, Medios Pharma GmbH, Medios Individual GmbH, Medios Digital GmbH, Medios Manufaktur GmbH	30.175%
NewCo Pharma GmbH, Fortuna Herstellung GmbH, cas central compounding baden-württemberg GmbH, Rhein Main Compounding GmbH, Rheinische Compounding GmbH, Onko Service Beteiligungs GmbH, Onko Service GmbH & Co. KG, Logopharma Pharmagroßhandel GmbH, hvd medical GmbH	30.6%
Kölsche Blister GmbH	32.45%
Cranach Pharma GmbH	32.275%

Deferred tax assets and liabilities relate to the following significant items in the statement of financial position and tax loss carryforwards:

in thousand €	Deferred tax assets 12/31/2021	Deferred tax liabilities 12/31/2021	Net total as of 01/01/2022
Noncurrent assets			
Property, plant and equipment	33	286	-253
Other intangible assets	18	19,997	-19,980
Right-of-use assets	0	4,907	-4,907
Current assets			
Receivables from finance leases	0	178	-178
Other assets	0	30	-30
Current liabilities			
Current provisions	18	0	18
Financial liabilities	0	0	0
Noncurrent liabilities			
Liabilities as lessor	5,256	0	5,256
Noncurrent provisions	191	0	191
Loss carryforwards	0	0	0
Tax assets (liabilities)	5,516	25,398	-19,882
Netting	-5,516	-5,516	0
Net tax assets (liabilities)	0	19,882	-19,882

in thousand €	Deferred tax assets 12/31/2020	Deferred tax liabilities 12/31/2020	Net total as of 01/01/2021
Noncurrent assets			
Property, plant and equipment	33	354	-321
Other intangible assets	25	3,788	-3,763
Right-of-use assets	0	5,216	-5,216
Current assets			
Inventories	0	0	0
Receivables from finance leases	0	87	-87
Other assets	0	63	-63
Current liabilities			
Trade payables	0	0	0
Current provisions	0	0	0
Noncurrent liabilities			
Liabilities as lessor	5,349	0	5,349
Noncurrent provisions	303	0	303
Tax assets (liabilities)	5,711	9,509	-3,798
Netting	-5,711	-5,711	0
Net tax assets (liabilities)	0	3,798	-3,798

Recognized in profit or loss	Additions/ derecognitions in scope of consolidation	Recognized directly in equity	Net total as of 12/31/2022	Deferred tax assets 12/31/2022	Deferred tax liabilities 12/31/2022
273	-680	-1,043	-1,703	0	1,703
4,121	-10,694	34	-26,519	41	26,560
881	0	-839	-4,864	0	4,864
38	0	-61	-201	0	201
-80	0	0	-110	0	110
75	0	0	93	93	0
-107	291	0	184	184	0
-830	0	900	5,326	5,326	0
-62	0	1,009	1,138	1,138	0
-175	656	0	482	482	0
4,134	-10,427	0	-26,175	7,263	33,438
0	0	0	0	-7,263	-7,263
0	0	0	-26,175	0	26,175
Recognized in profit or loss	Additions/ derecognitions in scope of consolidation	Recognized directly in equity	Net total as of 12/31/2021	Deferred tax assets 12/31/2021	Deferred tax liabilities 12/31/2021
76	0	-8	32	33	286
3,318	-19,534	0	-3,586	18	19,997
727	-143	-275	-919	0	4,907
0	0	0	0	0	0
30	0	-121	-178	0	178
33	0	0	-30	0	30
0	0	0	0	0	0
18	0	0	18	18	0
-670	141	436	5,256	5,256	0
-115	3	0	191	191	0
3,417	-19,533	32	-19,882	5,516	25,398
0	0	0	0	-5,516	-5,516
0	0	0	-19,882	0	19,882

The following table shows the actual tax receivables and payables reported in the consolidated statement of financial position:

in thousand €	2022	2021
Income tax receivables	3,564	2,144
Income tax liabilities	16,502	10,900

Actual income tax liabilities relate to trade tax of €11,108 thousand (previous year: €6,035 thousand) and corporate income tax of €5,394 thousand (previous year: €4,865 thousand). Actual income tax receivables relate to trade tax in the amount of €2,999 thousand (previous year: €1,468 thousand) and corporate income tax and the solidarity surcharge in the amount of €565 thousand (previous year: €676 thousand). The following table shows the tax reconciliation from the income tax expense expected in the financial year to the tax expense actually recognized. To calculate the expected tax expense, the income tax rate of Medios AG of 30.175% (previous year: 30.175%) applicable in the 2022 financial year was multiplied by earnings before taxes.

Tax reconciliation	2022	2021
in thousand €		
Consolidated earnings before taxes	27,821	13,576
<i>Tax rate (%)</i>	30.175	30.175
Expected tax expense	8,395	4,097
Non-tax-deductible expenses	44	510
Losses not recognized for tax purposes	301	272
Tax rate differences	135	258
Tax income attributable to other periods	529	-51
Deferred taxes on issue costs related to the equity offering	16	834
Other differences	72	254
Actual tax expense	9,492	6,174
<i>Effective tax burden (%)</i>	34.12	45.477

The total amount of unrecognized taxable temporary differences associated with investments in subsidiaries is €201,698 thousand (previous year: €108,509 thousand). The disposal of shares in corporations would give rise to a capital gain, 95% of which would be disregarded for tax purposes. Medios does not expect any reversal of the temporary differences in the foreseeable future and therefore no corresponding tax charges.

Notes to the consolidated statement of financial position

18. Intangible assets

	Goodwill	Customer list	Internally gener- ated industrial property rights and similar assets	Advance payments and intangible assets under development	Other	Total
in thousand €						
Historical costs						
As of 01/01/2022	122,183	78,252	1,003	3,810	7,627	212,875
Additions	0	0	7	422	201	630
Disposals	0	0	0	0	-35	-35
Additions from company acquisitions	72,018	34,939	38	0	280	107,275
Reclassification			-97	-3,996	4,081	-12
As of 12/31/2022	194,200	113,191	952	236	12,154	320,734
Depreciation, amortization and						
As of 01/01/2022	-1,617	-13,728	-377	0	-4,292	-20,014
Additions	0	-12,808	-128	-236	-2,897	-16,069
Additions from scope of consolidation	0	0	1	0	-94	-93
Disposals	0	0	0	0	5	5
As of 12/31/2022	-1,617	-26,536	-503	-236	-7,278	-36,171
Net carrying amount as of 12/31/2022	192,583	86,655	448	0	4,876	284,562
Net carrying amount as of 01/01/2022	120,566	64,524	626	3,810	3,335	192,861
in thousand €						
Historical costs						
As of 01/01/2021	18,354	13,845	1,309	3,340	1,113	37,961
Additions	0	0	0	2,587	335	2,922
Disposals	0	0	-306	0	0	-306
Additions from company acquisitions	103,829	66,803	0	0	1,693	172,325
Disposals from scope of consolidation	0	0	0	0	-27	-27
Reclassification	0	-2,396	0	-2,117	4,513	0
As of 12/31/2021	122,183	78,252	1,003	3,810	7,627	212,875
Depreciation, amortization and						
As of 01/01/2021	0	-2,015	-311	0	-399	-2,725
Additions	-1,617	-9,836	-125	0	-3,903	-15,481
Disposals	0	0	59	0	0	59
Additions from scope of consolidation	0	-1,877	0	0	0	-1,877
Disposals from scope of consolidation	0	0	0	0	10	10
As of 12/31/2021	-1,617	-13,728	-377	0	-4,292	-20,014
Net carrying amount as of 12/31/2021	120,566	64,524	626	3,810	3,335	192,861
Net carrying amount as of 01/01/2021	18,354	11,830	998	3,340	714	35,237

There are no disposal or ownership restrictions in respect of the recognized property, plant and equipment.

19. Property, plant and equipment

	Land, including buildings on third-party land	Technical equipment and machinery	Other equipment furniture and office equipment	Advance payments	Total
in thousand €					
Historical costs					
As of 01/01/2022	2,548	2,859	5,404	9,311	20,122
Additions	3,977	45	1,924	1,799	7,746
Disposals	-241	0	-182	0	-422
Additions from company acquisitions	2,696	2,185	1,952	0	6,834
Reclassification	9,423	1,208	488	-11,107	12
As of 12/31/2022	18,404	6,297	9,587	4	34,292
Depreciation, amortization and impairment					
As of 01/01/2022	-1,354	-1,676	-3,379	0	-6,409
Additions	-1,212	-584	-1,484	0	-3,280
Disposals	241	0	126	0	367
Additions from company acquisitions	-134	-116	-126	0	-376
As of 12/31/2022	-2,459	-2,376	-4,863	0	-9,698
Net carrying amount as of 12/31/2022	15,944	3,921	4,724	4	24,594
Net carrying amount as of 01/01/2022	1,194	1,183	2,025	9,311	13,713
in thousand €					
Historical costs					
As of 01/01/2021	2,431	2,958	4,755	222	10,366
Additions	78	13	700	9,131	9,923
Disposals	0	0	-100	0	-100
Additions from company acquisitions	52	0	80	0	132
Disposals from scope of consolidation	-14	-155	-31	0	-200
Reclassification	0	42	0	-42	0
As of 12/31/2021	2,548	2,859	5,404	9,311	20,122
Depreciation, amortization and impairment					
As of 01/01/2021	-742	-1,543	-2,745	0	-5,030
Additions	-618	-156	-720	0	-1,494
Disposals	0	0	77	0	77
Additions from scope of consolidation	-8	0	-5	0	-12
Disposals from scope of consolidation	14	24	13	0	51
As of 12/31/2021	-1,354	-1,676	-3,379	0	-6,409
Net carrying amount as of 12/31/2021	1,194	1,183	2,025	9,311	13,713
Net carrying amount as of 01/01/2021	1,689	1,415	2,011	222	5,337

There are no disposal or ownership restrictions in respect of the recognized property, plant and equipment.

As a result of grants received in the reporting year, the costs of acquiring property, plant and equipment incurred in the 2022 financial year decreased by €1,108 thousand (previous year: €0).

These grants encompass earmarked public financing aid to industry under the joint task "Improvement of the Regional Economic Structure," which is granted jointly by the federal and state governments in Germany.

Approval of the grant was tied to the condition that the 50 jobs in place at the Berlin site at the time of the application would remain in place for at least five more years after the end of the grant project, as well as to an obligation to create 24 additional permanent jobs. If certain grant conditions are not met in the future, however, some or all of the funding may be reclaimed from the donors in subsequent years. The Company expects to be able to meet all conditions.



20. Financial assets

Financial assets of €765 thousand (previous year: €690 thousand) relate to a loan granted in the amount of €100 thousand (previous year: €100 thousand) and receivables under finance leases as lessor in the amount of €665 thousand (previous year: €590 thousand). The increase in finance leases results from term-related remeasurements of existing contractual relationships. The gross investment and the present value of the outstanding lease receivable are shown in the following table:

in thousand €	Gross investment	Interest component	Lease receivable 12/31/2022
Maturity			
2023	150	15	135
2024	152	11	140
2025	155	7	148
2026	159	3	156
2027	45	1	44
2028	22	0	21
2029	22	0	21
Total	705	37	665

in thousand €	Gross investment	Interest component	Lease receivable 12/31/2021
Maturity			
2022	110	13	97
2023	110	10	100
2024	110	8	102
2025	110	5	105
2026	110	2	108
2027	37	1	36
2028	21	1	21
2029	21	1	19
2030	1	0	1
Total	630	41	590

21. Inventories

Inventories totaling €50,029 thousand (previous year: €36,471 thousand) relate to raw materials, consumables and supplies, finished goods and merchandise, and advance payments made by the entire Medios Group. The following table shows the composition of inventories:

in thousand €	12/31/2022	12/31/2021
Raw materials, consumables, and supplies	12,025	2,648
Finished goods and goods for resale	36,078	31,899
Advance payments	1,926	1,924
Total	50,029	36,471

22. Trade receivables

in thousand €	12/31/2022	12/31/2021
Gross value of receivables and trade accounts receivable	107,166	88,159
Valuation allowances	-367	-388
Total	106,799	87,770

The increase in receivables resulted from the consolidation of the NewCo Pharma Group. The valuation allowances on trade receivables changed as follows:

in thousand €	12/31/2022	12/31/2021
As of 1/1	-388	-69
Addition	-179	-319
Reversal	201	0
As of 12/31	-367	-388

The maturity structure of trade receivables is as follows:

As of 12/31/2022

in thousand €				Thereof overdue and unimpaired			
Analysis of unimpaired receivables from...	Carrying amount	Impaired receivables	Neither impaired nor overdue	< 90 days	due within 90 to 180 days	due within 180 to 360 days	> 360 days
Trade accounts receivable	107,166	167	91,461	15,084	393	30	198

The receivables overdue and not impaired as of December 31, 2022 have since been received or classified as recoverable.

As of 12/31/2021

in thousand €				Thereof overdue and unimpaired			
Analysis of unimpaired receivables from...	Carrying amount	Impaired receivables	Neither impaired nor overdue	< 90 days	due within 90 to 180 days	due within 180 to 360 days	> 360 days
Trade accounts receivable	87,770	1,388	78,133	7,319	1,309	193	182

Receivables are chiefly held against long-standing customers. Due to the extremely low incidence of insolvency among pharmacies and customers in the pharmaceutical sector, the risk of bad debts is assumed to be low.

Payment terms with a due date of more than 30 days are in place for some customers with a long-standing business relationship. The Group has never suffered any bad debts with these existing customers in the past.

Receivables overdue by more than 360 days are due from two customers. These receivables are not impaired or doubtful. Medios expects these receivables to be settled in full in the 2023 financial year.

23. Other assets

Other assets comprise the following:

in thousand €	12/31/2022	12/31/2021
Discount accruals	3,822	3,907
Receivables from the factoring institute	2,795	0
Current tax assets	482	28
Deposits	523	576
Receivables from grant commitments	449	0
Receivables from suppliers	400	342
Current contractual assets	93	0
Other	1,842	999
Total other assets	10,407	5,852

Until March 27, 2020, Medios Pharma GmbH maintained a business relationship with a pharmacy, which in turn maintained a business relationship with a wholesaler.

On December 1, 2020, insolvency proceedings were opened against the assets of the wholesaler and the gradual failure of the business relationship also led to a strained financial situation on the part of the pharmacy. As of December 31, 2021, receivables against the pharmacy in the amount of €1.0 million were still outstanding against goods supplied. The Group entered into a repayment agreement with the pharmacy with a term until September 30, 2026, and the pharmacy has fulfilled this agreement to date.

The unsecured receivable from the pharmacy was fully impaired as of December 31, 2021. The decision to recognize a valuation allowance as of December 31, 2022 remains unchanged, but has been adjusted to reflect the lower level of receivables based on repayments received on schedule to date.

Over the course of 2021, the pharmacy was required by the wholesaler's insolvency administrator to make a significant repayment as part of an avoidance action, which in turn could trigger insolvency proceedings against the pharmacy itself and subsequently also affect Medios. In the event of the pharmacy's insolvency, Medios Pharma GmbH would face a maximum recovery risk under insolvency law of €7.3 million. To avert a subsequent insolvency and thus further damage, Medios AG has decided to provide secured interim financing of €1 million to the pharmacy, which intends to use the funds to finance a settlement with the wholesaler's insolvency administrator. The amount had still not been disbursed to the pharmacy as of the date of the preparation of these financial statements.

The fundamental risk of a demand for repayment in the context of the insolvency proceedings of one of the pharmacy's customers was reassessed as of the reporting date and still classified as improbable.

24. Cash and cash equivalents

in thousand €	12/31/2022	12/31/2021
Bank balances	79,211	168,430
Cash on hand	2	1
Cash and cash equivalents	79,213	168,431

Cash and cash equivalents comprise bank balances and cash on hand.

As of the reporting date, the Group was able to freely dispose of all cash and cash equivalents.

25. Equity

The capital stock of Medios AG amounted to €23,806 thousand as of December 31, 2022 (previous year: €22,881 thousand). It is divided into 23,805,723 (previous year: 22,881,490) fully paid-up, no-par shares. Over the course of the 2022 financial year, the subscribed capital of Medios AG was increased by a total of €924 thousand through the partial utilization of Authorized Capital 2021.

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the capital stock of the company on one or more occasions on or before June 9, 2026 by up to €7,181,763.00 by issuing up to 7,181,763 new no-par-value bearer shares, each representing €1.00 of the capital stock, in return for cash contributions or contributions in kind (**Authorized Capital 2021**).

The capital stock of the company has been conditionally increased by €300 thousand through the issue of up to 300,000 no-par-value bearer shares (**Conditional Capital 2018**). This conditional increase in capital stock serves exclusively to fulfill subscription rights granted on the basis of the authorization granted by the Annual General Meeting on July 13, 2018. Conditional Capital 2018 has not been utilized to date.

The capital stock of the company has been conditionally increased by €5,825 thousand through the issue of up to 5,825,607 no-par-value bearer shares (**Conditional Capital 2019**). This conditional increase in capital stock serves to ful-

fill subscription rights granted on the basis of the authorization granted by the Annual General Meeting on July 10, 2019. Conditional Capital 2019 has not been utilized to date.

The capital stock of the company has been conditionally increased by €477,500.00 thousand through the issue of up to 477,500 no-par-value bearer shares (**Conditional Capital 2020**). This conditional increase in capital stock serves exclusively to fulfill subscription rights granted on the basis of the authorization granted by the Annual General Meeting on October 26, 2020. Conditional Capital 2020 has not been utilized to date.

The capital stock of the company has been conditionally increased by €1,600 thousand through the issue of up to 1,600,000 no-par-value bearer shares (**Conditional Capital 2022/II**). This conditional increase in capital stock serves exclusively to fulfill subscription rights granted on the basis of the authorization granted by the Annual General Meeting on June 21, 2022. Conditional Capital 2022 has not been utilized to date.

The capital reserve primarily includes paid-in surpluses from increases in cash and non-cash capital as well as effects from the granting of stock options to selected employees.

The capital reserve of €377,194 thousand (previous year: €342,567 thousand) includes a reserve of €17,727 thousand (previous year: €14,857 thousand) for employee benefits to be settled in equity under the stock option programs.

The number of no-par-value shares issued by Medios AG changed as follows:

in thousand €	2022	2021
Issued as of January 1	22,881	16,085
Equity offering for contributions in kind	924	4,180
Equity offering for cash contributions	0	2,616
Issued as of December 31	23,806	22,881
Fully paid-up no-par shares €1 each	23,806	22,881

On January 18, 2022, 924,233 new shares were created from Authorized Capital as part of an equity offering in return for contributions in kind. These are subject to a lock-up period of 12 months (50%) and 24 months (50%); of which the first lock-up period of 12 months (50%) expired on January 10, 2023.

26. Financial liabilities

Financial liabilities break down as follows:

in thousand €	12/31/2022	12/31/2021
Leasing liabilities	17,550	17,369
Earn-out liabilities	600	0
Other current liabilities	3,000	0
Loans	83	32,342
Total financial liabilities	21,233	49,711

The maturities of the financial liabilities break down as follows:

12/31/2022	Up to 1 year	1 to 5 years	Greater than 5 years	Carrying amount
in thousand €				
Leasing liabilities	2,386	9,657	5,507	17,550
Earn-out liabilities	300	300	0	600
Other current liabilities	3,000	0	0	3,000
Loans	83	0	0	83
Total	5,769	9,957	5,507	21,233

12/31/2021	Up to 1 year	1 to 5 years	Greater than 5 years	Carrying amount
in thousand €				
Leasing liabilities	2,078	8,057	7,234	17,369
Loans	32,342	0	0	32,342
Total	34,420	8,057	7,234	49,711

27. Provisions

Current and noncurrent provisions changed as follows:

in thousand €	Carrying amount 1/1/2022	Addition from scope of consol- idation	Consump- tion	Reversal	Addition	Disposals from scope of consoli- dation	Carrying amount 12/31/2022
Noncurrent provisions	1,040	3	67	182	3,422	0	4,217
Current provisions	687	377	823	39	1,073	0	1,276

Noncurrent provisions include dismantling obligations for dismantling costs of installations. The dismantling obligations are related to the leases, so that their value in use has been taken into account. Current provisions include obligations for financial statement and audit costs as well as obligations relating to the statutory obligation to retain commercial records, the amount and timing of which are also uncertain. A majority of the cash outflow is expected in the coming financial year. Accrued interest in the amount of €109 thousand is included in the additions to noncurrent provisions.

in thousand €	Carrying amount 1/1/2021	Addition from scope of consolidation	Consumption	Reversal	Addition	Disposals from scope of consoli- dation	Carrying amount 12/31/2021
Noncurrent provisions	1,039	1,000	0	1,019	34	14	1,040
Current provisions	512	103	397	9	489	11	687

28. Trade payables

Trade payables are due within one year and stand at €47,769 thousand as of the balance sheet date (previous year: €32,321 thousand).

29. Other liabilities

Other liabilities are due within one year and relate to the following items:

in thousand €	12/31/2022	12/31/2021
Reimbursement obligations to customers	957	660
Outstanding invoices	3,078	938
Labor expenses	2,399	1,753
Liabilities from other taxes and social security contributions	2,965	11,233
Accounts receivable with credit balances	129	320
Other	1,213	534
Total other liabilities	10,741	15,438

The estimated cash outflows due to reimbursement obligations (see explanation in note 6) depend on the utilization by the respective pharmacies and are therefore uncertain in terms of amount and timing. A majority of the cash outflow is expected in the coming financial year.

30. Notes to the consolidated statement of cash flows

The consolidated statement of cash flows shows how the Medios Group's cash and cash equivalents changed over the course of the reporting year as a result of cash inflows and outflows. In this context, a distinction is made between cash flows from operating activities, investing activities, and financing activities. The cash and cash equivalents disclosed in the consolidated statement of cash flows include freely disposable cash, as well as overdraft facilities as a central component of cash management (see note 24).

Cash and cash equivalents include, in particular, cash in hand and demand deposits at banks with an original term of up to three months that are only subject to minor value fluctuations.

Medios recognizes:

- Cash outflows for the repayment of lease liabilities as part of cash flows from financing activities
- Cash outflows for interest as part of cash flow from financing activities
- Cash outflows for short-term leases and for leases of low-value assets as part of cash flows from operating activities

The reconciliation of movements from liabilities to cash flows from financing activities can be presented as follows:

in thousand €	12/31/2021	Noncash changes	Cash flows from interest	Cash flows from borrowing	Cash flows from repayments	12/31/2022
Current and noncurrent financial liabilities	17,369	8,107	0	1,734	-6,059	21,151
Current and noncurrent loan liabilities	32,342	0	-219	0	-32,041	83
Current and noncurrent liabilities – total	49,710	8,107	-219	1,734	-38,099	21,233

in thousand €	12/31/2020	Noncash changes	Cash flows from interest	Cash flows from borrowing	Cash flows from repayments	12/31/2021
Current and noncurrent financial liabilities	17,711	1,941	-204	0	-2,079	17,369
Current and noncurrent loan liabilities	1,523	31,892	-932	30,000	-30,141	32,342
Current and noncurrent liabilities – total	19,234	33,833	-1,136	30,000	-32,220	49,710

31. Segment report

At the Medios Group, segment reporting results from the management of business activities. The division of the company's business segments corresponds to the internal organizational structure and reporting to the Executive Board and the Supervisory Board.

The Medios Group's segment performance is measured primarily on the basis of revenue and EBITDA before special items.

The Medios Group is divided into the Pharmaceutical Supply segment, the Patient-Specific Therapies segment, and a miscellaneous segment, Services. The segments differ in terms of their business activities. Transactions between segments are accounted for in accordance with IFRS accounting principles. No operating segments have been aggregated.

The Medios Group's operations are based exclusively in Germany, with minimal revenue generated from customers in other EU countries. The business activities of the segments can be summarized as follows:

- **The Pharmaceutical Supply segment** with a focus on specialty pharmaceuticals is combined under company law in Medios Pharma GmbH, Cranach Pharma GmbH, Logopharma Pharmagroßhandel GmbH and hvd medical GmbH. This focus on specialty pharmaceuticals means that it nearly exclusively distributes drugs for chronic and/or rare diseases that are usually high-priced. This represents approximately 1,000 out of 100,000 different pharmaceutical products available in Germany. With this systematic and clear focus, Medios clearly differentiates itself from full-range pharmaceutical wholesalers.

The segment results in the 2022 financial year break down as follows:

in thousand €	Pharmaceutical Supply		Patient-Specific Therapies	
	2022	2021	2022	2021
Revenue – external	1,390,296	1,294,531	219,962	62,230
Revenue – internal	71,414	31,540	47,288	12,343
Revenue – total	1,461,710	1,326,071	267,250	74,573
Cost of materials	1,410,303	1,281,196	212,662	52,649
<i>Cost of materials (as a % of revenue)</i>	96.5	96.6	79.6	70.6
EBITDA	37,221	32,890	23,388	7,650
<i>Margin (as a % of revenue)</i>	2.5	2.5	8.8	10.3
EBITDA before special items	38,011	33,673	23,665	7,928
<i>Margin (as a % of revenue)</i>	2.6	2.5	8.9	10.6
Depreciation and amortization	10,938	11,023	8,363	2,818
Financial result	-2,032	-2,557	-695	-139
EBT	24,251	19,310	14,329	4,693
<i>Margin (as a % of revenue)</i>	1.7	1.5	5.4	6.3
Income tax expense (-)/income (+)	1,538	-4,404	-3,046	-13
Earnings after taxes	25,789	14,906	11,283	4,679

The most important key figures for strategy and decision-making as well as for measuring operating performance in the 2022 financial year were revenue and earnings before depreciation, amortization, and special items (EBITDA before special items).

- **The Patient-Specific Therapies segment** encompasses the manufacture of medications on behalf of pharmacies, under company law carried out by the companies Medios Manufaktur GmbH, Medios Individual GmbH, Kölsche Blister GmbH, NewCo Pharma GmbH, Fortuna Herstellung GmbH, cas central compounding baden-württemberg GmbH, Rhein Main Compounding GmbH, Rheinische Compounding GmbH, Onko Service Beteiligungs GmbH and Onko Service GmbH & Co. KG. Patient-specific therapies include, for example, infusions that are formulated and produced on the basis of individual disease patterns and individual parameters such as body weight and body surface area. This means that the batch size per produced formulation is always exactly one. Blistering refers to the process of packaging prescribed medications into individual blister packs. Production/blistering is carried out under the highest possible quality standards – usually GMP (Good Manufacturing Practice).
- **The Services segment** comprises all of the Group's other activities, including, in particular, corporate governance, central functions such as finance and accounting, marketing, and sales, IT, and nonpharmaceutical purchasing, as well as investor relations. In addition, the Medios Group is pushing ahead with the development of software and infrastructure solutions

Services		Elimination		Group	
2022	2021	2022	2021	2022	2021
518	648	0	0	1,610,777	1,357,408
7,266	7,703	-125,967	-51,586	0	0
7,784	8,350	-125,967	-51,586	1,610,777	1,357,408
0	4	-117,786	-43,821	1,505,178	1,290,028
0.0	0.0	93.5	84.9	93.4	95.0
-9,395	-5,906	0	0	51,214	34,635
-120.7	-70.7	0.0	0.0	3.2	2.6
-6,801	-3,166	0	0	54,875	38,435
-87.4	-37.9	0.0	0.0	3.4	2.8
2,948	3,916	0	1,617	22,248	19,374
1,583	1,013	0	0	-1,144	-1,684
-10,759	-8,809	0	-1,617	27,821	13,576
-138.2	-105.5	0.0	0.0	1.7	1.0
-7,984	-1,757	0	0	-9,492	-6,174
-18,743	-10,556	0	-1,617	18,329	7,402

EBITDA before special items is reconciled to earnings before depreciation and amortization as follows:

in thousand €	2022	2021
EBITDA before special items	54,875	38,435
Expenses from share option programs	-2,870	-2,996
Other M&A expenses	-790	-805
Earnings before interest, taxes, depreciation and amortization (EBITDA)	51,214	34,635

Medios had a large number of individual customers in 2022, with no individual customer accounting for more than 10% of total revenue.

Other disclosures

32. Contingent liabilities

Until March 27, 2020, Medios Pharma GmbH (MP) maintained a business relationship with a pharmacy, which in turn maintained a business relationship with a wholesaler.

On December 1, 2020, insolvency proceedings were opened against the assets of the wholesaler and the gradual failure of the business relationship also led to a strained financial situation on the part of the pharmacy. As of December 31, 2021, receivables against the pharmacy in the amount of €1.0 million were still outstanding against goods supplied. The Group entered into a repayment agreement with the pharmacy with a term until September 30, 2026, and the pharmacy has fulfilled this agreement to date.

Over the course of 2021, the pharmacy was required by the wholesaler's insolvency administrator to make a significant repayment as part of an avoidance action, which in turn could trigger insolvency proceedings against the pharmacy itself and subsequently also affect Medios. In the event of the pharmacy's insolvency, Medios Pharma would face a maximum recovery risk under insolvency law of €7.3 million. To avert a subsequent insolvency and thus further damage, Medios AG has decided to provide secured interim financing of €1 million to the pharmacy, which intends to use the funds to finance a settlement with the wholesaler's insolvency administrator. The amount had still not been disbursed to the pharmacy as of the date of the preparation of these financial statements.

In light of the unchanged underlying conditions, Medios continues to recognize a specific valuation allowance amounting to 100% of the existing receivables from the pharmacy that are not additionally secured. The Executive Board did not consider any further accounting precautions to be necessary at the time of preparation because they were not considered to be probable.

33. Disclosures on leases

The Group as lessee

For details of the accounting policies applied, please refer to note 6.

The Medios Group primarily leases real estate and passenger cars. Lease terms are typically three years for cars and over 10 years for real estate. The additions to right-of-use assets primarily result from adjustments to existing contracts and the addition of the leases held by the NewCo Pharma Group in the course of its first-time consolidation.

The Medios Group leases IT equipment with contractual terms of between one year and three years. These lease agreements are either short-term and/or relate to low-value items. The Group has decided not to recognize any right-of-

use assets or lease liabilities for these leases. Medios recognizes lease payments arising from these agreements as ongoing expenses.

Some real estate leases contain renewal options that are exercisable by the Medios Group up to one year prior to the expiration of the noncancelable lease term. Whenever possible, the Medios Group seeks to include renewal options when entering into new leases in order to ensure operational flexibility. The renewal options can only be exercised by the Medios Group and not by the lessor.

The Medios Group assesses on the provision date whether it is reasonably certain that renewal options will be exercised. The Medios Group again determines whether it is suf-

ficiently certain that an extension option will be exercised if a significant event or a significant change in circumstances occurs that is within its control.

Remeasurements were primarily performed as a result of changes in the rent index.

The following tables contain information about leases in which the Medios Group is the lessee.

Right-of-use assets recognized in the statement of financial position in thousand €	Land, including buildings on third-party land	Other equipment, furniture, and office equipment	Total
As of 01/01/2022	16,041	167	16,209
Depreciable amount for the financial year	-2,808	-91	-2,899
Additions to right-of-use assets	3,784	29	3,813
Remeasurement of right-of-use assets	-1,091	-8	-1,099
As of 12/31/2022	15,926	98	16,024

As of 01/01/2021	17,182	87	17,269
Depreciable amount for the financial year	-2,219	-69	-2,288
Additions to right-of-use assets	662	172	834
Disposals of right-of-use assets	-302	-23	-325
Remeasurement of right-of-use assets	719	0	719
As of 12/31/2021	16,041	167	16,209

Interest and principal repayments from leases

The following table shows the (undiscounted) interest and principal repayments for the lease liabilities:

Maturity	Lease payment		Interest component		Principal repayment	
	2022	2021	2022	2021	12/31/2022	12/31/2021
in thousand €						
Up to 1 year	2,866	2,268	480	190	2,386	2,078
1 to 5 years	10,851	8,548	1,194	491	9,657	8,057
Greater than 5 years	5,737	7,375	230	139	5,507	7,236
Total	19,454	18,190	1,904	821	17,550	17,369

in thousand €	2022	2021
Interest expenses for lease liabilities	437	204
Expenses for leases of an asset of low value, excluding short-term leases of assets of low value	477	101

Amounts recognized in the statement of cash flows

in thousand €	2022	2021
Total cash outflows for leases	3,171	2,281

The Group as lessor

In 2022, the Medios Group subleased sections of buildings. Subleasing was classified as a finance leasing. As of the reporting date, the receivable amounts to €665 thousand (previous year: €590 thousand).

In 2022, the Group recognized interest income on lease receivables in the amount of €18 thousand (previous year: €10 thousand).

There is no particular risk associated with the company's activities as a lessor, as the volume of these business activities is relatively minor. The Group does not plan to enter into any further sublease agreements.

The following table presents a maturity analysis of lease receivables and shows the undiscounted lease payments to be received after the reporting date.

in thousand €	2022	2021
Up to 1 year	150	110
1 to 5 years	511	440
Greater than 5 years	43	80
Total amount of undiscounted lease receivables	704	630
Unrealized financial income	39	40
Net investment in the lease	665	590

34. Additional disclosures on financial instruments

Factoring transactions with material transfer of all risks and rewards

Several subsidiaries of Medios AG, which were included in the consolidated financial statements for the first time as of January 10, 2022, are parties to a factoring agreement governing the revolving sale of trade receivables due in the short term. In this context, the Group is free to decide on a case-by-case basis whether and to what extent to utilize the revolving nominal amount of €7,500 thousand. The risks from the receivables sold that are relevant to the respective risk assessment are credit risk (default risk) and the risk of late payment (late payment risk), which are transferred in full to the buyer of the receivables in return for payment of a fixed discounted purchase price. Defaults on accounts receivable subject to factoring are reimbursed up to a maximum amount by credit insurance, thereby mitigating the risk of default. The receivables sold as of the reporting date were derecognized in full. At the time of derecognition, the fixed discount on the purchase price was recognized as an expense. Receivables management for the sold receivables continues to be performed by the subsidiaries of Medios AG.

Recognized values, fair values by measurement category

With the exception of noncurrent financial assets and non-current financial liabilities, all financial instruments have short remaining terms or are available in the form of cash and cash equivalents as of 12/31/2022 and 12/31/2021.

As a result, their carrying values as of the reporting date correspond at least approximately to their respective fair values.

The receivables intended for sale to the factoring bank and still held as of the reporting date are classified accordingly as financial instruments in the FVtPL category. As of December 31, 2022 the fair value amounts to €10,054 thousand and is measured at the expected sale price of the receivable to the factoring company. All remaining financial instruments are recognized at amortized cost.

Noncurrent financial assets with a carrying amount of €100 thousand (previous year: €100 thousand) relate to loans granted. Other noncurrent financial assets in the amount of €665 thousand (previous year: €590 thousand) relate to receivables from finance leases. The fair values of the loans and finance lease receivables are approximately equal to their respective carrying amounts.

35. Net gains/losses from financial instruments

The net results per measurement category are presented as follows:

2022	From subsequent measurement			
in thousand €	From interest	Impairment	From disposal	Net result
Loans and receivables (AC)	113	-289	0	-176
Financial liabilities (AC)	-1,257	0	0	-1,257
Total	-1,144	-289	0	-1,433

2021	From subsequent measurement			
in thousand €	From interest	Impairment	From disposal	Net result
Loans and receivables (AC)	43	-968	0	-925
Financial liabilities (AC)	-1,727	0	0	-1,727
Total	-1,684	-968	0	-2,652

36. Group risk management

The risk management system employed by the Medios Group is an integral component of its business operations and comprises the individual organizational processes at various levels, as well as all risk types. The key components of the system are business planning and controlling processes. Risk identification and assessment tasks are performed by each organizational unit. Similar risk types are consolidated into risk groups, e.g., "regulatory risk." These are then regularly communicated to the responsible decision-makers, who are responsible for risk management. Further information on the management of financial risks is provided in the risk and opportunities section of the combined management report

Macroeconomic risks Financial risk management

The Group is exposed to various financial risks arising from the Group's operational and financial activities. The most significant financial risks to the Group result from the creditworthiness and solvency of the Group's counterparties, as well as the liquidity risk. The underlying principles of financial policy are set by the Executive Board and monitored by the Supervisory Board. The Executive Board has implemented a risk management system and receives regular reports on the development of financial risks, among other things. The established system of procedural rules requires prior approval for certain transactions by the Executive Board or the Supervisory Board, which are also regularly informed of the scope and amount of the Group's current risk exposure.

Credit risk (default risk)

Credit risk arises from the possibility that counterparties (customers and other debtors) to a transaction may not be able to meet their obligations and that the Group may suffer a financial loss as a result. The maximum exposure to credit risk (default risk) is equal to the carrying amount of the Group's financial assets, excluding netting agreements and any additional collateral or other credit enhancements. Trade receivables represent by far the largest item within financial assets. Potential risk concentration is analyzed on a regular basis. The changes in receivables due and not due are reported on a monthly basis. The Group accounts for credit risk, where necessary, by recognizing appropriate impairment losses. In addition, the Group uses factoring for the purpose of managing working capital in individual cases. The current agreement is set up as a genuine factoring agreement with the assumption of the del credere risk. The Executive Board aims to make even greater use of factoring as a receivables management tool in the future.

Credit risk is reduced through diversification, which is achieved by having a large number of debtors. Furthermore, credit risk is mitigated by requesting advance payments from buyers, where such payments are negotiable. IFRS 9 contains an impairment model based on the expected credit loss model. This model must be applied to all financial as-

sets measured at amortized cost. The simplified procedure is used to calculate impairment losses on trade receivables. This involves determining the expected credit losses over the entire term of the financial instruments. The assessment of expected future defaults is extrapolated from the analysis of historical bad debts.

Noncurrent financial assets include, among other items, a loan the Group has granted. Default risks are assessed individually on an annual basis by reviewing the Group's revenue planning. In our opinion, the Group is not currently exposed to any significant default risks. Furthermore, the Group holds noncurrent receivables from finance leases. In our opinion, these are also not currently exposed to any significant default risks.

Other current assets are measured at amortized cost. The Medios Group regularly monitors creditworthiness and reviews whether there are any objective indications, e.g., financial difficulties on the part of the debtor. As of the balance sheet date specific valuation allowances (€ 805 thousand) have been recognized in relation to two customers in the Pharmaceutical Supply segment. In the opinion of the company, this constitutes an exceptional case that is not representative of the risk classification of the customer and receivables structure of Medios AG and that, in this form, represents a historical and systematic one-off. A divergent decision to impair due to expected credit losses was therefore not reached. There were no further indications of impairment.

Cash and cash equivalents are bank balances. Due to the short term (due daily) and the creditworthiness of our contractual partners, the Group did not recognize any impairment losses.

Liquidity risk

Liquidity risks arise when current financial liabilities exceed current financial assets. Liquidity risk is managed by means of Group-wide financial planning instruments, taking into account existing credit lines, and is monitored on an ongoing basis.

All current financial liabilities will lead to a liquidity outflow in the amount of the carrying amount as of the reporting date of December 31, 2022.

As of December 31, 2022, the Medios Group holds unused lines of credit in the amount of €75 million (previous year: €17.5 million).

Market risk (interest rate risk)

Interest rate risk is the risk that the present value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rate.

Interest rate risk positions usually arise from floating-rate financial instruments. With the exception of a new unused line of credit, Medios AG only held fixed-interest instruments as of the reporting date and is therefore not exposed to any interest rate risk.

Capital

For financing purposes, Medios primarily uses available liquidity, equity offerings, and leases. In the 2022 financial year, Medios entered into a syndicated loan agreement for €75,000 thousand with a consortium of banks. As of December 31, 2022, Medios had unused credit lines in the amount of €75,000 thousand. The contract has a term of five years through November 22, 2027, with two one-year renewal options. Under the terms of the syndicated loan agreement, Medios is obligated to comply with a defined financial covenant:

Net gearing = Net debt/EBITDA

The Group's net gearing ratio must remain below 3.0, and the Group's financial planning does not show any breach of the stipulated financial covenant.

As a stock corporation, the company is subject to the minimum capital requirements set forth in German stock corporation law. Dividends were not paid in the past financial year and are not planned for the following year.

The Group defines managed capital as Group equity. The objectives of capital management are:

- To safeguard the company as a going concern in order to be able to continue offering the Group's products to customers
- To provide the financial resources to enable the Group to make further investments

Capital is monitored using the equity ratio. This is calculated as follows:

in thousand €	2022	2021
Equity	448,045	394,164
Total assets	575,958	524,142
Equity ratio (%)	77.8	75.2

37. Share-based compensation

The Medios Group has granted stock options (equity-settled share-based compensation transactions). The fair value of the obligation is recognized over the vesting period under labor expenses and through the simultaneous recognition of a capital reserve. The expense is recognized on a prorated basis over the vesting period. This is the period during which the recipients of share-based compensation must fulfill the agreed employment condition. The issued options are measured using a binomial model.

The Medios Group currently has three share-based compensation models for employees and managers:

- Share Option Program 2022 (a)
- Share Option Program 2020 (a), (b), and (c)
- Share Option Program 2018 (a), (c), (d), and (e)

The provisions of the aforementioned share option programs and of the 2017 and 2016 share option programs still in existence in the previous year stipulate that the share options granted to the respective beneficiaries are earned over a vesting period of four years. However, some of the claims become nonforfeitable before the end of this four-year period. In light of this fact, the company must separately estimate the periodization of expenses, which is based on the work performed up to the reporting date compared to the total work to be performed by the beneficiaries over the respective vesting period. Since a certain portion is already earned in the first year for the following installments, the company assumes that the expense will decline over the course of the subsequent years. Furthermore, it is highly probable that the share options will be exercised within one year after the end of the vesting period.

Expenses of €2,870 thousand (previous year: €2,996 thousand) were recognized for Medios' share-based compensation commitments as of the reporting date. These expenses relate to share-based compensation commitments settled through equity in the amount of €2,870 thousand (previous year: €2,996 thousand).

With respect to the options granted in the reporting period, the weighted average fair value of the options on the measurement date was €4.88 (previous year: €14.24).

For all share option programs, volatility was calculated as the standard deviation of historical share returns. The mean of the rolling annualized 90-day standard deviations of returns was used. With the exception of the two Share Option Programs 2022 (a) and 2020 (c), the reporting period was based on the period since the initial listing of Medios AG on November 22, 2016; in the case of the Share Option Programs 2022 (a) and 2020 (c), the period was limited to five years retrospectively from the respective grant date.

The exercise prices of the share options outstanding at the end of the reporting period ranged between €15.00 and €29.00 (previous year: €15.00 to €29.00). The weighted average remaining term of the option programs is 8.8 years as of December 31, 2022 (10.1 years as of December 31, 2021). No share options were exercised in the reporting period. The weighted average share price of exercised options in the previous year was €37.02.

Share Option Program 2022 (a)

In the 2022 financial year, a share option program was set up in which selected members of the senior management of the company, as well as other employees and executives, were granted options to purchase shares by Medios AG as compensation for work performed. Employees do not have the right to opt for a cash payment in lieu of the share options.

The beneficiary receives the right to acquire a number of no-par-value bearer shares ("common shares") that is determined individually in the respective subscription rights agreement. Each option relates to one share in the company and has an exercise price of €27.00.

The options can only be exercised after the expiry of a vesting period; this is four years from the issue date of November 1, 2022.

Options may only be exercised within the seven years following the date of issue. If the employment relationship is terminated, the options lapse, provided that the respective vesting period has not yet expired.

The following are excluded from expiration:

- 25% of the option rights granted, insofar as employment ends after December 31, 2022
- 50% of the option rights granted, insofar as employment ends after December 31, 2023

- 75% of the option rights granted, insofar as employment ends after December 31, 2024
- If employment ends after December 31, 2025, all option rights granted are exempt from the expiry rule

The ability to exercise these option rights is contingent upon the closing price of the company's shares in XETRA trading (or a comparable successor system of the Frankfurt Stock Exchange) reaching or exceeding €40.00 for thirty consecutive trading days prior to the respective exercise.

In the valuation of the share options, the Group has assumed that it is highly probable that the options will be exercised within one year of the expiry of the vesting period. The outstanding share options from the Share Option Program 2022 have a dilutive effect on the calculation of earnings per share.

Share Option Program 2020 (a), (b), and (c)

In the 2021 financial year, a share option program was set up in which selected members of the senior management of the company, as well as other employees and executives, were granted options to purchase shares by Medios AG as compensation for work performed. Employees do not have the right to opt for a cash payment in lieu of the share options [Share Option Program 2020 (a) and (b)].

As a supplement to the Share Option Program 2021, share-based payment in the form of equity instruments (known as an equity-settled transaction) was granted by Medios AG to further selected employees of the Group as compensation for work performed in the 2022 financial year [Share Option Program 2020 (c)].

The beneficiary receives the right to acquire a number of no-par-value bearer shares ("common shares") that is determined individually in the respective subscription rights agreement. Each option relates to one share in the company and has an exercise price of €29.00.

The options can only be exercised after expiry of a vesting period; this is four years from the issue date of October 1, 2021, November 1, 2021 [Share Option Program 2020 (a)], January 1, 2022 [Share Option Program 2020 (a) and (b)] and June 1, 2022 [Share Option Program 2020 (c)].

Option rights may only be exercised in the seven years following the expiry of the vesting period. If the employment relationship is terminated, the options lapse, provided that the respective vesting period has not yet expired.

The following are excluded from expiration:

- 25% of the option rights granted, insofar as employment ends after December 31, 2021
- 50% of the option rights granted, insofar as employment ends after December 31, 2022
- 75% of the option rights granted, insofar as employment ends after December 31, 2023
- If employment ends after December 31, 2024, all option rights granted are exempt from the expiry rule

The ability to exercise these option rights is contingent upon the closing price of the company's shares in XETRA trading (or a comparable successor system of the Frankfurt Stock Exchange) reaching or exceeding €50.00 for thirty consecutive trading days prior to the respective exercise.

In the valuation of the share options, the Group has assumed that it is highly probable that the options will be exercised within one year of the expiry of the vesting period. The outstanding share options from the Share Option Program 2020 have a dilutive effect on the calculation of earnings per share.

Share Option Program 2018 (a), (c), (d), and (e)

In the 2018 financial year, a share option program was set up in which selected employees were granted options to purchase shares by Medios AG as compensation for work performed. Employees do not have the right to opt for a cash payment in lieu of the share options [Share Option Program 2018 (a)].

As a supplement to the Share Option Program 2018, share-based payment in the form of equity instruments (known as an equity-settled transaction) was granted by Medios AG to further selected employees of the Group as compensation for work performed in the 2019 financial year [Share Option Program 2018 (c)].

As a further supplement to the Share Option Program 2018, share-based compensation in the form of equity instruments (known as an equity-settled transaction) was granted by Medios AG to further selected employees of the Group as compensation for work performance in the 2020 financial year [Share Option Program 2018 (d)].

As a further supplement to the Share Option Program 2018, share-based compensation in the form of equity instruments (known as an equity-settled transaction) was granted by Medios AG to further selected employees of the Group as compensation for work performance in the 2021 financial year [Share Option Program 2018 (e)].

The beneficiary receives the right to acquire a number of no-par-value bearer shares ("common shares") that is determined individually in the respective subscription rights agreement. Each option relates to one share in the company and has an exercise price of €15.00.

The options can only be exercised after the expiry of a vesting period; this is four years from the issue date on December 1, 2018, February 1, 2019 and May 1, 2019 [Share Option Program 2018 (a)], on October 1, 2019 and December 1, 2019 [Share Option Program 2018 (c)], on October 1, 2020 and January 1, 2021 [Share Option Program 2018 (d)] and on March 1, 2021 [Share Option Program 2018 (e)].

Option rights may only be exercised in the seven years following the expiry of the vesting period. If the employment relationship is terminated, the options lapse, provided that the respective vesting period has not yet expired.

The following are excluded from expiration:

Share Option Program 2018 (a)

- 25% of the option rights granted, insofar as employment ends after December 31, 2018
- 50% of the option rights granted, insofar as employment ends after December 31, 2019
- 75% of the option rights granted, insofar as employment ends after December 31, 2020
- If employment ends after December 31, 2021, all option rights granted are exempt from the expiry rule

Share Option Program 2018 (c)

- 25% of the option rights granted, insofar as employment ends after December 31, 2019
- 50% of the option rights granted, insofar as employment ends after December 31, 2020
- 75% of the option rights granted, insofar as employment ends after December 31, 2021
- If employment ends after December 31, 2022, all option rights granted are exempt from the expiry rule

Share Option Program 2018 (d)

- 25% of the option rights granted, insofar as employment ends after December 31, 2020
- 50% of the option rights granted, insofar as employment ends after December 31, 2021

- 75% of the option rights granted, insofar as employment ends after December 31, 2022
- If employment ends after December 31, 2023, all option rights granted are exempt from the expiry rule

Share Option Program 2018 (e)

- 25% of the option rights granted, insofar as employment ends after December 31, 2021
- 50% of the option rights granted, insofar as employment ends after December 31, 2022
- 75% of the option rights granted, insofar as employment ends after December 31, 2023
- If employment ends after December 31, 2024, all option rights granted are exempt from the expiry rule

The ability to exercise these option rights is contingent upon the closing price of the company's shares in XETRA trading (or a comparable successor system of the Frankfurt Stock Exchange) reaching or exceeding €23.00 for thirty consecutive trading days prior to the respective exercise.

In the valuation of the share options, the Group has assumed that it is highly probable that the options will be exercised within one year of the expiry of the vesting period. The outstanding share options from the Share Option Program 2018 (a), the Share Option Program 2018 (c), the Share Option Program 2018 (d), and the Share Option Program 2018 (e) have a dilutive effect on the calculation of earnings per share.

Share Option Program 2018 (b)

As a supplement to the Share Option Program 2016, share-based compensation in the form of equity instruments (known as equity-settled transactions) was granted by Tangaroa Management GmbH to employees of the Group as compensation for work performed in the 2018 financial year. On the date the options were granted, June 10, 2018, a total of 5,000 option rights to acquire no-par-value bearer shares in Medios AG with an exercise price of €0.00 were offered under the Share Option Plan 2018.

The options granted could be exercised in full in the period from July 1, 2018 to December 31, 2020. The ability to exercise the option was subject to the condition that the beneficiary had not ended their employment relationship with Medios AG or an affiliated company as of the exercise date. All options were exercised by December 31, 2020.

2022	Share options in number of shares	Weighted average exercise price in €
Outstanding as of 01/01/2022	713,750	23.52
Granted in the reporting period	160,500	27.50
Forfeited in the reporting period	0	—
Exercised in the reporting period	0	—
Lapsed in the reporting period	28,125	25.27
Outstanding as of 12/31/2022	846,125	24.22
Exercisable as of 12/31/2022	74,500	15.00

2021	Share options in number of shares	Weighted average exercise price in €
Outstanding as of 01/01/2021	1,018,217	8.26
Granted in the reporting period	440,000	28.83
Forfeited in the reporting period	0	—
Exercised in the reporting period	732,717	5.64
Lapsed in the reporting period	11,750	15.00
Outstanding as of 12/31/2021	713,750	23.52
Exercisable as of 12/31/2021	0	—

Valuation parameters 2021	SOP 2020 (a)	SOP 2020 (b)	SOP 2018 (e)
Option price model	Binomial model	Binomial model	Binomial model
Date granted	09/10/2021/ 10/31/2021/ 12/15/2021	12/15/2021	02/14/2021
Date issued	10/01/2021/ 11/01/2021/ 01/01/2022	01/01/2022	03/01/2021
Vesting period after issue date	4 years	4 years	4 years
End of the vesting period	10/01/2025/ 11/01/2025/ 01/01/2026	01/01/2026	03/01/2025
Term after end of vesting period	1 year	1 year	1 year
End of the option term	10/01/2026/ 11/01/2026/ 01/01/2027	01/01/2027	03/01/2026
Exercise price (in €)	29.00	29.00	15.00
Performance target (in €)	50.00	50.00	23.00
Share price on grant date (in €)	38.00/36.50/35.50	35.50	37.80
Term-equivalent risk-free interest rate (%)	-0.69/-0.65/-0.58	-0.58	-0.76
Expected volatility (%)	40.6/40.2/40.0	40.0	41.3
Expected dividends (in %)	40.6/40.2/40.0	Up to 2.0	Up to 2.0

Valuation parameters 2022	SOP 2022 (a)	SOP 2020 (c)
Option price model	Binomial model	Binomial model
Date granted	10/14/2022/ 10/28/2022	05/27/2022
Date issued	11/01/2022	06/01/2022
Vesting period after issue date	4 years	4 years
End of the vesting period	01/01/2026	06/01/2026
Term after end of vesting period	1 year	1 year
End of the option term	01/01/2027	06/01/2027
Exercise price (in €)	27.00	29.00
Performance target (in €)	40.00	50.00
Share price on grant date (in €)	17.56/18.62	26.75
Term-equivalent risk-free interest rate (%)	1.22/1.42	0.38
Expected volatility (%)	40.1/40.1	40.3
Expected dividends (in %)	Up to 2.0	Up to 2.0

38. Related party transactions

Related parties in key positions

Related parties in key positions are the members of the Executive Board and the Supervisory Board as well as the senior management of the parent company who are disclosed as follows for the financial year 2022:

Executive Board member	
Matthias Gärtner	CEO
Falk Neukirch	CFO
Mi-Young Miehler	COO
Christoph Prußeit	CINO

The members of the Executive Board received total compensation of €2,110 thousand in the reporting year. Of this amount, Mr. Matthias Gärtner (CEO) accounted for €595 thousand, Ms. Mi-Young Miehler (COO) for €533 thousand, Mr. Falk Neukirch (CFO) for €455 thousand, and Christoph Prußeit (COO) for €527 thousand. Other expenses for the Executive Board in the reporting period amount to 20 thousand. Ms. Miehler, Mr. Prußeit, and Mr. Neukirch also have a company car at their disposal.

Supervisory Board	
Dr. Yann Samson	Chair
Joachim Messner	Vice Chair
Dr. Anke Nestler	Member of the Supervisory Board
Klaus Buß	Member of the Supervisory Board

No member of the Executive Board was a member of a Supervisory Board required by law or of a comparable governing body in the financial year.

The members of the Supervisory Board are members of the following statutory Supervisory Boards or a comparable governing body:

Dr. Yann Samson	Palgon AG (Chair of the Supervisory Board)
Joachim Messner	No further memberships in supervisory bodies
Dr. Anke Nestler	Transoflex Express GmbH & Co. KGaA (Member of the Supervisory Board until March 1, 2023)
Klaus Buß	TUBS GmbH TU Berlin Science Marketing (Supervisory Board)

Supervisory Board activities were compensated with a total of €242 thousand.

The following table shows the transactions with related parties in the reporting period:

in thousand €	Earnings 01/01 – 12/31/2022	Expenses 01/01 – 12/31/2022	Receivables 12/31/2022	Trade payables 12/31/2022
Bernhard Unternehmensberatung GmbH, Hamburg	0	1,143	0	92
Immobilienverwaltung Claudia Munus de Schilling & Jörg Bernhard	0	51	0	0
Tangaroa GmbH & Co. KG	22	16	1	0
Messner Rechtsanwälte GmbH	0	23	0	0
Floriani Pharmacy	2,115	210,631	416	233
Cranach Pharmacy	2,694	198	195	0
Michelle Gärtner	0	8	0	0
Total	4,831	212,070	612	325

in thousand €	Earnings 01/01 – 12/31/2021	Expenses 01/01 – 12/31/2021	Receivables 12/31/2021	Trade payables 12/31/2021
Tangaroa Management GmbH	0	21	0	0
Tangaroa GmbH & Co. KG (formerly Spezial Pharma Manfred Schneider e.K.)	22	116	3	0
Messner Rechtsanwälte GmbH	0	38	0	2
Michelle Gärtner	0	4	0	0
Floriani Pharmacy	2,479	137,626	514	0
Cranach Pharmacy	5,473	1,574	574	0
Total	7,974	139,379	1,091	2

Due to the shares in the company held by Tangaroa Management GmbH and Tangaroa GmbH & Co. KG, these companies were temporarily able to exert significant influence on Medios AG in the reporting period. The services exchanged between Tangaroa Management GmbH/Tangaroa GmbH & Co. KG and the Medios Group consist of mutual subleases and administrative services received.

Ms. Michelle Gärtner is a close family member of Mr. Matthias Gärtner, CEO of Medios AG, and worked as a part-time employee of the Medios Group while attending university.

The Floriani Pharmacy and the Cranach Pharmacy are owned by Mr. Martin Hesse, who both directly and indirectly via BMSH GmbH at times had the ability to exert significant influence on Medios AG in the reporting year. The Floriani pharmacy and the Cranach pharmacy, respectively, and the Medios Group supplied each other with goods during the reporting year.

Mr. Messner serves as a member of the Supervisory Board of Medios AG and is a partner at Messner Rechtsanwälte law firm. Messner Rechtsanwälte provided the Group legal consulting services.

During the reporting period, Mr. Bernhard was general manager of NewCo Pharma GmbH, and in this capacity, was responsible for the management and governance of the NewCo Pharma Group, which the Group acquired in January 2022. Mr. Bernhard is the owner of a consulting company and has billed his activities as general manager as well as other activities performed by his consulting company for NewCo Pharma GmbH in the areas of planning and sales, among other areas, under a consulting agreement.

All transactions with related parties were conducted at arms length.

39. Personnel

Medios had an average of 497 employees in the 2022 financial year (previous year: 302):

	2022	2021
Administrative	172	143
Production and quality assurance	274	137
Warehousing	51	22
Total	497	302

40. Earnings per share

Earnings per share is calculated by dividing the consolidated comprehensive income attributable to the shareholders of Medios AG by the weighted average number of no-par-value shares outstanding in the reporting period.

Calculation of earnings per share	2022	2021
Share of consolidated earnings attributable to shareholders of the parent company (in € thousand)	18,329	7,402
Weighted average number of common shares (in thousands)	23,763	20,037
Undiluted earnings per share (in €)	0.77	0.37

Adjustment in the calculation of diluted earnings per share	2022	2021
Weighted average number of common shares (in thousands)	23,763	20,037
Share option programs 2017 and 2018 (number of shares in thousands)	105	125
Weighted average of no-par-value shares used as the denominator in the formula for calculating diluted earnings per share	23,868	20,162
Diluted earnings per share (in €)	0.77	0.37

41. Exemption pursuant to Section 264 III of the German Commercial Code (HGB)

The following subsidiaries are making use of the exemption under Section 264 (3) of the German Commercial Code (HGB) for the 2022 financial year:

- Medios Pharma GmbH, Berlin
- Medios Manufaktur GmbH, Berlin
- Medios Digital GmbH, Berlin
- Medios Individual GmbH, Berlin
- Cranach Pharma GmbH, Hamburg
- Logopharma Pharmagroßhandel GmbH, Mannheim
- hvd medical GmbH, Friedrichsthal
- NewCo Pharma GmbH, Mannheim
- cas central compounding Baden-Württemberg GmbH, Magstadt
- Rhein Main Compounding GmbH, Aschaffenburg
- Rheinische Compounding GmbH, Bonn
- Onko Service Beteiligungs GmbH, Osnabrück
- Onko Service GmbH & Co. KG, Osnabrück
- Fortuna Herstellung GmbH, Mannheim

42. Auditor's fees

The auditor for the 2022 financial year, Baker Tilly GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, Munich branch, charged fees totaling €456 thousand (previous year: €424 thousand). Of this total, €456 thousand (prior year: €324 thousand) related to audit services for the audit of the annual and consolidated financial statements and €0 thousand (prior year: €100 thousand) to other assurance services.

All reported fees and expenses are net amounts and do not include the statutory VAT of 19%.

43. Events after the end of the reporting period

The German Federal Cartel Office (Bundeskartellamt) approved the acquisition of bbw GmbH on December 1, 2022. The execution of all terms of the purchase agreement and all closing acts took place on January 10, 2023 (acquisition date). Medios therefore gained control of the company on this date.

44. Corporate governance statement

The Executive Board and Supervisory Board of Medios AG have both issued a declaration of compliance with the German Corporate Governance Code as required by section 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on the Medios AG website in the Investor Relations section at <https://medios.ag/en/investor-relations/corporate-governance>.

Berlin, March 29, 2023

Matthias Gärtner

Chief Executive Officer (CEO)

Falk Neukirch

Chief Financial Officer (CFO)

Mi-Young Miehler

Member of the Executive Board (COO)

Christoph Prußeit

Member of the Executive Board (CINO)

Responsibility statement (unaudited)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements provide a true and fair view of the Group's net assets, financial position, and results of operations, and the combined Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected future performance of the Group.

Berlin, March 29, 2023

Matthias Gärtner
Chief Executive Officer (CEO)

Falk Neukirch
Chief Financial Officer (CFO)

Mi-Young Miehler
Member of the
Executive Board (COO)

Christoph Prußeit
Member of the
Executive Board (CINO)

Independent auditor's report

To Medios AG, Berlin

Report on the audit of the annual financial statements and the consolidated management report

Audit opinions

We have audited Medios AG's annual financial statements – comprising the balance sheet as of December 31, 2022, the income statement for the fiscal year from January 1, 2022 through December 31, 2022, as well as the notes to the annual financial statements, including a presentation of accounting and valuation methods. Furthermore, we have audited Medios AG's consolidated management report for the fiscal year from January 1, 2022 through December 31, 2022. In accordance with German legal requirements, we have not audited the statement on corporate governance pursuant to sections 289f and 315d of the German Commercial Code (HGB) contained in the consolidated management report's section "Other components of the group management report".

According to our assessment based on our audit's findings,

- the attached annual financial statements comply, in all material respects, with German commercial law as applicable to corporations and provides, in compliance with German generally accepted accounting principles, a true and fair view of the Company's assets, liabilities, and financial position as of December 31, 2022, and of its profit situation for the fiscal year from January 1, 2022 through December 31, 2022; and
- the attached consolidated management report as a whole provides a true and fair view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of the Company's future development. Our audit opinion on the consolidated management report does not cover the content of the corporate governance statement pursuant to sections 289f, 315d HGB of the consolidated management report referred to in the section "Other components of the group management report".

Pursuant to Art. 322 Sec. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the annual financial statements' and the management report's legal compliance.

Basis for the audit opinions

We have conducted our audit of the annual financial statements and of the consolidated management report in accordance with Art. 317 HGB and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for the Audit of Financial Statements issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer; "IDW"). Our responsibilities under these requirements and principles are further described in our audit certificate's section "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Consolidated Management Report". We are independent of the Company in accordance with the requirements pursuant to European law as well as German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 Sec. 2 lit. f of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5 Sec. 1 of the EU Audit Regulation. We believe the audit evidence we have obtained is sufficient and appropriate in order to provide a basis for our audit opinions on the annual financial statements and on the consolidated management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from January 1, 2022 through December 31, 2022. These matters have been taken into account in connection with our audit of the annual financial statements as a whole, and in forming our audit opinion related herewith; we do not express a separate audit opinion on these matters.

From our perspective, the following matter was of most significance during our audit:

- Goodwill's intrinsic value

We have structured our presentation of these key audit matter as follows:

- 1.) Facts and problems
- 2.) Audit approach and findings
- 3.) Reference to further information

In the following, we will present these key audit matter:

Recoverability of shares in affiliated companies

1. In Medios AG's consolidated financial statements, goodwill in the amount of EUR 192.6 million was reported under the balance sheet item "intangible assets" which therefore represents ca. 33.4% of total assets. Goodwill is subjected by the Company to an impairment test every year as of the balance sheet date or as requested. For such test, the calculated use values are generally compared with the book values of the corresponding group of cash generating units. Such valuations are generally based upon the future cash flows' cash value of the cash generating unit attributable to the corresponding goodwill. The valuations are based upon the individual cash generating units' plan calculations which are based on the budgeting approved by the management. Discounting is made according to the respective cash generating unit's weighted average capital costs. Such valuation's result largely depends on Company's legal representatives' estimate of future cash flows and the applied discounting interest rate and is as such subject to material uncertainty; therefore, we believe this matter is of particular importance within the scope of our audit.
2. In order to appropriately examine such risk, we critically questioned the management's assumptions and estimates by performing, inter alia, the following audit procedures:

We traced the methodical approach for the impairment test's performance and assessed the calculation of weighted average capital costs.

We convinced ourselves that the valuations' underlying future cash flows and the applied discounting interest rates as a whole provide an appropriate basis for the individual companies' impairment tests.

In connection with our assessment, we relied, inter alia, upon a comparison with general and industry-specific market expectations as well as the management's comprehensive explanations on the planning's significant value drivers and a comparison of this information with the current budgets from the planning approved by the supervisory board.

Based on the knowledge that even relatively small changes of the discounting interest rate can significantly affect the amount of the correspondingly determined use value, we investigated the parameters used for the applied discounting interest rate's determination and traced the Company's calculation scheme. In addition, we verified the sensitivity analyses prepared by the Company.

By taking into account the available information, the calculation parameters and assumptions applied by the legal representatives are, in our opinion, appropriate in order to examine the goodwill's intrinsic value.

3. The Company's statements on goodwill are contained in the notes' section "5. Scope of Consolidation", "6. Accounting policies", "7. Consolidation principles", "8. Use of Estimates and Assumptions", and "Remarks on the Consolidated Balance Sheet" (under: "18. Intangible Assets").

Other information

The legal representatives and the supervisory board are responsible for other information. Other information comprises the following chapters of the Annual Report 2022:

- Remuneration Report pursuant to Art. 162 AktG (German Stock Corporation Act),
- all other parts of the annual report, without extensive cross-references to external information, with the exception of the audited consolidated financial statements, the audited consolidated management report and the auditor's report.

Our audit opinions on the consolidated financial statements and on the consolidated management report do not cover such other information, and consequently we do not express an audit opinion or any other form of audit conclusion thereupon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to assess whether the other information

- is materially inconsistent with the annual financial statements, with the consolidated management report or our knowledge obtained during the audit; or
- otherwise seems to have been materially misstated.

Legal Representatives' and the Supervisory Board's Responsibilities for the Annual Financial Statements and the Consolidated Management Report

The legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law as applicable to corporations and that the annual financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the Company's net assets, liabilities, financial position, and profit situation. Furthermore, the legal representatives are responsible for such internal controls they have deemed necessary in order to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud (i.e., accounting manipulation and asset forfeiture) or error.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility to disclose, as applicable, matters related to the going concern principle. Furthermore, they are responsible for financial reporting on a going concern basis unless they intend to liquidate the Group or to discontinue business operations or in case there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the consolidated management report that, as a whole, provides a true and fair view of the Group's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for such precautions and measures (systems) they have deemed necessary in order to enable the preparation of a consolidated management report in accordance with the applicable German legal requirements and in order to be able to provide sufficient appropriate evidence for the statements made in the consolidated management report.

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

Auditor's Responsibilities for the Audit of the Annual Financial Statements and the Consolidated Management Report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the consolidated management report as a whole presents a true and fair view of the Group's position and is, in all material respects, consistent with the annual financial statements and the knowledge obtained during our audit, complies with German legal requirements and appropriately presents the opportunities and risks of the Company's future development, as well as to issue an audit report that includes our audit opinions on the annual financial statements and on the consolidated management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for the Audit of Financial Statements promulgated by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and the consolidated management report.

We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material misstatements in the annual financial statements and the consolidated management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting any material misstatements resulting from fraud is higher than for those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- obtain an understanding of the internal control system relevant for the audit of the annual financial statements and of precautions and measures relevant for the audit of the consolidated management report, in order to plan

audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;

- evaluate the appropriateness of accounting methods applied by the legal representatives and the reasonableness of estimates made by the legal representatives as well as the related disclosures;
- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the audit certificate to the related disclosures in the annual financial statements and in the consolidated management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit certificate. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the Company's net assets, financial position and profit situation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express audit opinions on the consolidated financial statements and on the consolidated management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions;
- evaluate the consolidated management report's consistency with the consolidated financial statements, its conformity with German law, and its presentation of the Group's position;
- evaluate the consolidated management report's consistency with the annual financial statements, its conformity with German law, and its presentation of the Group's position;
- perform audit procedures on the prospective information presented by the legal representatives in the consolidated management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the supervisors with a statement that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be expected to affect our independence and, where applicable, the actions or safeguards taken to eliminate independence threats.

From the matters discussed with the supervisors, we determine those matters that were of most importance in the audit of the current reporting period's consolidated financial statements and are therefore the key audit matters. We describe these matters in our audit certificate unless the matter's public disclosure should be precluded by any law or other regulation.

Other legal and regulatory requirements

Note on the Audit of the Electronic Reproductions of the Annual Financial Statements and the Consolidated Management Report prepared for the Purposes of Disclosure pursuant to Art. 317 Sec. 3a HGB

Audit opinion

Pursuant to Art. 317 Sec. 3a HGB, we have performed an audit in order to determine with reasonable assurance whether the reproductions of the annual financial statements and the consolidated management report (hereinafter also referred to as the "ESEF documents") contained in the file 391200Z7Z09IHDBT2L23-2022-12-31-de(1).zip and prepared for disclosure purposes comply in all material respects with the requirements pursuant to Art. 328 Sec. 1 HGB regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, such audit only extends to the conversion of the information contained in the annual financial statements and the consolidated management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

According to our assessment, the reproductions of the annual financial statements and the consolidated management report contained in the aforementioned file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements pursuant to Art. 328 Sec. 1 HGB. We do not express an audit opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond the scope of this audit opinion and our audit opinions on the attached annual financial statements and the attached consolidated management report for the fiscal year from January 1, 2022 to December 31, 2022 contained in the preceding "Report on the audit of the annual financial statements and the consolidated management report".

Basis for the audit opinion

We conducted our audit of the reproductions of the annual financial statements and the consolidated management report contained in the above-mentioned attached file in accordance with Art. 317 Sec. 3a HGB and in compliance with the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purpose of Disclosure pursuant to Art. 317 Sec. 3a HGB (IDW PS 410 (06.2022)). Our responsibility in accordance with such standards is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents".

Our auditing practice complies with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements to Quality Assurance in Auditing Practice (IDW QS 1).

Legal representatives' and Supervisory Board's responsibilities for the ESEF documents

The Company's legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the annual financial statements and the consolidated management report in accordance with Art. 328 Sec. 1 sentence 4 no. 2 HGB.

Furthermore, the Company's legal representatives are responsible for such internal controls they have deemed necessary in order to enable the preparation of the ESEF documents that are free from any material non-compliance, whether due to fraud or error, with the provisions pursuant to Art. 328 Sec. 1 HGB regarding the electronic reporting format.

The Supervisory Board is responsible for monitoring the preparation of the ESEF documents as part of the reporting process.

Auditor's responsibility for the audit of the ESEF documents

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from any material non-compliance, whether due to fraud or error, with the requirements pursuant to Art. 328 Sec. 1 HGB. We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material non-compliance with the requirements pursuant to Art. 328 Sec. 1 HGB, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion;
- obtain an understanding of the internal controls relevant for the audit of the ESEF documents in order to plan audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls;
- assess the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815 as amended at the reporting date regarding the technical specification for this file;
- assess whether the ESEF documents allow a consistent XHTML reproduction of the audited annual financial statements and the audited consolidated management report;

- assess whether the markup of ESEF documents with in-line XBRL technology (iXBRL) in accordance with Art. 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended at the reporting date, enables an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information pursuant to Article 10 EU Audit Regulation

We were elected as auditors by the Annual General Meeting on June 21, 2022. We were engaged by the Supervisory Board on October 18, 2022. We have served as Medios AG, Berlin's auditors without interruption since the fiscal year 2016.

We declare that the audit opinions contained in this audit certificate are consistent with the additional report to the audit committee pursuant to Article 11 EU Audit Regulation (audit report).

Other facts – use of the audit certificate

Our audit certificate should always be read in conjunction with the audited consolidated financial statements and the audited consolidated management report as well as the audited ESEF documents. The consolidated financial statements and consolidated management report converted to the ESEF format – including the versions to be entered in the company register – are merely electronic reproductions of the audited consolidated financial statements and audited consolidated management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

German public auditor responsible for the engagement

The auditor responsible for the audit is Andreas Weissinger.

Munich, March 29, 2023

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Gloth
German CPA

Weissinger
German CPA



Financial calendar 2023



May 11 Quarterly Statement (Q1)

June 21 Ordinary Annual General Meeting

August 14 Half-Year Financial Report (Q2 & H1)

November 14 Quarterly Statement (Q3 & 9M)

**This annual report
is available at www.medios.ag.**



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Concept

Medios AG

Notes and forward-looking statements

- The financial report contains forward-looking statements, which are based on the current assumptions and assessments of Medios AG's company management. Forward-looking statements are marked by the use of terms such as "expect", "intend", "plan", "assume", "believe", "estimate" and other similar expressions. These statements should not be taken as guarantees that these expectations will prove to be correct. The future development and the results achieved by Medios AG depend on a number of risks and uncertainties, and can therefore differ substantially from the forward-looking statements. Several of these factors are beyond the control of Medios AG and cannot be accurately predicted, such as the future economic environment and the behaviour of competitors and other market participants. There are no plans to update the forward-looking statements nor does Medios undertake any separate obligation to do so.
- Due to rounding, it is possible that individual figures in the financial report do not add up exactly to the specified sum and that indicated percentages do not accurately reflect the absolute values to which they relate.
- The financial report is also translated into English; in the event of deviations, the German authoritative version of the document shall take precedence over the English translation.
- For technical reasons, there may be deviations between the accounting documents and other documents published in the financial report and those provided for under statutory provisions.
- The financial report contains supplementary financial measures – not precisely defined in the relevant accounting framework -- that are or may be so-called alternative performance measures. When assessing the net asset situation, financial position and earnings of Medios AG, these additional financial figures should not be isolated or used as an alternative to the financial figures that are presented in the consolidated financial statements and determined in accordance with the applicable accounting framework. Other companies that present or report alternative performance indicators with a similar designation may calculate these differently.



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