

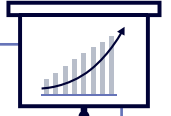


Annual Report
2020

Highlights

Double-digit revenue growth – positive share price development – changes to the Executive Board

- Revenue and earnings impacted by Corona:
 - Revenue increase of around 21%
 - EBT decrease of around 26% (before special effects)
- Share price increase of around 42% – significant outperformance compared with the German stock market
- Admission to the SDAX
- Appointment of CFO Matthias Gaertner as CEO and early extension of the Executive Board contract until 30 June 2023

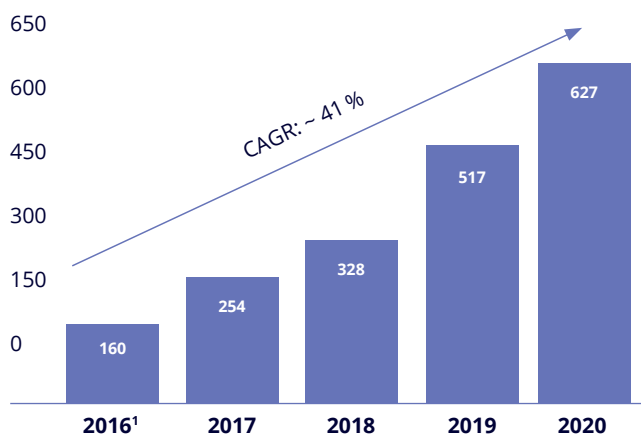


Significant progress in strategy implementation – major decisions for future growth

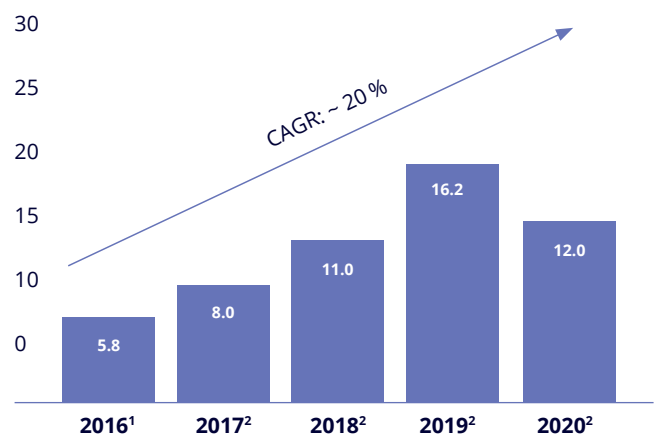
- Attractive growth potentials through acquisitions:
 - Cranach Pharma GmbH – specialized pharmaceutical wholesaler (January 2021)
 - Kölsche Blister GmbH – service provider for patient-specific blistering (April 2020)
- Expansion of the network from around 200 (January 2020) to over 500 specialized partner pharmacies (January 2021)
- Significant expansion of the product and indication portfolio, particularly in the Pharmaceutical Supply business unit, among other things, with the successful launch of the new indication hemophilia
- Increasing diversification in the Patient-Specific Therapies business unit
- Centralization of administration and rental of an additional building
 - Establishment of further laboratories for the manufacturing of patient-specific therapies and optimization of logistics
- Capital measures to finance organic and external growth: syndicated loan and successful capital increase
- Further development of the mediosconnect digital platform and measures to establish an e-prescription-compatible platform



Group revenue 2016 – 2020
in € million



Group EBT* 2016 – 2020
in € million



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

Key financials (IFRS)

in € thousand	2020	2019	Δ in %
Revenue	626,543	516,805	21.2
Pharmaceutical Supply	564,252	466,077	21.1
Patient-Specific Therapies	61,883	50,441	22.7
Services	408	286	42.7
EBITDA	13,093	16,373	-20.0
<i>Margin (in % of Revenue)</i>	2.1	3.2	
EBITDA without extraordinary expenses*	15,054	17,742	-15.2
<i>Margin (in % of Revenue)</i>	2.4	3.4	
Pharmaceutical Supply	9,641	11,919	-19.1
Patient-Specific Therapies	5,938	6,236	-4.8
Services	-525	-413	27.1
EBT	8,901	14,220	-37.4
<i>Margin (in % of Revenue)</i>	1.4	2.8	
EBT without extraordinary expenses*	11,985	16,197	-26.0
<i>Margin (in % of Revenue)</i>	1.9	3.1	
Pharmaceutical Supply	8,183	11,244	-27.2
Patient-Specific Therapies	4,745	5,433	-12.7
Services	-943	-480	96.5
Comprehensive income before minority interests	6,064	9,760	-37.8
Earnings per share (in €)			
Undiluted	0,39	0,67	-41.8
Diluted	0,38	0,65	-41.5
Investments (CAPEX)	6,947	2,089	188.4
Cash flow from operating activities	-38,115	-449	>100,0
Full-time employees (average)	249	149	
*Extraordinary expenses			
Expenses from stock options ¹	1,158	1,369	-15.4
Other M&A expenses ¹	802	0	n/a
Amortization of customer base ^{1,2}	653	608	7.4
Financial expenses M&A ^{1,2}	471	0	n/a
Balance sheet total	194,537	116,567	66.9
Equity (as of December 31)	142,425	81,627	74.5
Equity ratio (as of December 31)	73.2	70.0	

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

¹ related to EBITDA; ² related to EBT



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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 to drug safety, including blistering (dispensing of individually dosed tablets). The focus is on providing patients with optimum care via specialized pharmacies.

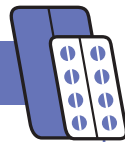
Specialty Pharmaceuticals are generally high-priced drugs for rare and chronic diseases. Many of the newly developed therapies for these disease patterns are individualized. These include infusions, for example, each of which is compiled and produced on the basis of parameters such as body weight and 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 in a big way.

Medios offers its partners a platform to connect and benefit from each other. As an open supply network, Medios currently cooperates with around 500 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.

Medios operates in the following fields in particular:

PHARMACEUTICAL SUPPLY



The Pharmaceutical Supply business unit comprises pharmaceutical wholesaling with a focus on around 1,000 Specialty Pharma drugs available in Germany. The focus here is on six indication areas:

oncology, neurology, autoimmunology, ophthalmology, infectiology and hemophilia.

PATIENT-SPECIFIC THERAPIES



The Patient-Specific Therapies business unit is responsible for the pharmaceutical manufacture of patient-specific preparations on behalf of pharmacies. Thereby, only finished medicinal products approved in Germany are used and the highest international quality standards (GMP: Good Manufacturing Practice) are followed. Another focus is on blistering. This involves the patient-related repackaging of finished medicines on individual request.

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 company and is a member of the SDAX selection index. The shares (ISIN: DE000A1MMCC8, DE000A3H23W5) are listed on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard).

To our shareholders

Letter of the Executive Board



Matthias Gaertner

Executive Board

Chief Executive Officer | CEO and 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,

2020 proved an eventful, challenging, and yet also positive year for Medios. In spite of the major challenges posed by the corona pandemic, we maintained our growth successfully and made key progress in the implementation of our strategy. Consequently, we have paved the way for the future of our company. There have also been changes to the Executive Board. We were very sorry to see the founder and former CEO Manfred Schneider leave the company at the end of the year. For purely family-related reasons, he opted not to extend his contract which ended on December 31, 2020 – a decision that we fully respect. At the same time, we are happy to report that Manfred Schneider will continue to have close ties with Medios, not only as a major shareholder but also as a key member of an Advisory Board which is set to be established this year. On behalf of the entire Medios Group, we would like to express our sincere gratitude to Manfred Schneider. Not only did he help build and shape Medios decisively, but he also made it the market leader for Specialty Pharma solutions in Germany.

**Inclusion
into the SDAX**

As a well-coordinated team with the full support of the entire Supervisory Board, we will in future take charge of and manage the business of the Medios Group with Matthias Gaertner as Chairman of the Executive Board and CFO.

Looking back at the reporting year and the past few months, two events in particular come to mind. For one, we were able to announce the acquisition of Cranach Pharma GmbH in a move which greatly strengthened our position as a full-service provider of Specialty Pharma solutions. In the process, we will increase our group revenue significantly to more than €1bn in the 2021 financial year and be able to utilize synergies in purchasing, sales, and logistics. Additionally, by acquiring Kölsche Blister GmbH, we have added a highly attractive service in patient-specific blistering to our business model. Both acquisitions have contributed to a significant expansion of our partner network and our product portfolio.

Despite the difficult and challenging environment, we were able to perform admirably with a 21% increase in revenue and underline that our growth strategy is sustainable, even if the result was not on the same level as the previous year due to the impact of COVID-19. The performance of the share price of Medios was also highly impressive as it significantly outperformed the SDAX to which we were admitted in September.

Both operating segments, Pharmaceutical Supply and Patient-specific Therapies, contributed to the growth in revenue. Pharmaceutical Supply was the strongest growth driver as it was able to increase its revenue considerably in spite of the officially mandated quota allocation for certain pharmaceuticals. In September 2020, we also started to supply our network of around now 500 partner pharmacies with hemophilia preparations. Due to a change of law and a resulting change in the sales channel, we have been able to access this exciting indication area and further increase our diversification in the field of Specialty Pharma.

We have made good progress with implementing our growth strategy. One key milestone was renting an additional building at a pre-existing site in Berlin in order to establish more laboratories to manufacture patient-specific therapies and optimize our logistics. Work has already begun to build one of the most cutting-edge GMP laboratories in Germany (GMP: Good Manufacturing Practice) and create 14 new workstations, which is expected to be complete in 2021. As this will make it possible to triple our manufacturing capacity, it will be a key driver of our organic growth. We are also concentrating our M&A activities on the higher-margin Patient-specific Therapies segment and are focusing on digitizing healthcare, which could open up considerable potential for us in the future. Additionally, we want to further establish individualized finished medicinal products (tablets) with the support of our blister packaging business in Germany, which will help increase the effectiveness of healthcare in general.

We are currently preparing to roll out our innovative, digital trading platform for individualized medicine, mediosconnect, in further German states. mediosconnect connects doctors, health insurance companies, and specialized pharmacies and simplifies ordering and billing for complex, individualized pharmaceuticals. We also want to launch an e-prescription compatible platform to offer added value not only to doctors, health insurance companies, and our specialized partner pharmacies, but also to patients. Consequently, our partners and Medios are well prepared for the legally mandated launch of the e-prescription on January 1, 2022.

Thanks to the capital measures implemented last year, a high level of liquidity and additional credit lines available if required, we are very well equipped for the further implementation of our strategy and the associated measures.

All of this gives us the confidence to continue our successful growth. For the current year, we expect a significant increase in group revenue to €1.15bn to €1.20bn as well as an adjusted EBT of €31.00m to €32.00m.

With our growth comes greater responsibility: it is only possible to remain successful if we endeavor to behave in a sustainable manner, make sure that we do so, and anchor this concept in our corporate strategy at the same time. For the first time, we will explain the work we are doing in connection with Environmental Social Governance (ESG) in our annual report. In the current financial year, we are going to develop a comprehensive ESG strategy for Medios. Furthermore, we have voluntarily committed to adhere to the ten universal principles and the sustainable development goals of the world's largest responsible corporate governance initiative by joining the United Nations Global Compact. And this is not simply a promise: Medios already embraces sustainability and will incorporate it even further into everything we do in the future.

We would like to express our special thanks to you, our shareholders, for your trust. Likewise, we would like to thank our employees for their commitment on a daily basis, especially in the face of the difficult general conditions. Without this outstanding work, Medios would not be successful. Last but not least, we would also like to thank the members of the Supervisory Board for the good and constructive cooperation.

We have a lot of plans and would be delighted if you, dear Shareholders, would continue to place your trust in us and accompany us on this exciting journey.

Best regards

Matthias Gaertner

(CEO and CFO)

Mi-Young Miehler

(COO)

Christoph Prußeit

(CINO)

The Medios Share

The German stock market was very volatile in 2020. The DAX closed at 13,718.78 points on the last trading day. This corresponds to an increase of 3.6% compared to the 2019 year-end closing price (13,249.01 points). The annual high was 13,790.29 points, reached on 28 December 2020. The annual low was 8,441.71 points and was recorded on March 18, 2020.

The development on the capital markets was mainly influenced by the course of the Corona pandemic and its impact on the overall economic situation. The spread of the pandemic caused significant price losses on the stock markets worldwide from mid-February. In mid-March, the DAX temporarily recorded a drop of up to 36% compared to the 2019 year-end closing price. This was also due to the contact restrictions adopted by the German government to contain the pandemic as well as the record number of German companies that had to adjust their own sales and earnings forecasts in the first quarter.

With the significant decline in infection cases in Germany from mid-March, the DAX also went on a recovery course. In mid-July, the leading index rose above 13,000 points for the first time in five months. In October, the stock markets plummeted again as a result of the rapid increase in

COVID-19 cases and due to increasing uncertainty about the outcome of the US presidential election. After a rapid recovery in November and a phase of stabilization, the DAX continued to rise in the second half of December. This was due in particular to the approval of the Biontech vaccine in Europe and the start of vaccination in Germany.

The Medios share developed positively overall in 2020. It closed at €37.40 on the last trading day. This corresponds to an increase of 41.7% compared to the 2019 year-end price (€26.40). The SDAX rose by 18.0% in the same period. The annual high – and all-time high – of the Medios share was €40.60 and was reached on May 25, 2020. The low for the year was €22.60 and was recorded on March 19, 2020. In August, the Medios share saw significant price losses due to the adjustment of the forecast for the 2020 financial year. In November, it recorded significant price gains following the announcement of the planned acquisition of Cranach Pharma GmbH. With an average daily turnover of 22,397 shares, the average trading volume of the Medios share in XETRA trading in 2020 was significantly higher than the comparable figure for the previous year of 8,529 shares.

Annual high
of the Medios share
€40.60

Indexed performance of Medios shares from January 1, 2021 until February 26, 2021



Share figures (ISIN DE000A1MMCC8), Prime Standard

XETRA (Closing price)	2020	2019
Number of shares issued as of 12/31	16,084,991	14,564,019
Market capitalisation as of 12/31 (€ millions)	601.58	384.49
First trading day (€)	25.40	13.85
Last trading day (€)	37.40	26.40
Highest price (€)	40.60	27.20
Lowest price (€)	22.60	13.35
Average daily trading (units)	22,397	8,529

In 2020, Medios AG continued to receive regular analyst coverage from Warburg Research, Berenberg and Kepler Cheuvreux. In addition, Jefferies and Metzler Capital Markets took up coverage for the first time.

The share capital of Medios AG amounted to €16,084,991 at the end of the reporting year and was thus higher than the previous year's figure (December 31, 2019: €14,564,091). The reason for the increase was a capital increase in kind as part of the acquisition of Kölsche Blister GmbH in April 2020 and a cash capital increase to finance the targeted growth in June 2020.

The free float of Medios AG was 65.6% at the end of 2020, an increase of 8.9 percentage points compared to the reporting date of the previous year (December 31, 2019: 56.7%). The increase is mainly due to a secondary share placement in May and the cash capital increase in June. The secondary share placement took place, among other things, as part of an employee share option program.

In January 2021, Medios AG carried out a capital increase in kind as part of the acquisition of its long-standing business partner Cranach Pharma. As a result, a total of 4,180,000 new Medios shares were created and issued to BMSH GmbH as consideration for the acquisition of Cranach Pharma GmbH. As the owner of Cranach Pharma, BMSH already held a stock in Medios.

As a result of the capital increase, the share capital increased to €20,264,991. The share of voting rights held by Martin Hesse (including the attribution of BMSH GmbH) increased to 23.1% (previously: 3.43%). After the capital increase, the share held by Medios founder Manfred Schneider was 24.8% (previously: 31.3%), while the free float amounted to 52.1% (previously: 65.6%). Medios' primary objectives are to broaden its international institutional investor base and to further increase its trading volume.

Inclusion in the SDAX

On September 21, 2020, Medios AG was admitted to the Deutsche Börse selection index SDAX. The SDAX comprises the 70 largest companies measured by market capitalization and stock exchange turnover below the MDAX. Previously, Medios had been admitted to the sub-segment of the Regulated Market with additional post-admission obligations (Prime Standard) on the Frankfurt Stock Exchange.

Intensive dialogue with the capital market

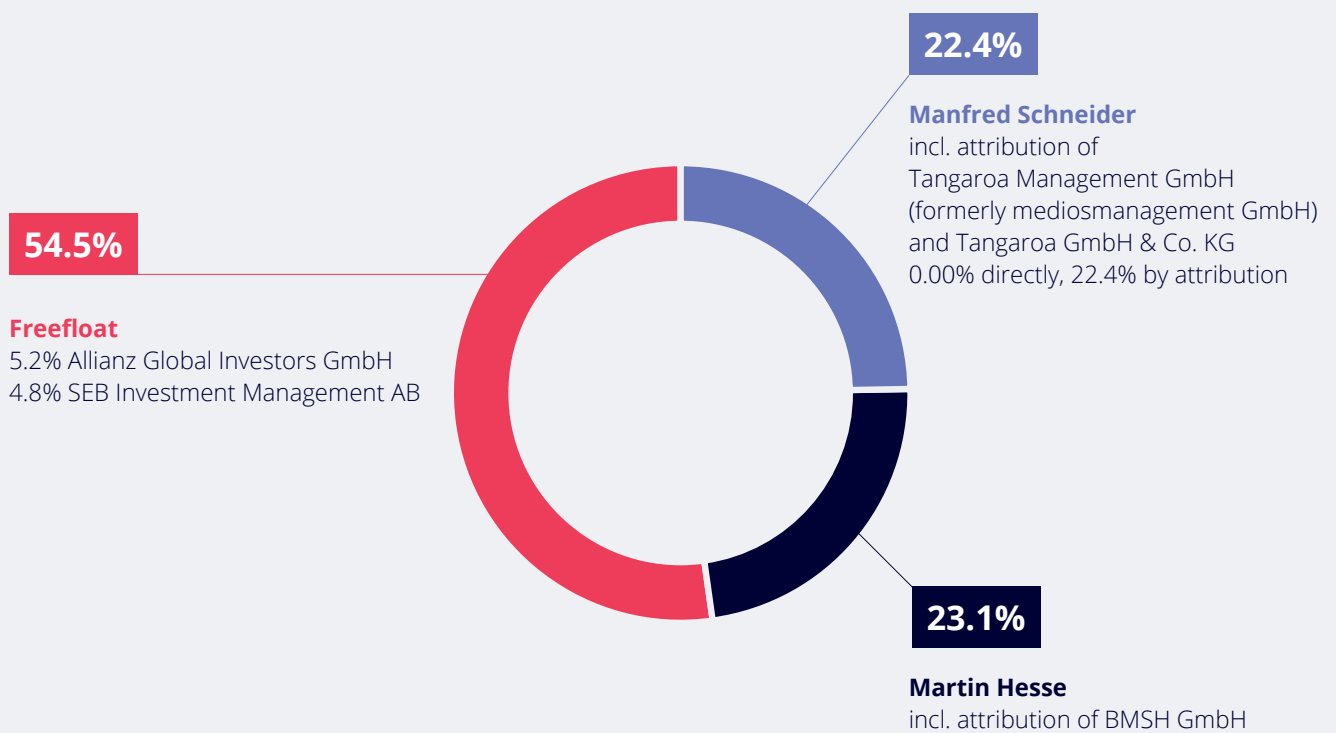
Medios AG continued to maintain an intensive dialogue with the capital market in the 2020 financial year and provided regular and comprehensive information on the company's current business development. In addition to the mandatory announcements, the company also published press releases to communicate its business development and activities continuously and transparently. Furthermore, the company held roadshows at selected financial centers at the beginning of the year and participated in virtual national and international conferences during the rest of the year in order to explain the business model, the company's growth strategy and current corporate developments to investors, analysts and press representatives even during the Corona pandemic.

The Annual General Meeting of Medios AG took place on October 26, 2020 and was also held virtually. All resolutions on the agenda items put to the vote were passed with a clear majority.

Medios also dealt intensively with the topic of sustainability in 2020 and prepared a first voluntary report on the key points, which is also part of this annual report (see chapter "Nonfinancial Consolidated Statement"). Medios intends to develop a comprehensive "sustainability strategy" in the current reporting year and to define corresponding measures.

Shareholder structure February 2021

All figures according to voting rights notifications of the notifying parties



Nonfinancial Consolidated Statement for the 2020 Financial Year

1. Sustainability at Medios

This report marks the first time that Medios AG is publishing a nonfinancial consolidated statement (hereinafter referred to as a “nonfinancial statement”) within the meaning of the German Commercial Code (abbreviated HGB in German). We are not required to comply with Germany’s CSR Directive Implementation Act (abbreviated CSR-RUG in German; CSR being the abbreviation for Corporate Social Responsibility), as the number of our employees lies below the minimum threshold, above which the application of the requirements stipulated therein would be legally binding. The reporting period corresponds to the 2020 calendar year.

Medios AG (hereinafter also referred to as “Medios” or “Medios Group”) 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). The focus is on optimal patient care via specialized pharmacies. We not only have a positive impact on people’s lives, however, but also reduce the negative consequences for the environment and society through sustainable day-to-day business practices. In this first nonfinancial report, which we are publishing voluntarily, we describe the activities of the Medios Group in relation to the aspects stipulated by CSR-RUG, namely the environment, social affairs, employees, human rights, and the prevention of corruption and bribery. We have identified the following individual topics relevant to Medios as part of a materiality assessment conducted for the 2020 reporting year:

Material Topics according to 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 affairs	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 Innovative procedures and processes

Our mission is to ensure that patients have the most comprehensive access to Specialty Pharma products possible through cooperative collaboration and the exchange of information between the various market participants. In doing so, we also aim to generate sustainable economic value by integrating good corporate governance, social responsibility, and a commitment to protecting the environment into our core business activities. For further information on our business model, please refer to section I. of the management report.

2. Good Corporate Governance

2.1 Compliance and Business Ethics

In addition to generally applicable laws, rules, and standards, the business activities and corporate culture of the Medios Group are characterized by our corporate values of trust, respect, integrity, and responsibility. Adhering to these values is a matter of course at our company and is also enshrined in Medios AG's Code of Conduct as part of our compliance activities. This Code of Conduct is published on our website.

Our compliance officer is responsible for coordinating and managing compliance. In addition to dealing with operational compliance issues, his range of activities also includes risk management. The compliance department's main tasks include the implementation of the group-wide Medios compliance program as well as the assessment of risks and opportunities, including conducting a review of the internal control system on an annual basis.

The compliance officer reports directly to the Chief Executive Officer of Medios AG, who regularly informs the Supervisory Board regarding current developments and issues. Further reporting is carried out on an ad hoc basis.

For the purpose of preventing and clarifying possible violations, employees of the Medios Group and external third parties have the ability to confidentially contact the Compliance Department at any time. A central whistleblowing hotline to anonymously report suspected cases was set up for this purpose in the 2019 financial year. Our employees are required to report possible compliance violations immediately. Medios thoroughly investigates every single report. With the exception of false, misleading, or fraudulent reports, we ensure that the whistleblower does not suffer any negative consequences as a result of providing us with information. There were no reports of compliance violations in the 2020 financial year.

In addition to our Code of Conduct, further requirements are in place at Medios in the form of comprehensive compliance guidelines, which we have introduced throughout the group in 2019. In this context, we apply standards that go above and beyond the applicable legal requirements. The Medios compliance guidelines govern, among other things, privacy and data protection, IT security, and the handling of grants, donations, and conflicts of interest.

To ensure that we adhere to our values on the one hand and our procedural guidelines on the other, we train our employees on a regular basis. When they join the Medios Group, employees receive various onboarding training sessions on topics including the Code of Conduct, data security, occupational safety, and accident prevention, which are repeated on an annual basis.

In the 2021 financial year, we will further expand our training program, focusing, in particular, on the following aspects: Germany's General Act on Equal Treatment for Employees and Managers, Medios AG's Code of Conduct, prevention of corruption, hygiene in the workplace, and data security in the context of remote work.

Medios strictly rejects any and all forms of corruption and bribery. We take every suspected case seriously and investigate it thoroughly. If a suspected case is confirmed, disciplinary measures are initiated by the Executive Board of Medios AG. No cases of corruption were discovered in the 2020 financial year, nor were any suspected cases of corruption reported. Similarly, we are not aware of any pending legal proceedings due to anti-competitive behavior nor of any fines or non-monetary sanctions imposed as a result of non-compliance with laws and regulations.

2.2 Responsible Procurement

For successful business operations, we require products from qualified and reliable suppliers, whom we select carefully and collaborate with as partners. In order to live up to the principles of responsible procurement, not only our own conduct but also that of our suppliers is of great importance. We therefore encourage them to operate lawfully and fairly and to take sustainable aspects into account as part of their procurement activities, to the extent that their business activities permit.

Medios AG is predominantly supplied by various European pharmaceutical companies that transparently report on their working conditions, their production processes, which are as environmentally friendly as possible, and other sustainability issues. This implies that our partners operate in a responsible manner with regard to their employees, the environment, and human rights.

During procurement activities, we take a variety of criteria into account, including price, quality, area of application, a supplier's ability to deliver, and, in some cases, feedback from our customers if they have special requirements with respect to how deliveries are packaged.

Compliance with standards within the supply chain is extremely important to us. To ensure them, the Quality Assurance Department monitors not only occupational safety, but also quality. In this way, we continuously assess whether our suppliers are qualified in accordance with legal requirements. We will conduct a comprehensive evaluation of the various criteria in relation to the supply chain (e.g. with regard to respect for human rights as well as environmental issues) as part of the development of our sustainability strategy.

Our collaboration with partners is cooperative and based on a dialog. This approach gives us the ability to influence our business partners' compliance with high standards, such as adherence to GDP (Good Distribution Practice) guidelines and various legal requirements. Further control mechanisms

have not yet been implemented, but are currently being projected so that they will be available to us by the 2022 financial year at the latest.

3. Data Security

The field in which the Medios Group operates 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. In this context, protecting the personal rights of those affected is a top priority.

To ensure that the data in our possession remains secure, we have appointed an external data protection officer who fulfills this task together with the Chief Innovation Officer of Medios AG. We have also appointed various data protection coordinators internally across the group.

To ensure that we can identify potential risks at an early stage and maintain our extremely high data security standards, we review and evaluate where the company stands in this regard on an annual basis. In the 2020 financial year, we did not identify any data breaches in this context. In addition, a corresponding audit is carried out every two years. Furthermore, we have defined clear instructions in the form of standard operating procedures (SOPs) and forms relating to data protection emergencies, etc. One of the most important documents in this context is our Data Protection Agreement in accordance with the GDPR (General Data Protection Regulation). New employees receive comprehensive data protection training. In addition, participation in a corresponding refresher training with our appointed external data protection officer is mandatory for every Medios employee once a year.

4. Products and Services

4.1 Patient Health and Protection

The health and protection of patients is our highest priority. Within the scope of our business activities, we stockpile pharmaceuticals that are ordered on a recurring basis. We respond to pharmacy inquiries within one hour and offer overnight delivery whenever possible. In this context, we work with the pharmacies as partners.

Stringent quality management procedures based on compliance with various guidelines and standards are necessary to ensure the safety of our pharmaceuticals. The GDP guidelines follow the basic principle of protecting the safety of pharmaceuticals as comprehensively as possible – both during storage and transport. On the one hand, this is achieved by preventing potential errors through the risk management system, in which appropriate measures can be taken by continuously identifying potential risks of error. On the other hand, pharmaceutical safety is ensured via the CAPA (corrective and preventive action) system. It facilitates the reporting of errors by employees to their superiors and to the responsible individual in the wholesale trade in accor-

dance with Section 52a, Paragraph 2, Number 3 of Germany's Medicinal Products Act (AMG). The latter investigates the reasons for the deviation together with those responsible in the respective departments in order to then optimize the processes to the greatest extent possible. This results, for example, in changes to individual SOPs and employee training or briefings. Newly introduced or revised processes as well as corresponding forms are distributed to employees in print for their information, and they must sign the documents to acknowledge having received them.

In addition to the GDP guidelines, we also comply with the internationally recognized GMP (Good Manufacturing Practice) guidelines, which standardize good pharmaceutical manufacturing practices and ensure that patients always receive the pharmaceuticals they need in uncompromisingly high quality.

Our quality assurance measures already begin with the selection of suppliers and the documented inspection of incoming goods. A transparent supply chain and quality inspections of the raw materials are intended to identify counterfeits and thus play a key role in ensuring patient safety.

Quality assurance in manufacturing according to GMP covers all production processes as well as the production environment. Aseptic manufacturing is carried out in compliance with all regulatory requirements. These relate to the way clean rooms, hygiene, and clothing are handled, as well as the qualification of the manufacturing personnel and the quality inspections of the manufactured products. In addition, quality assurance ensures that further rules and regulations governing the processing, packaging, and storage of pharmaceuticals are fulfilled. To meet these requirements, clear rules apply to all employees at Medios. To guarantee product quality and occupational safety, the Medios hygiene policy stipulates, among other requirements, that all employees wear personal protective clothing, a face mask, and gloves throughout the manufacturing process. It must also be possible to fully trace the raw materials used and their batches back to their source.

In the annual training plan, job-specific training, general training on topics such as GMP, industrial hygiene, compliance, etc., and annual briefings are scheduled in advance for each employee. They form the basis for training employees before they begin their jobs and serve to ensure the respective qualification on an ongoing basis.

Compliance with standards and processes is monitored by means of regular inspections by the authorities. In addition, internal inspections are carried out in all areas of the Medios Group's companies subject to GMP in order to determine the extent to which their operations comply with the principles of the quality management system, GMP guidelines, occupational health and safety, and other legal requirements. This enables the group to verify compliance with the GxP (Good x Practice, where the "x" stands for various fields of activity) guidelines in all areas and to improve the quality of internal processes and systems.

5. Innovative Procedures and Processes

To ensure that our products and services are always of the highest quality and up to date, we continuously review them and the underlying processes with a view to identifying opportunities to innovate or improve efficiency. All innovation-related activities fall under the responsibility of the heads of the departments involved and the Executive Board of Medios AG.

We continuously drive the development of new products and services as well as various process innovations to the benefit of patients and our partner pharmacies. To this end, we continuously analyze current trends and developments in the market. One trend that is currently of particular relevance is the digitization of the healthcare sector. Medios wants to play an active role in shaping this trend and has developed mediosconnect, a digital trading platform for personalized drugs that connects doctors, health insurance companies, and specialized partner pharmacies. The aim of the platform is to simplify ordering and billing processes and thus make the healthcare system more cost-effective. We initially launched mediosconnect in the German states of Berlin and Mecklenburg-Western Pomerania, and plan to soon roll out the platform in other German states to make it accessible to more users.

After that, we intend to introduce an e-prescription-enabled platform that will offer added value not only to physicians, health insurance companies, and our specialized partner pharmacies, but also to patients. Both mediosconnect and the e-prescription-enabled platform thus make it possible to benefit from the digitization of the healthcare sector.

6. Employees

6.1 Management Approach and HR Strategy

Our business success is largely determined by the quality of our products and the reliability of our services. That is why highly qualified employees are of tremendous importance to the continuation of our company's success.

The group-wide Human Resources (HR) Department falls under the responsibility of the Chief Operating Officer. At the disciplinary level, HR decisions are made by the executive boards of the respective subsidiaries. We support the individual companies of the Medios Group within the framework of our HR business partner concept, taking into account their respective specifics. We have appointed appropriate specialists to expand our HR systems and processes and to support the team responsible for recruiting.

We are convinced that the conduct of our managers is reflected in the conduct of our workforce. Our daily activities are guided by our corporate values and our shared vision. The Medios management guidelines and corporate values will be more broadly established and formalized in the future. An important step along this path was the introduction of our Code of Conduct in the 2020 financial year, in which we

laid out our shared values and the associated expectations of our employees in writing. We explain the contents of the Code of Conduct to our employees as part of a corresponding training session.

In the field of human resources, we face the challenge of ensuring that positions are filled quickly under difficult conditions such as the COVID-19 pandemic, the lack of qualified specialists, and competition from other pharmaceutical companies. As part of the recruiting process, we also rely on the services of HR consulting firms in individual cases. In addition, we have implemented an "Employees recruit Employees" program to find new employees, which has been very successful. After the current COVID-19 situation improves, we plan to establish collaborations with colleges and universities, as well as with other training institutions, in order to establish contact with graduates that we can potentially recruit.

2020 Employee Data (in Number of Employees)	Medios Group
Total Number of Employees (Active/Excluding Parental Leave)	279
Full-time employees	187
Part-time employees	92
With a temporary employment contract	15
With a permanent employment contract	264
Women	142
Men	137
Under 30 years of age	68
Between 30 and 50 years old	167
Over 50 years of age	44
Employees on parental leave	7

6.1.1 Employee Satisfaction

Successful business performance requires extremely well-trained employees, and we consider long-term employment relationships to be of the utmost importance. To ensure that employees remain with the company for as long as possible, we create numerous incentives in the form of various employee benefits and strive to achieve the greatest possible level of transparency. We achieve the latter through an ongoing dialog in which we discuss personal goals and satisfaction, among other things, as well as our own ideas regarding the respective business areas.

We want to reward our employees' outstanding performance and compete for qualified specialists. Fair compensation plays an important factor in this regard. Compensation within the Medios Group is based on the requirements of the respective position as well as the individual employee's performance. In addition to salaries, we offer attractive perks and social benefits. Employee benefits include employer contributions to company pension plans and health insurance as well as the provision of individual workplace glasses, fruit baskets, free flu shots, and full reimbursement of the cost of public transportation tickets.

During the reporting year, we conducted a company-wide employee survey for the first time to measure employee satisfaction. We also document the average length of employment with the company, which can also serve as an indicator of employee satisfaction. In the reporting year, the average length of employment was 2.9 years.

6.1.2 Diversity and Equal Opportunities

Diversity and equal opportunities are a matter of course throughout the Medios Group. We have also enshrined the corresponding guidelines in our Code of Conduct. 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 and gender, sexual orientation, class, origin, physical or mental condition, ideology or religion. If employees nevertheless identify cases of discrimination, we encourage them to report these cases through our whistleblowing system, to which they have unrestricted access. To date, no suspected cases of this kind have been reported. To ensure that this remains true, we raise awareness among our employees throughout the group by means of appropriate training seminars. Due to the impact of the COVID-19 pandemic, we plan to conduct these as online trainings in the 2021 financial year.

6.2 Occupational Health

As an employer, we have a duty to maintain and promote the health and safety of our employees. There are several sensitive working areas at Medios where our employees are potentially exposed to hazards. We are aware of this fact and take appropriate precautions to prevent adverse effects and harm.

Responsibility for this lies with the group's Executive Board and the respective company executives. At every Medios company, occupational safety matters are identified, addressed, and followed up on in terms of implementation within the framework of the Occupational Safety Committee (abbreviated ASA in German). This ASA consists of the

company or site management, an internal safety officer, an external occupational physician, and an external occupational safety specialist.

Warehouse or shipping operations can involve physically demanding work when carrying and lifting inventory, for example, which can affect back and joint health. We reduce this risk through various work instructions, e.g. relating to occupational medicine, fire prevention, and first aid, as well as through organizational and the provision of technical measures such as ramps or trolleys.

In addition, every Medios company has a company medical service that supports internal health management and conducts the job-specific programs and mandatory examinations of employees.

We document both the number and type of occupational accidents that occur. During the reporting year, a total of 19 occupational accidents occurred, mainly resulting in minor injuries, e.g. cuts or needlestick injuries.

As part of maintaining and promoting employee health, we not only focus on the physical condition, but also want to prevent psychological pressure as a result of stress and being overworked, to the greatest extent possible. Should our employees nevertheless experience such symptoms, we work with them to develop individual solutions.

At the beginning of the COVID-19 pandemic, we drew up appropriate plans containing measures (e.g. Standard Operating Procedures) specifically tailored to the Medios company in question. They relate, for example, to protective equipment, workplace occupancy and hygiene, and the ability to trace contacts through visitor documentation. In addition, the pandemic plans include a work-from-home provision that is systematically implemented. The implementation of these measures is both monitored and documented. In addition, we provided our employees with face masks and disinfectants for personal use, and supplied food to employees in quarantine.

6.3 Vocational and Advanced Training

As a company that offers vocational training, we want to promote vocational and advanced training in our field of business in order to meet our current and future need for qualified specialists. As such, we offer vocational training programs in wholesale and international trade management as well as warehouse logistics.

Vocational Trainees and Interns in 2020

	Medios Group
Number of vocational trainees	2
Number of vocational trainees hired upon completing training	1
Number of pharmacists completing an internship	1

In addition, we offer our employees various HR development opportunities to support their personal and professional development. Workshops on the topics of the Medios Group's mission statement, values, and management guidelines are planned for the 2021 financial year. Furthermore, we offer our managers the opportunity to participate in various coaching sessions and specialist seminars that are individually tailored to their needs. These measures are organized locally by the individual companies.

Due to the multifaceted restrictions in place as a result of the COVID-19 pandemic, we used digital options in the 2020 reporting year to carry out the training measures, seminars, and advanced training sessions. For example, our training sessions on data protection and employee occupational safety took place virtually.

We place a special focus on new employee onboarding in order to convey the values and organizational structures of Medios across the company on the one hand, and to ensure that employees are fully familiarized with their new jobs and workplaces on the other. The scope and type of onboarding are defined in corresponding plans, which are used as the basis for training the employee for his or her job profile. Certain profiles require training periods of up to nine months, e.g. for cleanroom activities.

7. Environment

7.1 Environmental Management

Dealing with climate change and its consequences is one of the greatest tasks facing future generations. This challenge affects all members of society. As such, Medios must also do its part and respond accordingly. Sustainable use of the resources we need for our business activities plays an essential role in this respect. In addition to the efficient use of energy and reducing emissions, we also feel responsible for reducing the quantity of waste produced and disposing of it properly.

To this end, Medios has issued general codes of conduct and SOPs that outline these issues and, in part, stipulate a responsible approach to energy, waste disposal, packaging materials and their recycling, paper, etc.

The Executive Board is responsible for ensuring compliance. The compliance officer holds primary responsibility in the specific case of compliance with environmental law. 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 field of facility management, we implement concrete measures to save energy. This includes, for example, an environmentally friendly building automation system at our corporate headquarters, which enables automatic light switch-off as well as night switch-off of the ventilation system.

We intend to continuously improve our environmental management system. We have set a number of different goals for ourselves in this regard, for example with regard to the energy efficiency of newly acquired equipment or the insulation of cold storage units. In order to manage our environmental performance even more effectively, we also plan to systematically expand our current level of environmental data collection.

7.2 Energy and Emissions

How we obtain and use our energy largely determines the extent of our emissions. Medios does not generate the electricity required for its business operations itself. We cool our products and materials in large refrigerators or cold storage units that are powered by electricity. We obtain heat from the respective landlord of our sites in the form of natural gas and heating oil. The kilowatt hours (kWh) of electricity consumed in the reporting year can be broken down as follows:

Electricity Consumption (in MWh)	2020
Medios Group	583.2
thereof Pharmaceutical Supply	38.6
thereof Patient-Specific Therapies	544.6

We see the greatest savings potential in the improved insulation of the new cold storage units that we have been using since the 2020 reporting year. We will also reduce our consumption through the relocation that has taken place, of our corporate headquarters to an energy-efficient new building that is certified by the DGNB (German Sustainable Building Council) and meets the latest standards.

One way to operate in a more environmentally friendly manner while using the same amount of energy is to purchase green power. We intend to evaluate switching to electricity from renewable energy sources in the 2021 financial year.

In addition, we offer each of our employees the free use of a ticket for the BVG (Berlin's public transit system) in order to minimize emissions from their commute to work.

Emissions by the Medios Group (in tCO₂e)

	2020
Scope 1 Emissions (direct Emissions)	0
Scope 2 Emissions (indirect Emissions from Purchased Energy)	166.8
thereof purchased electricity*	100%
Scope 3 Emissions (other Indirect Emissions)	3.0
thereof business travel	100%
Total	169.8

*Market-based approach/including electricity for cooling.

Our already low number of business trips was further reduced by the impact of the COVID-19 pandemic in the reporting year. We want to maintain and expand the trend toward virtual meetings that has been spurred on by the pandemic.

Since travel by Medios employees is low overall, company cars are also used to an acceptable extent. In addition, employees who use a Medios AG company car are increasingly choosing sustainable vehicle alternatives. As such, when selecting company cars, the majority of employees selected hybrid vehicles and only rarely diesel-powered vehicles.

7.3 Waste and Recycling

Medios works with a variety of substances, including hazardous substances that are recorded in a hazardous substances register. It forms the basis of the standard operating procedures that define how to handle these substances and the corresponding disposal process. Our employees regularly receive training on these standard operating procedures.

A special disposal procedure is required for cytotoxic waste, which is produced, for example, during the manufacture of pharmaceuticals. It is collected separately in a cytostatic waste container and disposed of properly by specialized companies in accordance with the waste code. In the case of hazardous waste of this type, we completely eliminate the possibility of access by unauthorized persons and/or contamination of the environment.

With the exception of masks and gloves, the protective equipment of employees working in the clean room, e.g. coveralls or undergarments, are reconditioned in a controlled

process so that they can be used again. Our goal is to further increase the share of recycled and reconditioned waste, especially with regard to thermal recycling.

When transporting our products, the use of special transport containers and cold packs is necessary to preserve the quality of the pharmaceutical products. The selection of the required shipping materials is not only based on specification conformity, but also on aspects of reusability and environmental compatibility.

In order to reduce the quantity of waste produced, we intend to expand our cooperation with a specialized transport service provider in the future. The company offers temperature-controlled transport, allowing us to eliminate the use of cold packs.

8. Social Responsibility

8.1. Civic Engagement

Like every company, Medios AG is a part of its surrounding environment. As such, our goal is to be a good neighbor at our sites 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. In addition, we promote our employees' civic engagement and donate to various charitable organizations. The Executive Board decides which projects Medios will support financially. In the reporting year, for example, we donated 100,000 masks with a total value of around €150,000 to a charitable foundation and a welfare organization.

8.2. Stakeholder Dialog

We interact with different stakeholders as we conduct our day-to-day business, and they place different demands on us. In particular, we stand in close contact with the two stakeholder groups of suppliers and partner pharmacies via various means of communication. We also engage in dialog with our partner pharmacies through networking events and regular conference calls.

As part of our brand development efforts, we conducted a survey of our partner pharmacies in the 2019 financial year. We hold regular status reviews with our suppliers at least once a year. With around 40 participants, the "Medios Specialty Pharma Day" – which we held for the first time in the 2020 financial year – represented a new level of dialog with our partners. The goal of the event was to promote networking among pharmacists as well as with us. Previously, Medios had already held smaller events of this kind.

9. 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 – per aforementioned aspect within the meaning of Section 289c, Paragraph 2 of the German Commercial Code (HGB).

We did not make use of the option to base the structure of the nonfinancial statement on generally accepted frameworks for reporting on sustainability issues. We are continuously expanding and refining our sustainability management system, and will therefore review the application of such frameworks at a later date.

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.



Report of the Supervisory Board



Dr. Yann Samson

Chairman of the Supervisory Board

Lawyer



Joachim Messner

Deputy Chairman of the Supervisory Board

Lawyer



Klaus Buß

Member of the Supervisory Board

Economist

Dear Shareholders,

Before I go into detail about our work as the Supervisory Board of Medios AG in the 2020 financial year, I would like to thank two people who have dedicated their life's work to our company. Mr Manfred Schneider opted not to renew his contract which expired December 31, 2020 for family reasons and has stepped down from the Executive Board. We would like to take this opportunity to once again express our respect and appreciation for Mr Schneider for the successful work he has done. We are very happy to announce that Manfred Schneider will retain his close ties with Medios AG as the founder and principal shareholder of the company and will become a key member of a new Advisory Board.

In November 2020, the Executive Board announced the takeover of Cranach Pharma GmbH, of which Martin Hesse was the majority shareholder via BMSH GmbH. A long-standing business relationship already existed between Medios and Cranach, as between Manfred Schneider and Martin Hesse, and we are happy that both companies are now affiliated under Group law. The acquisition of Cranach will enable Medios to strengthen its position as a full-service Specialty Pharma provider. Consequently, the consolidated revenue of Medios in the 2021 financial year will increase significantly year-on-year to more than €1 billion. I would also like to point out that Mr Hesse has absolutely no interest in influencing the fortunes of Medios AG.

**Adoption of a
Code of Conduct –
Principles for the
Medios culture**

Focal points

Although business success is an important criterion for our monitoring and consulting work, we also have other focal points where we monitor and offer advice in an extremely precise manner. Through every perspective, 2020 was an excellent year.

In a challenging environment in which the Corona pandemic had a long-term impact on our work, we were nevertheless able to surpass half a € billion of revenue. We have closely monitored the growth strategy as well as how the Executive Board has managed other business. We fulfilled our statutory duty of monitoring primarily on the basis of the regular written and verbal reports submitted promptly by the Executive Board which, as in the previous year, focused on the following topics, albeit with different perspectives:

- 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
- Transactions of particular significance
- Investments, especially making them

Our work in detail

As the Supervisory Board, we performed our duties in accordance with the law, Articles of Association and rules of procedure of the company in the 2020 financial year. The following pages contain specific details about these duties.

Monitoring and advising

We monitored the management of the Executive Board and provided advice to the best of our knowledge and belief, verifying the lawfulness, expediency, compliance and profitability of business management and corporate management in particular. We were satisfied at all times that the work of the Executive Board was lawful, expedient and in order. In particular, the Executive Board involved us in all decisions of fundamental significance to the company directly and in good time.

Topics and attendance at Supervisory Board meetings

We convened four times in the 2020 financial year, each time as a videoconference due to the raging Corona pandemic. As the rate of attendance by members of the Supervisory Board at the four ordinary meetings was 100%, it is not necessary to list the attendees at the individual meetings. The members of the Executive Board participated in the Supervisory Board meetings unless I determined otherwise as Chairman of the Supervisory Board. In addition to the regular reported issues, the following matters and projects were discussed:

- **April 2, 2020** – Accounts review meeting 2019 (including extensive discussion of business developments in 2019 and 2020 as well as action taken with regard to the Corona pandemic)
- **July 2, 2020** – Human resources; risk management; matters concerning operating units
- **October 6, 2020** – Compliance; risk management; reporting formats; and the development of business of operating units; Preparation of the annual general meeting
- **December 17, 2020** – Expansion of work for manufacturing operations; development of business of operating units

In addition to these meetings, we were in regular contact and communicated by phone or in writing, both within the board and with the Executive Board.

Notification

The Executive Board fulfilled its duties to provide notification and informed us regularly, promptly and comprehensively of all matters concerning strategy, planning, and business development, as well as the risk situation, risk development, and compliance that were of relevance to the company and the group, verbally and in writing. The reports of the Executive Board met the criteria set out by the law, the principles of good corporate governance, and us in terms of both their subject matter and scope. We discussed the development of business as well as decisions and transactions which were of importance to the company in depth on the basis of the reports submitted by the Executive Board. Furthermore, the members of the Executive Board of the company outlined the current situation of the company to us in the four aforementioned meetings of the Supervisory Board. We scrutinized, critically evaluated, and assessed the plausibility of the reports and other information provided by the Executive Board. We also made enquiries 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.

Strategy

We and the Executive Board coordinated the strategy of the company, with the focus being on continued dynamic growth as well as mergers and acquisitions in 2020. After examining them thoroughly and consulting on them, we approved the proposed resolutions by the Executive Board. 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.

Rules of procedure

The rules of procedure for the Executive Board and Supervisory Board which contain a list of transactions and measures for which the Executive Board requires the consent of the Supervisory Board are another instrument for monitoring the Executive Board. After discussing and consulting on them extensively, the Supervisory Board gave its consent to individual transactions where its consent was necessary in accordance with the law, the Articles of Association, or the rules of procedure for the Executive Board. In early 2021, we thoroughly revised all of the rules of procedure in light of our strong growth. Due to new legal requirements that apply in connection with the Supervisory Board being required to approve certain transactions with related parties, the Supervisory Board and Executive Board have adopted an internal procedure designed to ensure that the approval requirements are met. No transactions requiring consent or publication took place in the reporting year.

Personnel

One important theme in 2020 was our effort to convince Manfred Schneider to agree to another term of office. Even though Mr Schneider was ultimately unavailable for this position due to family reasons, we were able to tie Mr Schneider to our company in a different way and ensure even longer continuity in the entire board of management in the process.

Pursuant to Section 8 Para. 1 of the Articles of Association of Medios AG, the Supervisory Board consists of three members. Currently, as in 2020, the members of the Supervisory Board are Dr. Yann Samson (Chairman), Joachim Messner (Deputy Chairman) and Klaus Buß. No committees were formed in the sense of Section 107 Para. 3 of the German Stock Corporation Act (AktG) as this would not have been meaningful given the current size of our board. An expansion of the Supervisory Board in the future has not been ruled out, however, no decision has yet been made. In 2020, the Executive Board of the company consisted and consists of Mr Manfred Schneider (CEO and Chairman of the Executive Board until December 31, 2020), Mr Matthias Gaertner (also Chairman of the Executive Board since January, 2021), Ms Mi-Young Miehler, and Mr Christoph Prußheit.

Audit of the annual and consolidated financial statements for 2020

The auditor issued an unqualified opinion for the annual financial statements, the consolidated financial statements, the summarized management report of Medios AG and the Medios Group, as well as the report on the relations of the company with affiliated enterprises (all for the 2020 financial year). 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 inspection, we have agreed to the outcome of the audit by our auditor. No exceptions were taken; this also applies to the Corporate Governance Statement, even in so far as it is not set to be examined by the auditor. We have adopted the annual financial statements of Medios AG and approved the consolidated financial statements. Specifically:

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 2013 financial year. The auditors Klaus Biersack (since the 2013 financial year) and Andreas Weissinger (since the 2020 financial year) sign their names 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 we 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 the annual financial statements to the Supervisory Board 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), including the summarized management report of the Medios Group and of Medios AG, as well as the proposal for the appropriation of profit (profit carry-forward) for the 2020 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.

Report on relations with affiliated enterprises

Medios AG prepared a report on relations with affiliated enterprises for the 2020 financial year in accordance with Section 312 AktG. Likewise, in accordance with Section 313 Para. 1 AktG, the report was audited by the auditor (BakerTilly) appointed by the annual general meeting to audit the annual financial statements. A separate written report on the outcome of the audit was prepared. As no exceptions were taken to the report of the Executive Board, the audit opinion was added in accordance with Section 313 Para. 3 AktG. In the accounts review meeting on March 24, 2021, the auditor also reported on the outcome of the audit and confirmed that the information in the report on relations with affiliated enterprises is accurate. In accordance with Section 314 AktG, the report on relations with affiliated enterprises was submitted to the Supervisory Board for it to audit in good time prior to the accounts review meeting on March 24, 2021. The Supervisory Board audited the report on relations with affiliated enterprises thoroughly in its meeting. The Supervisory Board determined that it had no objections to the declaration of the Executive Board at the end of the report on relations with affiliated enterprises and therefore approved the report. BakerTilly issued the following unqualified audit opinion for the report on relations with affiliated enterprises pursuant to Section 313 Para. 3 AktG:

"In our opinion and in accordance with our statutory audit, we certify that

- a. the factual disclosures provided in the report are accurate,
- b. the performance of the company was not excessive in the case of the legal transactions set out in the report, based on the circumstances known at the point in time at which the legal transactions were entered into, or disadvantages have been compensated,
- c. any circumstances regarding the measures set out in the report give rise to an assessment significantly different from that of the Executive Board."

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 Para. 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, including the report on relations with affiliated enterprises and the audit reports, were first discussed in detail by our Supervisory Board and then in the presence of the auditor in the accounts review meeting held by the Supervisory Board on March 24, 2021. As we received the necessary documents in good time prior to these meetings, we were able 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 summarized management report. The Supervisory Board had no objections. We therefore approved the outcome of the audit by the auditor as our own audit concluded that no exceptions were to be taken. Likewise, we agree with the Executive Board's evaluation of the position of the company and of the group (as presented in the summarized management report) and have approved that report too. We then adopted the annual financial statements of Medios AG and approved the consolidated financial statements.

Profit carry-forward

The Supervisory Board approved the proposal of the Executive Board to carry forward the balance sheet profit (profit carry-forward). We expressly agree with the dividend policy of the Executive Board to continue investing in dynamic growth and not pay a dividend.

Compliance

As the Supervisory Board, compliance is of great significance to us for a number of different reasons. We make sure that the members of the Executive Board fulfill their duties of compliance while fulfilling the duties of compliance of the Supervisory Board at the same time. We also welcome the fact that the Executive Board has gone beyond its legal obligations and set further internal standards which are guided by the values of respect, integrity, and responsibility.

Annual general meeting

The annual general meeting took place on October 26, 2020. In this meeting, the actions of all the members of the Supervisory Board and Executive Board were officially approved by the annual general meeting.

Corporate governance

We strongly believe that excellent corporate governance paves the way for sustainable economic success. For this topic, please refer to the relevant section in the Corporate Governance Statement (<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 2021, which is also presented in the Corporate Governance Statement.

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 2020.

Self-evaluation

Within the Supervisory Board, we have always scrutinized ourselves and discussed how we can optimize the work we do on a regular basis. We are currently examining the feasibility of developing this into a self-evaluation in future, institutionalizing it, and making it more visible in the process.

Conflicts of interest

The member of the Supervisory Board Joachim Messner holds 6,142 shares in Medios AG and serves as a legal counsel to the Medios Group. Therefore, conflicts of interest between his duties as a Supervisory Board member and his interests as a shareholder and advisor to the company cannot be ruled out. Nevertheless, the Supervisory Board considers itself to have always had an appropriate number of impartial members in the reporting period in the sense of the German Corporate Governance Code.

Code of Conduct

The Executive Board and Supervisory Board adopted a Code of Conduct in 2020 and set out the guiding principles of our corporate culture therein; the Code of Conduct is published on the website (<https://medios.ag/en/investor-relations/corporate-governance>).

Dedications

Outstanding work was once again carried out on every level in 2020.

On behalf of the Supervisory Board, I would therefore like to thank all of the employees of our company for their work and dedication. Likewise, I would like to thank the members of the Executive Board Mr Manfred Schneider, Mr Matthias Gaertner, Ms Mi-Young Miehler, and Mr Christoph Prußzeit for working with us so productively, demonstrating such tireless commitment, and working with unwavering dedication. Finally, I would like to thank you, our shareholders, for the trust you have shown in our company.

Berlin, March 30, 2021

For the Supervisory Board

Dr Yann Samson

Chairman of the Supervisory Board

Combined Management Report of the Medios Group and Medios AG as of December 31, 2020

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Combined Management Report of the Medios Group and Medios AG as of December 31, 2020

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 Hamburg, Germany, and entered into the commercial register in Berlin, Germany. It has been prepared in accordance with the provisions of the German Commercial Code (HGB) and German Accounting Standard No. 20.

Medios AG prepares its individual financial statements in accordance with the accounting principles laid out in the German Commercial Code (HGB) and its consolidated financial statements in accordance with the accounting principles enshrined in the International Financial Reporting Standards (IFRS). The management report and the group management report have been combined. The net assets, financial position, and results of operations are presented separately in each case.

I. Background Information

1. The Group’s Business Model

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); blistering has been part of the Medios Group’s range of services since it acquired Kölsche Blister GmbH in March 2020. Its focus is on providing patients with the best possible care through specialized pharmacies. In addition, as a GMP-certified manufacturer (GMP being short for “Good Manufacturing Practice”), Medios follows the highest international standards of quality.

Following the new legal regulation in force since September 1, 2020, which permits the supply of drugs to hemophilia patients for the first time, Medios now focuses on the six indication areas of oncology, neurology, autoimmunology, ophthalmology, infectious diseases and, since September 2020, hemophilia.

The term “specialty pharmaceuticals” usually refers to high-priced drugs for rare and/or chronic diseases. Many of the newly developed treatments for such conditions are individualized. These include, for example, infusions, each of which is formulated and produced on the basis of individual disease patterns and parameters such as body weight and body surface area. The demand for these therapies is steadily increasing. Patient-specific treatment requires a great deal of expertise. Specialty pharmaceuticals will continue to transform the future of health care in a significant manner.

Medios offers its partners a platform to connect and benefit from each other. As an open supply network, Medios currently partners with approximately 500 (end of 2020: approximately 330/end of 2019: approximately 200) out of a total of 1,000 independent pharmacies in Germany with a focus on specialty pharmaceuticals. The acquisition of Cranach Pharma GmbH in January 2021 leads to an increase in the number of Medios partner pharmacies from around 330 at the end of fiscal 2020 to around 500.

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.

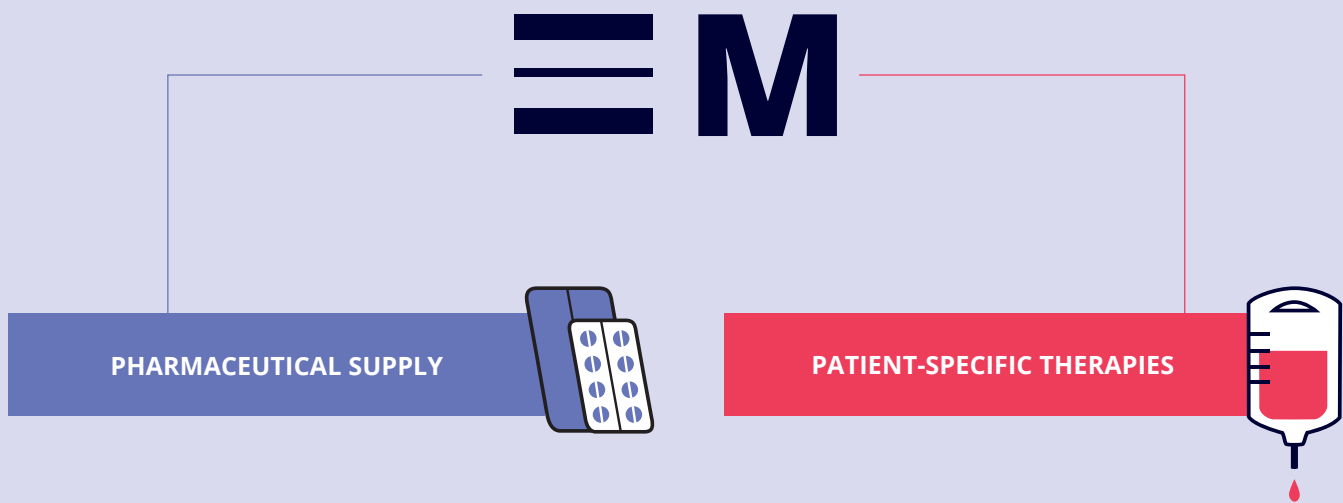
1.1. Subsidiaries of the Medios Group

a.) Subsidiaries Prior to January 1, 2020

Medios Pharma GmbH is the leading partner for specialty pharmaceuticals in Germany and interacts with market participants that specialize in the care of patients with chronic and/or severe diseases. A pharmaceutical wholesale license in accordance with Section 52a of the German Medicines Act (abbreviated AMG in German) allows the company to supply partners with specialty pharmaceuticals in market-oriented and demand-driven manner. Customers typically include specialized pharmacies that have a greater need for specialty pharmaceuticals. Medios Pharma GmbH is a wholly owned subsidiary of Medios AG.

Medios Manufaktur GmbH and **Medios Individual GmbH** produce individualized medicines for patients on behalf of pharmacies. The highest standards of quality (GMP) are applied during their preparation. Medios Manufaktur GmbH and Medios Individual GmbH are both wholly owned subsidiaries of Medios AG.

Medios Digital GmbH was founded in 2017 as a wholly owned subsidiary of Medios AG, and has been developing software and infrastructure solutions as an internal system service provider to the Medios Group since that time. Medios Digital is responsible for implementing digitization projects across the group. This includes, in particular, the innovative mediosconnect trading and billing platform.



The leading specialty pharma provider in Germany

Specialty Pharma: Individualized medicine, treatment of chronic and/or rare and/or rare diseases, usually time- and cost-intensive

All of the group's research and development activities in the field of NIR (near-infrared spectroscopy) analytics are carried out by its wholly owned subsidiary **Medios Analytics GmbH**. The innovative diagnostic method is already in use at partner pharmacies.

b.) New Events in the 2020 Financial Year

The wholly owned subsidiary **Kölsche Blister GmbH**, acquired in March 2020, specializes in blistering, a new service for Medios. This refers to the repackaging and personalization of finished pharmaceutical products on the basis of individual requests for specific patients. The highest standards of quality (GMP) are also applied during the blistering process.

c.) New Events in the 2021 Financial Year

The specialized pharmaceutical wholesaler **Cranach Pharma GmbH** (Cranach Pharma) has been another wholly owned subsidiary since January 21, 2021 (see "Events after the End of the Reporting Period" and item 5 in the Notes). As a result of acquiring Cranach Pharma, Medios is now the leading provider of specialty pharmaceuticals in Germany; accordingly, Medios' consolidated revenues in the 2021 financial year will increase significantly compared to the previous year, which is reflected in the forecast (see "Forecast" section). As a result of the merger with Cranach Pharma, Medios' partner network has grown from currently approximately 330 specialized pharmacies at the end of 2020 to approximately 500 currently. Cranach Pharma GmbH was sold by BMSH GmbH, which already held a 3.43% stake in Medios prior to the trans-

action. The purchase price was paid in the form of 4,180,000 new Medios shares, which were created from authorized capital within the scope of a non-cash capital increase. After the capital increase, this corresponded to approximately 20.6% of Medios' capital stock. As a result, the capital stock of Medios AG increased from €16,084,991 to €20,264,991. The new shares are subject to staggered vesting periods of up to 24 months. Under the terms of the purchase agreement, Medios provided Cranach Pharma with funding of around €30 million at the beginning of 2021 to expand its working capital and finance further growth. These funds were drawn on under the syndicated loan agreement available under the leadership of Deutsche Bank.

For strategic reasons, Medios outsourced its ongoing development projects to a partner pharmacy on short notice as a result of the sale of Medios Analytics GmbH. **Medios Analytics GmbH** was sold to Anike Oleski, owner of MediosApotheke, with notarized contract dated March 18, 2021. As a result, the development and research results achieved to date in the field of NIR can, to a certain extent, be further utilized and developed within MediosApotheke. Contractual agreements are in place to ensure that the Medios Group continues to have access to this innovative technology.

As of December 31, 2020, the Medios Group, including Medios AG, thus consisted of seven companies and, since January 21, 2021, of eight companies. As of March 18, 2021, the Medios Group again consists of seven companies.

1.2. Business Areas of the Medios Group

In 2020, the Medios Group consisted of the two operative business areas (operating segments) Pharmaceutical Supply and Patient-Specific Therapies, which has also included the new blistering service since 2020, as well as an internal Services business area as a third segment. This includes, among other things, our Drug Safety segment.

From a legal perspective, the **Pharmaceutical Supply** segment, with its focus on specialty pharmaceuticals, operates as a part of Medios Pharma 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. In September 2020, Medios successfully initiated sales in the indication area of hemophilia, which was previously not accessible to Medios. Corresponding therapies must be administered to patients for the rest of their lives and are among the most expensive worldwide. Supplying pharmaceuticals to hemophilia patients is possible due to the new legal regulation in force since September 1, 2020.

The **Patient-Specific Therapies** segment encompasses the production of medications on behalf of pharmacies, and from a legal perspective, operates as part of the companies Medios Manufaktur GmbH and Medios Individual GmbH. In March 2020, Medios added the service of patient-specific blistering to its business model and thus to the Patient-Specific Therapies segment. From a legal perspective, these activities are carried out by the newly acquired Kölsche Blister GmbH.

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.

The manufacturing facilities operated by Medios Manufaktur GmbH and Medios Individual GmbH are regularly inspected by the responsible state authority LaGeSo (State Office for Health and Social Affairs) in Berlin. 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 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 to Medios Manufaktur and Medios Individual: The focus of the manufacture of patient-specific pharmaceuticals for parenteral use is cur-

rently on the fields of oncology, immunology, and neurology. Furthermore, viral and antibiotic preparations for anti-infective therapy as well as parenteral nutrition solutions and clinical trial preparations are also manufactured.

The entire manufacturing process is equally validated in both manufacturing facilities to guarantee the highest possible standards of quality. In addition, there is an extensive microbiological monitoring system in place in all manufacturing areas that allows all of the critical steps of the production process to be recorded and evaluated. Furthermore, the clean rooms are monitored by the production managers with regard to certain criteria. Deviations from the norm are evaluated and taken into account during the batch release procedure.

The preparations are manufactured exclusively by trained and qualified personnel. Training is provided on an ongoing and regular basis in accordance with the training plan. Employees' compliance with stringent hygiene standards also greatly contributes to the quality of the manufactured infusion solutions. All of the raw materials used in production are procured exclusively from qualified suppliers and tested according to their specifications before use. As such, the raw materials used can be seamlessly traced back to their source. Only finished medicinal products approved in Germany are used.

Through the acquisition of Kölsche Blister GmbH, **blistering** has been part of the Medios Group's range of services since the spring of 2020. The patient-specific production and portioning (blistering) of high-priced pharmaceuticals means greater safety for patients and contributes to a reduction in costs. For example, production is carried out in accordance with the highest international quality standards (GMP). During the reporting year, Kölsche Blister GmbH blistered approx. 8 million tablets for approx. 100 specialized pharmacies nationwide, which are active in the fields of nursing home and retirement home supply as well as HIV, hepatitis, and also oncology. An additional machine was brought into operation in the spring of 2021 to add to the existing five machines, which will allow the company to increase its blistering volume.

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

The wholly owned subsidiary Medios Digital GmbH is responsible for the digital transformation of all of the group's companies and provides fresh input in the area of digital innovation. This includes, in particular, the mediosconnect digital commerce platform, which connects doctors, health insurance companies, and specialized pharmacies and simplifies ordering and billing processes for complex and individualized drugs. In addition, the company plans to launch a platform that supports e-prescriptions, which will prepare both partner pharmacies and Medios for the legally mandated introduction of e-prescriptions in Germany on January 1, 2022.

Medios AG also provides services for all of the group's companies, including in the fields of finance, human resources, IT, and facility and contract management.

In the **Drug Safety** segment, innovative near-infrared (NIR) spectroscopic analysis methods are used to distinguish marketable finished medicinal products from counterfeit drugs. The development and research activities consolidated in Medios Analytics GmbH were increasingly scaled down over the course of the reporting year and sold to a partner pharmacy in March 2021 as described in section 1.1.c). This was due to the allocation of limited human and financial resources to projects of greater importance and deadlines as a result of statutory regulation (e.g. the introduction of e-prescriptions on January 1, 2022). These included, in particular, the following key priorities:

- Preparing for the introduction of the new hemophilia indication in September 2020
- Activities in conjunction with the statutory introduction of e-prescriptions in Germany on January 1, 2022

2. Objectives and Strategy

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 increasingly effective and often have fewer side effects, are individualized. Due to the steady increase in human life expectancy, the number of such diseases continues to grow.

As a result, the demand for therapies that are individually tailored to patients also continues to grow. Yet treatment with individualized medicine is usually a complex, lengthy, and costly process, and requires a great deal of expertise. This poses major challenges to the health care system.

Medios specializes in solving these health care challenges and provides a platform for its partners to connect and benefit from each other. As an open supply network, the company currently partners with about 500 of a total of approximately 1,000 independent pharmacies in Germany with a focus on specialty pharmaceuticals. Medios' mission is to ensure that patients enjoy the best access to specialty pharmaceutical products possible through cooperative collaboration and an exchange of information between the various market participants, thereby contributing to a sustainable and transparent pharmaceutical supply.

In the context of this overarching objective, Medios intends to continue pursuing its successful growth strategy and to benefit from the ongoing market consolidation in the German specialty pharmaceutical market. As such, the company has focused appropriate measures on organic and external growth.

In particular, Medios plans to expand its higher-margin **Patient-Specific Therapies** segment in the future. For this reason, the company has already leased another building at an existing site in Berlin in order to set up additional laboratories for manufacturing and to optimize logistics. Completion of the then most state-of-the-art and GMP-certified laboratories, expected by the end of 2021, will make it possible to increase manufacturing capacities up to threefold. Further organic growth will be achieved by expanding Kölsche Blister GmbH's blistering business. In December 2020, a new automated picking system (MACH4) was brought into operation. Furthermore, an additional machine has been in operation since the spring of 2021 in addition to the existing five machines. Both investments are aimed at advancing automation and optimizing costs within the manufacturing process. Process optimization also focuses on drug safety and error minimization. In this way, Medios will make a valuable contribution to supporting the health care system and enabling cost savings in the health care sector.

Leveraging synergies in the future, particularly through the acquisitions of Cranach Pharma GmbH (January 2021) and Kölsche Blister GmbH, is another key element in accelerating organic growth – the network of now around 500 specialized partner pharmacies opens up a wide range of cross-selling opportunities. This is complemented by additional synergy potential in purchasing and logistics.

Medios is well positioned to continue to actively benefit from the consolidation of the pharmacy/pharmaceutical market and to make further acquisitions, for example in the field of GMP laboratories, which would contribute significantly to further economies of scale in manufacturing and further diversification in the Specialty Pharma segment.

Medios is also focusing on the digitization of the health care sector as part of its growth strategy. This includes medios-connect, the digital commerce platform for individualized medicinal products implemented by Medios, which already connects doctors, health insurance companies, and specialized partner pharmacies and serves as an ordering and billing portal. The company plans to roll out the platform, which is currently available in Berlin and Mecklenburg-Western Pomerania, in other German states. In addition, Medios intends to launch a platform that supports e-prescriptions, which will not only offer significant value to doctors, health insurance companies, and specialized partner pharmacies, but also to patients. In this way, the group is ensuring that it is fully prepared for the legally mandated introduction of e-prescriptions on January 1, 2022.

In addition to growth targets, sustainable business practices are of paramount importance to Medios. As such, the company is currently developing a comprehensive ESG strategy based on the "Consolidated Nonfinancial Statement," which the company is publishing for the first time in this Annual Report (see the section entitled "Consolidated Non-financial Statement"). This strategy covers the ESG (environmental, social, and corporate governance) aspects of Medios'

activities. In addition, by joining the United Nations Global Compact, Medios has voluntarily committed to complying with the ten universal principles and sustainability goals of the world's largest initiative for responsible corporate governance.

3. Management System

3.1 Key Performance Indicators

Business planning and management activities for Medios AG and all of its business areas are based on the framework approved by the Executive Board, which is continuously refined and enhanced as part of a strategy process. These are translated into specific, measurable targets in an annual operational budget plan. Business performance is continuously monitored through an ongoing review of key financial figures with regularly updated assessments of key management and performance indicators. The implementation of the strategic goals is pursued within this framework. In addition, countermeasures are initiated in a timely manner in the event of significant deviations from the targets.

Medios uses a lean system of key performance indicators to manage the company's business success. The most important key financial figures for strategy and decision-making as well as for measuring operative business success include:

- Revenues
- Earnings before tax (EBT)
- Earnings before tax and nonrecurring items (EBT before nonrecurring items) for the purposes of better comparability
- Earnings before interest, taxes, depreciation, amortization, and nonrecurring items (EBITDA before nonrecurring items)

All of the relevant key performance indicators are generated and analyzed on a monthly basis. They serve the Executive Board of Medios AG and the management teams of the subsidiaries as a basis for decision-making, particularly with regard to strategic decisions concerning the structure of the product range (Pharmaceutical Supply) as well as capacity utilization planning and, if 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.

4. Research and Development

During the reporting year, the main focus shifted from the field of drug safety to the further implementation of Medios' digitization projects (see also section 2, "Objectives and Strategy"). This includes, in particular, enhancements to mediosconnect, the digital commerce platform implemented by Medios for individualized medicinal products; version 2.0 of the platform was developed for this purpose during the reporting year, is already being used in some German

states, and will be rolled out further. In addition, Medios is working with partners to develop a platform that supports e-prescriptions to ensure that it is perfectly prepared for the legally mandated introduction of e-prescriptions on January 1, 2022.

Expanding activities in the field of digitization was accompanied by a corresponding increase in the number of employees and in research and development spending.

The company invested a total of €1,912 thousand in research and development in the 2020 financial year (previous year: €1,114 thousand). Of this total, €1,235 thousand was capitalized (previous year: €686 thousand); as these are ongoing projects, depreciation and amortization was not yet recognized in the reporting period. The majority of the development work was performed internally and by partners. Up to seven employees (previous year: seven) worked on research and development projects in 2020, corresponding to approx. 3% (previous year: 4%) of the Medios Group's total workforce.

II. Business Report

1. Macroeconomic Environment

As a result of the coronavirus pandemic, 2020 saw the global economy shrink for the first time since the 2009 financial crisis. According to figures from the International Monetary Fund (IMF), global gross domestic product (GDP) fell by 3.5% compared to the previous year. The Kiel Institute for the World Economy (IfW) estimated a decline of 3.8%.

A significant percentage of the production declines suffered in the first half of the year as a result of the coronavirus pandemic were made up in the third quarter of 2020. In the fourth quarter, however, this recovery was curbed by a further wave of infections and corresponding virus control measures. Overall, however, output remained on an upward trajectory. Moreover, several vaccine approvals at the end of 2020, as well as the start of vaccination campaigns in some countries, raised hopes of a change in fortunes in 2021.

With the expected decline in infections, the first quarter of 2021 is anticipated to see economic activity once again recover in areas where it had significantly fallen. For the rest of the year, it is expected that increasing vaccination rates among the population will result in a sustainable reduction in infection risks and a continuing normalization of underlying conditions, including for particularly contact-intensive sectors of the economy. Monetary policy measures may also have a positive impact on the economy.

The IMF forecasts that the global economy will grow by 5.5% in 2021, whereas the Kiel Institute anticipates growth of 6.1%.

1.1 Macroeconomic Development in Germany

According to preliminary calculations by the German Federal Statistical Office (Destatis), GDP was down by 5.0% on the previous year in 2020. Following ten years of growth, the German economy has therefore entered a deep recession, the likes of which were last seen during the financial and economic crisis in 2008/2009. The overall economic decline, however, is less sharp than back then (-5.7%).

According to Destatis, the coronavirus pandemic had an adverse impact on all sectors of the economy in 2020. In some cases, output was dampened considerably, both in service sectors and in manufacturing. In the manufacturing sector (excluding construction), which accounts for about a quarter of the overall economy, economic output fell by 9.7%, with a decline of 10.4% recorded in the processing sector. Industry was hit particularly hard by the consequences of the coronavirus pandemic in the first half of the year, including as a result of disruption to global supply chains.

The economic decline was particularly pronounced in service industries, some of which recorded unprecedented contractions. According to Destatis, a prime example was the combined sector of retail, transport, and hospitality, whose economic output was down by 6.3% on 2019. This was partly offset by trends such as the sharp rise in online retail. The severe restrictions imposed on hotels and restaurants led to a decline of historic proportions in the hospitality sector. By contrast, the construction sector still expanded despite the coronavirus crisis, posting growth of 1.4%.

According to Destatis, private consumer spending fell by an unprecedented 6.0%. By contrast, the 3.4% rise in government spending had a stabilizing effect, with this spending including the procurement of personal protective equipment and hospital services. Gross fixed capital formation fell by 3.5%, which equated to the sharpest drop since the 2008/2009 financial and economic crisis. Construction investments, on the other hand, bucked this trend with a rise of 1.5%. Exports and imports fell for the first time since 2009, with declines of 9.9% and 8.6% respectively.

Following 14 years of sustained increases, the average number of people in employment in Germany dropped by 1.1% to 44.8 million. The government budget ended the 2020 fiscal year with a deficit (€158.2 billion) for the first time since 2011. This represents a government deficit ratio of 4.8% of nominal GDP. Experts anticipate that the German economy will recover in 2021. The Federal Government forecasts growth of 3.0%, whereas the Kiel Institute anticipates a rise of 3.1%

1.2. Development of the Health Care Market

The coronavirus pandemic triggered considerable volatility on the global pharmaceutical market in 2020, especially during the first wave of infections in spring. According to figures provided by US firm IQVIA (formerly Quintiles and

IMS Health), sales rose sharply in March before falling considerably in April and May. In Germany, the sales figures for March 2020 increased by more than a quarter compared to the same month in the previous year. In particular, this was due to stocking up prior to the first lockdown. In each of the two months that followed, sales in Germany fell by more than 10%. Volatility decreased in the second half of the year.

Overall, pharmacies in Germany sold approximately 1.78 billion packages, 2.7% fewer than in 2019. Taking the total number of countable units sold, however, sales rose by 2.6% to 100.6 billion, which – according to IQVIA – is indicative of a trend toward larger forms of packaging. Accounting for 43.2% of packages sold, prescription drugs represented the largest segment, followed by OTC drugs (41.4%). The highest growth rate in sales (+6.2%) was recorded in the medical supplies segment, which includes products such as test kits, medical aids, and face coverings. Prescription drugs increased slightly (+0.7%), whereas a decline (-7.2%) was observed in OTC drugs.

Pharmacy revenues in Germany increased by 3.7% year over year to €62.1 billion in 2020. The main growth driver was prescription drugs, which recorded a revenue rise of 5.0%, with a revenue share of 80.4%. OTC drugs exhibited a fall in revenue of 3.4%, with a revenue share of 12.2%. The revenue attributable to medical supplies increased by 5.3%, with a revenue share of 4.7%.

According to IQVIA estimates and Medios' own calculations, sales of specialty pharmaceuticals in Germany totaled approximately €16.0 billion in 2020. These are usually high-cost drugs for chronic, complex, or rare conditions, such as those sold and/or further processed by Medios. In 2021, the volume is forecast to rise by approx. 9.7% to some €17.6 billion.

In particular, the trend toward specialty pharmaceuticals is continuing in industrialized nations. Here, they reached a share of 44% of total expenditure for medication in 2019, which equates to a near doubling since 2009 (23%). It is expected that this share will climb to 52% by 2024. Growth is chiefly driven by new therapies, particularly in the fields of oncology and auto-immunology. According to the AOK Research Institute (WIdO), the prices of such drugs have become increasingly disconnected from the overall patent market. A new drug in 2019, for example, cost almost €14,000 on average, which is roughly three times as much as for a normal patented drug. In 2010, the prices were still on a par at roughly €1,000 each.

Quota System for Critical Medications during the Coronavirus Pandemic

In March 2020, the General Order of the Federal Institute for Drugs and Medical Devices (BfArM) on the Stockpiling and Supply of Medicinal Products for Human Use (rationing) came into force due to the surge in stockpiling. As such, pharmaceutical wholesalers are instructed not to supply

medications above normal requirements. The directive concerns “critical” drugs and, once in force, led to an easing of the order and delivery situation. According to the BfArM, the directive will remain in place until the end of the coronavirus pandemic.

New Legal Provision for the Supply of Drugs to Hemophilia Patients

With the Greater Safety in Pharmaceutical Supply Act (GSAV), which came into force in Germany on August 16, 2019, the legislature decided to withdraw the previous exemption barring pharmacies from distributing hemophilia preparations (used to treat blood disorders). As a result, pharmacies have been able to supply hemophilia patients since September 1, 2020, i.e., the patient receives a prescription for the corresponding preparation from the attending physician, which he or she can fill at the pharmacy of his or her choice.

The Association of Hemophilia Pharmacies (Verband der Hä-mophilie-Apotheken, VHA) was founded on May 25, 2020 to ensure a continued secure supply of high quality. The VHA represents the interests of pharmacies specialized in hemophilia supplies. It has developed and implemented high quality standards in cooperation with doctor and patient associations. Accordingly, the nationwide VHA network offers doctors, patients, and pharmacies specializing in hemophilia a platform for optimized and secure hemophilia supplies.

Implementation of E-Prescriptions Starting 2022

The GSAV also included a decision to implement electronic prescriptions, or e-prescriptions, for prescription drugs in the German health care system. Based on this law, doctor’s prescriptions will generally only be issued electronically starting from 1 January 2022. This means that patients will then receive their prescriptions in a cell phone application, 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 two new legal provisions arising out of the GSAV, described above, will produce new opportunities for the Medios Group (see the Risk and Opportunity Report).

2. Business Performance

Medios showed positive performance in 2020, despite major challenges from the COVID-19 pandemic. The number of partner pharmacies increased to approximately 330 – partly as a result of the successful acquisition of Kölsche Blister GmbH – and existing business relationships with partner pharmacies were, in most cases, intensified. The product range, particularly in the Pharmaceuticals Supply segment, also grew, and has included hemophilia preparations since September 2020.

At the present time, the Medios Group is focusing on six indication areas, including oncology, neurology, hemophilia, and ophthalmology. The company expanded the percentage of non-oncology products it manufactures, as planned, and thus continued to diversify its business in the Patient-Specific Therapies segment.

The macroeconomic environment and developments in the pharmaceutical industry were challenging in 2020 – due to the COVID 19 pandemic – but also continued to be positive in terms of growth in the specialty pharmaceutical market in Germany (see the “Business Report” section). The trend towards individualized medicine continues unabated, driven by an increasing number of new developments of individualized therapies in various indication areas. This had a positive impact on both the Pharmaceutical Supply and the Patient-Specific Therapies segments.

Despite the difficult and challenging environment, the Medios Group was once again able to report double-digit revenue growth. Due to the effects of COVID-19, earnings did not reach the previous year’s level, which is attributable, in particular, to the ongoing quota allocation (General Order of the Federal Institute for Drugs and Medical Devices (BfArM) on the Stockpiling and Supply of Medicinal Products for Human Use) that came into force in March 2020. As a result, the group generated annual net income of €6.4 million (previous year: €9.8 million) under IFRS, and Medios AG reported annual net income of €6.8 million (previous year: €11.4 million) under German GAAP (HGB).

The liquidity of the Medios Group remained stable during the reporting period. The group continued not to have any significant noncurrent liabilities as of December 31, 2020. As such, Medios has a strong financial position. The Medios Group had 279 employees at the end of the 2020 financial year (on December 31, 2019: 167).

The 2020 financial year was marked, in particular, by the following events:

On **March 19, 2020**, Medios signed a contribution agreement for 100% of the shares in Kölsche Blister GmbH. Kölsche Blister GmbH supplies pharmacies with blistered, finished medicinal products. The company was acquired for a purchase price of €3 million, half of which was paid in the

form of Medios shares and half in cash. The new shares that were to be issued were created from authorized capital as part of a noncash capital increase that excluded subscription rights.

In addition, on **March 19, 2020**, Medios entered into a syndicated loan agreement led by Deutsche Bank in the form of two credit facilities totaling €62.5 million. This is intended to enable Medios to finance the future growth of the group and acquire additional companies as required. The initial variable interest rate of the two credit facilities is equal to EURIBOR plus a margin of 1.50% and 1.25% p.a., respectively. Both facilities expire on December 30, 2022, with a two-year extension option. The Medios Group has provided standard market collateral for both facilities.

In **May 2020**, Medios AG's administrative units were consolidated in new offices in Berlin-Mitte. Furthermore, smaller administrative departments of Medios Digital and Medios Manufaktur were also relocated to this site.

On **May 20, 2020**, Jefferies Group LLC, the largest independent global full-service investment banking firm headquartered in the United States, initiated coverage of Medios AG and has been reporting on the company's performance since then.

In **mid-May 2020**, Medios reached an important milestone on its quest for inclusion in the SDAX index following the successful block trade of 600,000 shares formerly in a share option program or held by existing shareholders. The shares were sold to international institutional investors as part of a private placement, with the offer being oversubscribed more than three times over in just a short span of time. Shareholders' ownership was not diluted. The increase in free float at the time as a result of the block trade contributed to an improvement in trading liquidity.

In the context of a cash capital increase successfully carried out at the **beginning of June 2020**, Medios generated gross issuing proceeds of approximately €53 million. The placement was carried out using part of the Authorized Capital 2018 and 2019 and excluding shareholders' subscription rights, resulting in an increase in capital stock of just under 10% to approximately €16.1 million. Some of the funds generated through the aforementioned corporate actions were and will continue to be used to finance the organic and inorganic growth pursued by the company. Medios continues to explore the market to identify potential acquisition candidates and make further acquisitions. Due to the ongoing consolidation of the specialty pharmaceutical market in Germany, senior management continues to believe that attractive opportunities may emerge here in the medium term.

On **July 8, 2020**, the company signed a contract to lease an additional building with a total floor space of around 4,500 m² at an existing location in Berlin. The company's primary intention is to establish further laboratories for the production of patient-specific therapies there and to further opti-

mize logistics. In addition, Medios plans to concentrate the majority of its operational activities at this location. Its aim is to further increase the operating efficiency of the Medios Group and leverage synergies by expanding its manufacturing capacities and centralizing its operations.

On **August 5, 2020**, Medios revised its guidance for the 2020 financial year, which it announced in the spring of 2020, downward. Although the company recorded a 21% increase in consolidated revenues, nonrecurring items as a result of the pandemic had a particular impact on earnings (EBT before nonrecurring items) compared with the previously issued guidance. The company needed to adjust its guidance due to the higher prices expected on the procurement side in the second half of 2020.

On **September 4, 2020**, Medios was included in the Deutsche Börse SDAX selection index effective September 21, 2020.

In **October 2020**, the company announced that Matthias Gärtner would be appointed Chairman of the Executive Board effective January 1, 2021, and that his management contract would be extended ahead of schedule by two years to June 30, 2023. The Chairman of the Executive Board at that time, Manfred Schneider, did not extend his contract, which was scheduled to expire on December 31, 2020, for family reasons, and subsequently left the Executive Board. Since January 1, 2021, the Executive Board has consisted of a three-member team with the other sitting board members. As founder and majority shareholder, Manfred Schneider will continue to be closely involved with Medios AG and will become a key member of a new advisory board the company plans to establish.

On **October 29, 2020**, Metzler Capital Markets initiated coverage of Medios AG. In addition to Metzler Capital Markets, Medios continues to be covered by Berenberg, Jefferies, Kepler Cheuvreux, and Warburg.

On **November 26, 2020**, Medios entered into a purchase agreement with BMSH GmbH for the acquisition of the specialized pharmaceutical wholesaler Cranach Pharma GmbH (hereinafter referred to as "Cranach"), based in Hamburg. Following completion of the acquisition of Cranach in January 2021, Medios is now the leading provider of specialty pharmaceuticals in Germany. As a result, Medios' consolidated revenues in the 2021 financial year will increase significantly compared to the previous year, which is reflected in the forecast (see "Forecast" section).

Overall, the Executive Board is satisfied with the company's business performance in the 2020 reporting year. Revenues continued to increase significantly and important projects (e.g. the initiated acquisition of Kölsche Blister GmbH and Cranach Pharma GmbH, the opening of the new location in Berlin-Mitte, a cash capital increase, the procurement of a syndicated loan led by Deutsche Bank, etc.) were successfully completed or advanced. The acquisitions ena-

bled us to further expand our market position, which also led to better performance than the industry as a whole. The guidance disclosed in the combined management report for the 2019 financial year had to be adjusted downward over the course of 2020 (on August 5, 2020), as procurement conditions had become less favorable against the backdrop of the COVID-19 pandemic. At €12.0 million, however, the company generated a result that was clearly in the black (EBT before nonrecurring items).

3. Position of the Medios Group

3a.1 Results of Operations of the Medios Group (IFRS)

Revenues once again increased significantly in the 2020 financial year. Additional highly specialized independent pharmacies were acquired as customers. As such, the group will continue to expand its network of partners. The group succeeded in expanding its product range, particularly in the indication area of hemophilia. Through the acquisition of Kölsche Blister GmbH, the range of services in the Patient-Specific Therapies segment was expanded to include blistering solutions.

The procurement market was strained, not least due to restricted availability of active ingredients against the backdrop of temporary regulations resulting from the COVID-19 pandemic.

External revenues in the Pharmaceuticals Supply segment amounted to €564 million in the 2020 financial year (previous year: €466 million). Kölsche Blister GmbH, acquired in 2020, contributed €5.4 million to these revenues (previous year: €0.0 million). Earnings before tax and nonrecurring items (EBT before nonrecurring items) stood at €8.2 million (previous year: €11.2 million). Operating income before depreciation, amortization, and nonrecurring items (EBITDA before nonrecurring items) decreased to €9.6 million, compared with €11.7 million in the same period last year.

The Patient-Specific Therapies segment generated external sales of €62 million (previous year: €50.4 million) and EBT before nonrecurring items of €5.7 million (previous year: €5.4 million). Operating income before depreciation, amortization, and nonrecurring items (EBITDA before nonrecurring items) decreased to €5.9 million, compared with €6.2 million in the same period last year.

The internal Services segment generated earnings of €0.4 million (previous year: €0.3 million) from external revenues in the reporting period.

All of the group's revenues were generated almost exclusively within the Federal Republic of Germany. As expected, the Drug Safety segment did not yet make a positive contribution to the Medios Group's overall result in the 2020 financial year.

The increase in consolidated revenues in 2020 to €626.5 million (previous year: €516.8 million) is due in particular to the further expansion of the partner network to approximately 330 (as of December 31, 2020) specialized pharmacies (previous year: approximately 200) and the expansion of the product range.

The cost of materials totaled €589.3 million in the 2020 financial year (previous year: €483.4 million), or 94.1% of revenues (previous year: 93.5%), an increase of 0.6 percentage points. The increase in the cost of materials in absolute terms follows the increase in revenues. In addition, the group was affected by a pandemic-related special effect that had a particularly negative impact on the cost of materials ratio: the stockpiling started in the first quarter as a result of rationing certain drugs was carried out at higher purchase prices and thus led to lower margins than planned. Gross profit increased overall by €3.7 million, mainly as a result of an increase in volumes in the Patient-Specific Therapies segment.

Total personnel expenses stood at €15.3 million (previous year: €11.0 million), or 2.4% (previous year: 2.1%) of revenues. Non-cash expenses for share option programs amounted to €1.2 million in the financial year (previous year: €1.4 million). The increase in labor costs follows the increase in the number of employees as well as an increase in compensation in line with market conditions.

Other expenses totaled €9.6 million (previous year: €8.0 million). Legal and consulting fees amounted to €1.9 million (previous year: €1.3 million), of which €0.8 million was spent in connection with M&A activities that were not pursued further. The cost of goods sold, occupancy costs, and operating supplies each increased by €0.3 million compared with the previous year as a result of the group's growth and expanded business activities. In the previous year, one-time non-recurring items resulting from the impairment of intangible assets of €0.7 million were recognized in connection with IT projects that were not pursued further; this did not have any further negative impact in the 2020 financial year.

The Pharmaceuticals Supply and Patient-Specific Therapies segments contributed €9.6 million (previous year: €11.9 million) and €5.9 million (previous year: €6.2 million), respectively, to the group's consolidated earnings before interest, taxes, depreciation, amortization, and nonrecurring items (EBITDA before nonrecurring items) of €15.1 million (previous year: €17.7 million).

Depreciation and amortization in the 2020 financial year increased by €1.6 million to €3.6 million (previous year: €2.0 million). The increase resulted, in particular, from the expansion of the Medios sites and the associated amortization on right-of-use assets in connection with new leases. The financial result totaled €-0.6 million in the 2020 financial year (previous year: €-0.2 million). Of this amount, €-0.3 million relates to interest incurred on lease liabilities in accordance with IFRS 16.

Earnings before tax and nonrecurring items (EBT before nonrecurring items) declined to €12.0 million (previous year: €16.2 million). Medios thus remained within the range of its annual guidance updated on August 5, 2020 of €610 million to €630 million in revenues and €11.5 million to €12.5 million in earnings before tax and nonrecurring items (EBT before nonrecurring items).

Consolidated earnings before tax (EBT) and EBITDA are reconciled to EBT before nonrecurring items and EBITDA before nonrecurring items as follows:

in thousand €	2020	2019
EBITDA	13,903	16,373
Expenses from share option programmes	1,158	1,369
Other expenses M&A	802	0
EBITDA adjusted for special effects	15,054	17,742

in thousand €	2020	2019
EBT	8,901	14,220
Expenses from share option programmes	1,158	1,369
Other expenses M&A	802	0
Amortisations of the customer base	653	608
Financial expenses M&A	471	0
EBT adjusted for special effects	11,985	16,197

In the 2017 and 2018 financial years, share option programs (SOP) were established in which selected employees of the Medios Group were granted options to acquire shares as compensation for work performed. 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.

The impairment losses on the customer list relate to the line of business acquired in the 2018 financial year from the former Berlin Apotheke as well as to the company Kölsche Blister GmbH, which was acquired in 2020, and the customer lists capitalized within the scope of these acquisitions as intangible assets.

The tax expense of €2.6 million was within the expected consolidated tax rate of 30.175%.

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

The financial position of the Medios Group remains stable. Liabilities are generally paid before the payment deadlines and receivables are received within the agreed upon payment periods. The group did not record any significant defaults on receivables nor need to recognize any impairment losses on receivables. Cash and cash equivalents totaled €19.8 million as of December 31, 2020 (previous year: €15.6 million) and consisted mainly of bank balances.

The companies of the Medios Group also have access to a revolving credit facility in the amount of €17.5 million, which can be drawn on to finance working capital. A further credit line of €45.0 million is available for acquisitions, of which €1.5 million had been drawn upon.

Significant investments in the 2020 financial year included the acquisition of Kölsche Blister GmbH as well as IT hardware and software development to equip new locations.

In this context, advance payments for software development activities totaled €2.2 million. The cash outflow for investments in property, plant and equipment totaled €2.7 million.

Financing activities generated €51.6 million in cash and cash equivalents or in the form of non-cash capital in the context of equity contributions. A portion of the syndicated loan amounting to €1.5 million was utilized for the acquisition of Kölsche Blister GmbH. Interest expenses totaled €0.8 million in the financial year (previous year: €0.2 million). A total of €1.2 million (previous year: €0.5 million) was spent on the repayment of lease liabilities. Undrawn credit lines of €61.0 million are available for future funding requirements, of which €30.0 million will be drawn down in connection with the acquisition of Cranach Pharma GmbH in 2021.

The Executive Board still does not plan to pay out a dividend in the medium term, as the proceeds are earmarked for investments in further growth, but does not rule out a dividend in the long term. The specialty pharmaceutical market is currently undergoing a phase of consolidation and reorganization, and Medios should benefit from this as much as possible.

3a.3 Net Asset Position (IFRS)

The Medios Group's net asset position remains strong. As a result of the volume growth in the 2020 financial year in the Pharmaceutical Supply segment on the one hand and the capital increases on the other, almost all of the line items on the Statement of Financial Position have increased significantly. The volume growth resulted in higher trade receivables and increased inventories.

Noncurrent assets of €55.8 million (previous year: €37.1 million) as of December 31, 2020 primarily encompass intangible assets of €34.9 million (previous year: €31.3 million) and right-of-use assets as a lessee of €15.2 million (previous year: €3.0 million). The change in noncurrent assets resulted from the lease agreement for the new location on Heidestrasse in Berlin-Mitte. The previous location was owned by the company, meaning that a right-of-use asset was not recognized in this case.

Current assets totaled €136.3 million at the end of the 2020 financial year (previous year: €79.4 million). They primarily comprised cash and cash equivalents of €19.8 million (previous year: €15.6 million), trade receivables of €74.8 million (previous year: €42.8 million), and inventories of €35.3 million (previous year: €16.1 million). Entering the hemophilia indication area led to an increase in inventories of €8 million. The company is responding to the more difficult procurement situation caused by the pandemic by increasing its stock levels. The significant increase in both trade receivables and inventories compared to the previous year was due to the strong revenue growth and the entry into the hemophilia indication area, where longer payment terms combined with high demands on product availability are customary in this market.

As a result, the key figures for days sales outstanding (DSO) and days inventory outstanding (DIO) changed for the worse in the 2020 financial year, with DSO standing at 36.6 days (previous year: 25.4 days) and DIO at 21.9 days (previous year: 12.1 days).

The Medios Group's capital structure remains robust. Equity totaled €142.4 million as of December 31, 2020 (previous year: €81.6 million), corresponding to an equity ratio of 74.1%. The equity ratio thus increased slightly compared with the previous year (70.0%). The group's total assets increased to €194.5 million as of December 31, 2020 (previous year: €116.6 million). This corresponds to a year-over-year increase of 66.9%.

As of the reporting date of December 31, 2020, the group's noncurrent liabilities totaled €21.5 million (previous year: €6.3 million). This total included noncurrent lease liabilities of €15.7 million (previous year: €2.6 million) and deferred tax liabilities of €3.8 million (previous year: €3.7 million), together with noncurrent liabilities to banks of €0.9 million (previous year: €0.0 million). The increase in lease liabilities corresponds to the increase in recognized right-of-use assets.

Current liabilities increased to €30.6 million (previous year: €28.7 million). As of the reporting date and due to the stockpiling at the end of the year, trade payables particularly increased from €12.9 million in the previous year to €22.4 million as of December 31, 2020; they continue to constitute the largest individual line item under current liabilities. Income tax liabilities decreased to €2.6 million (previous year: €7.6 million) as a result of a corresponding outflow of funds for the amounts set aside for previous years following the issue of tax assessment notices. Current financial liabilities, including current lease liabilities, decreased to €2.6 million (previous year: €3.7 million) due to lower utilization of credit lines with an offsetting increase in current lease liabilities.

3a.4 Overall Assertion of the Executive Board on the Net Assets, Financial Position, and Results of Operations (IFRS)

The Medios Group's overall position remains strong. Medios handled challenges caused by COVID-19 extremely well and successfully completed important business projects. For example, Medios completed the acquisition of Kölsche Blister GmbH and paved the way for the acquisition of Cranach Pharma GmbH. Organic sales also increased in both operating segments. The guidance originally disclosed for the 2020 financial year had to be revised downward over the course of 2020 (on August 5, 2020), as procurement conditions developed less favorable against the backdrop of the COVID-19 pandemic. At €12.0 million, however, the company generated a result that was clearly in the black (EBT before nonrecurring items). Consequently, Medios is satisfied with the development of its net assets, financial position, and results of operations in accordance with IFRS during the 2020 financial year, particularly when viewed in the light of the extraordinary circumstances.

3b.1 Results of Operations of Medios AG (HGB)

Medios AG generated revenues of €8.0 million in the 2020 financial year (previous year: €4.9 million). Annual net earnings totaled €6.8 million in 2020 (previous year: €11.4 million), a year-over-year decrease of €4.6 million. The change resulted from increased labor costs (€+1.5 million) and from a reduction in income from profit and loss transfer agreements with subsidiaries (€-4.1 million) on the other. This decline was primarily due to procurement conditions that had deteriorated as a result of COVID-19 and could not be passed on to customers.

The 2020 financial year was characterized by the expansion of Medios AG's structures in order to be able to provide all existing subsidiaries with comprehensive services and to be prepared for the Medios Group's further future growth. In this context, services were provided, in particular, in the fields of finance, human resources, IT, and facility and contract management. Medios AG's total number of employees increased to 50,75 (previous year: 29,75) as of December 31, 2020. A key factor in this context was the transfer of IT service activities from the subsidiary Medios Digital GmbH back to Medios AG in the 2020 financial year.

The company was able to significantly increase its revenues in 2020 by expanding the range of services offered to its subsidiaries. In addition to the aforementioned services, Medios AG also provides loans to its subsidiaries to finance and expand their business activities. These loans had a total value of €72.3 million as of December 31, 2020 (previous year: €19.0 million). The company generated interest income of €0.8 million in the reporting period (previous year: €0.3 million) as a result.

On the cost side, labor costs totaled €3.9 million (previous year: €2.4 million). The increase in costs is due to the transfer of IT positions to Medios AG and other new hires, as well as an increase in compensation in line with market conditions. Depreciation and amortization totaled €0.5 million (previous year: €0.3 million). Other costs stood at €7.9 million (previous year: €4.3 million) and primarily encompassed intercompany charges (€2.2 million, previous year: €0.5 million), costs in connection with capital increases (€1.8 million, previous year: €0.0 million), and legal and consulting fees (€1.2 million, previous year: €1.0 million). The intercompany charges primarily stemmed from IT service activities. This resulted in EBITDA of €-3.7 million for the reporting period (previous year: €-0.9 million). EBT totaled €9.1 million (previous year: €16.4 million) and net earnings stood at €6.8 million (previous year: €11.4 million).

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

Medios AG's financial position remains stable. Liabilities are satisfied within the agreed upon payment periods. Cash and cash equivalents totaled €7.4 million as of December 31, 2020 (previous year: €11.0 million) and consisted mainly of bank balances.

Medios AG's capital structure is extremely robust. Equity totaled €151.2 million as of December 31, 2020 (previous year: €89.4 million). With total assets of €158.5 million (previous year: €98.9 million), this corresponds to an equity ratio of 95.4% (previous year: 90.5%). As such, the company has been able to maintain its equity ratio at an extremely high level.

Provisions totaled €2.1 million (previous year: €8.1 million) and consisted mainly of provisions for taxes. Provisions for taxes decreased as a result of a corresponding outflow of funds for the amounts set aside for previous years following the issue of tax assessment notices.

Medios AG's liabilities totalled €5.2 million as of December 31, 2020 (previous year: €1.3 million), of which the largest individual line item was liabilities to affiliated companies in the amount of €2.3 million (previous year: €0.8 million). In 2020, Medios AG entered into a syndicated loan agreement with a consortium of banks valued at €62.5 million. As a result of drawing on a portion of this amount, the company's liabilities to banks totaled €1.5 million as of December 31, 2020. Undrawn credit lines of €61.0 million are available for future funding requirements, of which €30.0 million will be drawn down in connection with the acquisition of Cranach Pharma GmbH in 2021.

Medios AG invested €1.4 million in property, plant and equipment in the 2020 financial year, mainly in IT hardware and office equipment in connection with the newly leased office space on Heidestrasse in Berlin-Mitte. The continued development of software to expand existing business activities and increase the efficiency of processes represented a further significant investment, totaling €1.2 million. Furthermore, the company capitalized expenses for the launch of a new website.

3b.3 Net Asset Position of Medios AG (HGB)

Noncurrent assets totaled €124.9 million at the end of the 2020 financial year, an increase of 83% compared with the previous year (€69.7 million). The largest line items under noncurrent assets were loans to affiliated companies in the amount of €72.3 million (previous year: €19.0 million) and interests in affiliated companies totaling €52.6 million (previous year: €49.1 million). Of the loans, €70.0 million is attributable to a bullet loan granted to Medios Pharma GmbH (previous year: €19.0 million) with a term until March 31, 2023 and an annual interest rate of 2.5%.

Current assets totaled €29.6 million as of December 31, 2020 (previous year: €29.1 million) and consisted mainly of bank balances of €7.4 million (previous year: €11.0 million) and receivables from affiliated companies of €21.5 million (previous year: €17.8 million).

3b.4. Overall Assertion of the Executive Board on the Net Assets, Financial Position, and Results of Operations (HGB)

As a result, Medios AG's overall position remains strong. Medios AG handled challenges caused by COVID-19 extremely well and successfully completed important business projects. For example, Medios completed the acquisition of Kölsche Blister GmbH and paved the way for the acquisition of Cranach Pharma GmbH. Financial income from subsidiaries declined as, in particular, procurement conditions became less favorable against the backdrop of the COVID-19 pandemic. At €6.8 million, however, the company generated annual net earnings that were clearly in the black. Consequently, we are satisfied with the development of the company's net assets, financial position, and results of operations in accordance with HGB during the 2020 financial year, particularly when viewed in the light of the extraordinary circumstances.

4. Financial and Nonfinancial Performance Indicators Used by the Medios Group

Revenues, EBITDA before nonrecurring items, EBITDA, and EBT before nonrecurring items are used as IFRS key performance indicators to manage the Medios Group. These are evaluated and analyzed on an ongoing basis, at least once a month. The Medios Group generated revenues of €626.5 million in the 2020 financial year (previous year: €516.8 million). The cost of sales totaled €589.3 million, or 94.1% of revenues (previous year: 93.5%). The resulting EBT before nonrecurring items totaled €12.0 million in 2020 (previous year: €16.2 million), or 1.9% of revenues (previous year: 3.1%).

Nonrecurring items totaling €3.1 million were recognized in the consolidated financial statements for 2020. These resulted from the recognition of share-based payments (share options) for employees of the group totaling €1.2 million as well as an impairment loss of €0.6 million on the customer list of Kölsche Blister and the business segment of Berlin Apotheken acquired in 2018. In addition, €0.8 million in other expenses and €0.5 million in financial expenses were incurred in connection with M&A activities that were not pursued further (previous year: €0.0 million in both cases).

Nonfinancial performance indicators relate to the relationships between the companies of the Medios Group and their customers and employees, among other aspects. Medios' objective is to integrate specialized pharmacies into the Medios network as independent partners, thereby leveraging synergies. The company is convinced that the highly specialized local independent pharmacy has its place in the market and will continue to expand this position in the future with Medios' support. This is one reason why Medios is increasingly acquiring specialized pharmacies as customers and permanently expanding its partner network.

As an attractive and responsible employer, Medios wants to retain skilled and committed employees over the long term. In return, it offers its employees a modern and attractive working environment with flexible working hours and the freedom to put their own ideas into practice. Wherever operations allow, employees are given the opportunity to work from home, and this has been increasingly promoted in the wake of the COVID-19 pandemic. In the second quarter of 2020, Medios moved into new offices to consolidate the group's administrative activities in Berlin-Mitte, with one of the main reasons behind the move being the new location's superior access to nearly all forms of public transportation available in Berlin. At the new site, creating ergonomic workspaces and a pleasant working environment was a top priority. Over the course of the 2021 financial year, new space will be added at the existing Medios Pharma GmbH site in order to provide a modern working environment with significantly expanded capacities here as well. Employees of the Medios Group are also provided a monthly pass to use public transportation in Berlin as well as private supplementary health insurance. As their employer, Medios covers the costs of these benefits.

Another important nonfinancial factor for the company is the perception of the Medios brand. The company's aim is to establish Medios as a synonym for reliability, expertise, and quality in the specialty pharmaceutical sector in Germany. Medios intends to achieve this goal through systematic training and regular communication with employees, partner pharmacies, and via press releases.

In 2020, Medios updated its branding with a redesigned logo, typography, color scheme, and imagery. During the reporting year, the Medios Group successfully completed the project to develop and communicate its strategy, vision, and mission, and implemented the results.

Four individual, independent pharmacies in Berlin have already been operating under the name "MediosApotheke" since March 2019. This partnership is intended to create uniform standards of quality that are immediately apparent and beneficial to patients through the Medios brand. Branding themselves as a MediosApotheke will also help increase Medios' visibility as a leading provider of specialty pharmaceutical solutions. Medios' intention is to expand its network of independent MediosApotheke pharmacies with different areas of expertise and common quality standards in the specialty pharmaceutical sector nationwide.

Through ongoing communication with all of the relevant target audiences, the company analyzes how the Medios brand is perceived by Medios partners and the general public in order to gain a comprehensive understanding of whether Medios is achieving its goals and where adjustments need to be made.

III. Events After the Reporting Period

For information on business events that occurred after December 31, 2020, please refer to section 44 "Events After the Reporting Period" in the notes to the consolidated financial statements and to section 9 "Vorgänge von besonderer Bedeutung" (Significant events) in the notes to the financial statements, respectively.

IV. Compensation Report

The members of the Executive Board received total compensation of €896 thousand in the reporting year, including €245 thousand paid to Mr. Manfred Schneider (CEO), €261 thousand paid to Ms. Mi-Young Miehler (COO), €255 thousand paid to Mr. Matthias Gärtner (CFO), and €140 thousand paid to Christoph Prußbeit (CINO). Other expenses for the Executive Board in the reporting period amount to €19 thousand. Ms. Miehler also has a company car at her disposal. The compensation paid to the individual members of the Executive Board in the respective financial years is presented in the following compensation report:

Benefits granted in 2020	Manfred Schneider*			Matthias Gaertner			Mi-Young Miehler			Christoph Prußbeit		
	2020	min	max	2020	min	max	2020	min	max	2020	min	max
in thousand €												
Fixed remuneration	240	240	240	240	240	240	240	240	240	120	120	120
Ancillary services	0	0	0	11	11	11	16	16	16	15	15	15
Total	240	240	240	251	251	251	256	256	256	135	135	135
Short-term variable remuneration	0	0	0	0	0	0	0	0	0	0	0	0
Long-term variable remuneration	0	0	0	0	0	0	0	0	0	0	0	0
Plan name (term of the plan)	0	0	0	0	0	0	0	0	0	0	0	0
Total	240	240	240	251	251	251	256	256	256	135	135	135
Pension expenses	5	5	5	4	4	4	5	5	5	5	5	5
Total remuneration	245	245	245	255	255	255	261	261	261	140	140	140

Benefits granted in 2019	Manfred Schneider*			Matthias Gaertner			Mi-Young Miehler			Christoph Prußbeit		
	2019	min	max	2019	min	max	2019	min	max	2019	min	max
in thousand €												
Fixed remuneration	180	180	180	180	180	180	180	180	180	120	120	120
Ancillary services	0	0	0	10	10	10	15	15	15	15	15	15
Total	180	180	180	190	190	190	195	195	195	135	135	135
Short-term variable remuneration	45	45	45	45	45	45	45	45	45	45	45	45
Long-term variable remuneration	0	0	0	0	0	0	0	0	0	0	0	0
Plan name (term of the plan)	0	0	0	0	0	0	0	0	0	0	0	0
Total	225	225	225	235	235	235	240	240	240	180	180	180
Pension expenses	2	2	2	4	4	4	5	5	5	5	5	5
Total remuneration	227	227	227	239	227	239	245	245	245	185	185	185

* Chairman and member of the Executive Board until December 31, 2020

2020 Inflow	Manfred Schneider*	Matthias Gaertner	Mi-Young Miehler	Christoph Prußeit
in thousand €				
Fixed remuneration	156	143	119	75
Ancillary services	0	7	8	9
Total	156	150	127	84
One-year variable remuneration	24	24	24	24
Multi-year variable remuneration	0	0	0	0
Total	180	174	151	108
Pension expenses	5	4	5	5
Total remuneration	185	178	156	113

2019 Inflow	Manfred Schneider*	Matthias Gaertner	Mi-Young Miehler	Christoph Prußeit
in thousand €				
Fixed remuneration	121	110	97	72
Ancillary services	0	7	9	10
Total	121	117	106	82
One-year variable remuneration	0	0	0	0
Multi-year variable remuneration	0	0	0	0
Total	121	117	106	82
Pension expenses	2	4	5	5
Total remuneration	123	121	111	87

* Chairman and member of the Executive Board until December 31, 2020

The Executive Board members Mi-Young Miehler (COO) and Matthias Gärtner (CFO) each additionally received 100,000 options to purchase shares of Medios AG stock ("call options") under the share option program adopted at the Annual General Meeting 2017 and granted on November 10, 2017. Under this option program, Christoph Prußeit (CINO), who was not yet a member of the Executive Board of Medios AG at that time, also received 50,000 options to purchase shares of Medios AG stock ("call options"). The strike price of these options is €7.00. The options can only be exercised after a vesting period of four years from the date of issue. A performance target has been defined specifying that the closing price of the company's shares on the Xetra trading system (or a comparable successor system operated by the Frankfurt Stock Exchange) must reach or exceed €12.00 on 30 consecutive trading days prior to the options being exercised.

If the employment contracts of the Executive Board members are terminated, the options lapse. A certain percentage of share options granted do not lapse in the following cases, however: (i) 25% of the share options granted do not lapse if employment is terminated after December 31, 2017, (ii) 50% of the share options granted do not lapse if employment is terminated after December 31, 2018, (iii) 75% of the share options granted do not lapse if employment is terminated after December 31, 2019. If employment is terminated after December 31, 2020, 100% of the granted share options are barred from lapsing.

The members of the Supervisory Board received total compensation of €80 thousand for the reporting year (previous year: €40 thousand), of which €40 thousand was paid to the Chair of the Supervisory Board, Dr. Yann Samson, and €20 thousand each to the two members of the Supervisory Board, Klaus Buß and Joachim Messner, as well as €2,010 (previous year: €519) for travel costs and expenses.

In the 2020 financial year, Mr. Messner provided legal consulting services to the company. He was paid a total of €24 thousand for these services (previous year: €70 thousand).

The Executive Board was granted stock options with a fair value of €0 during the financial year (previous year: €0).

V. Risks, Opportunities, and Forecast

1. Accounting-Related Internal Control System

The aim of our 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 using IT systems adapted 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
 - Severe 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
 - Very low probability, 0 – 10% → 1 point
 - Low probability, 10 – 25% → 2 points
 - Moderate probability, 25 – 50% → 3 points
 - High probability, 50 – 75% → 4 points
 - Very 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
- Very high probability, 75 – 95 % → 1 points
- High probability, 50 – 75% → 2 points
- Moderate probability, 25 – 50% → 3 points
- Low probability, 10 – 25%, → 4 points
- Very 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 essentially 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 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 the Controlling Department. If necessary, the respective managers of the specialist departments decide together with the Executive Board on the appropriate strategy and risk management measures. Meetings are held on a regular basis for this purpose. In between, the parties regularly share and discuss information by phone and email.

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 Pharmaceuticals Supply segment's sales and revenue figures. The Supervisory Board of Medios AG receives information on a monthly basis in the form of abridged management reports and explanatory business assessments on developments in all operating units.

Unless otherwise stated, the following risk breakdown applies to all reportable segments.

2.2 Industry-Specific Risks

The pharmaceutical 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 climate, including the current uncertainties caused by the coronavirus pandemic and the UK's exit from the EU, 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, such as 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 government authorities, health insurance companies, and other health care institutions to at least partially cover or reimburse the costs of treatment with pharmaceuticals, medicinal products, and other services offered 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 the reimbursement of 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 by the Medios Group, and thus 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 pharmaceutical 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 primarily categorized these risks as either Class 1 or Class 2 risks.

2.4. Business-Related Risks

The following have been identified as significant 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 created a fallback option within the Medios Group in the event of technical issues. Medios AG also has

a malfunction and maintenance management system in place so that any disruptions can be dealt with promptly and eliminated.

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) Personnel 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. In this respect, however, Medios AG benefits from its location in Berlin, as Berlin is currently perceived 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. As a result of being listed on the stock market, Medios AG is in a position to additionally motivate employees through share options.

The company has primarily categorized these risks as either Class 1 or Class 2 risks. One of these risks has also been categorized as a Class 3 risk. The probability of this Class 3 risk occurring has been assessed at a maximum of 3 out of 6 possible rating points, and the extent of potential harm to the company should this event occur has been assessed at 4 out of 6 possible rating 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 (refrigerated goods) and logistics in the Drug Supply segment. This could lead to a loss of revenues and earnings. In general, however, the company assesses the risk from unforeseen events as low.

If, contrary to expectations, such an event should 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 of the main risks arising from unforeseeable events are covered by insurance policies to the greatest extent possible.

At this time, Medios does not foresee any additional material business impact from the coronavirus (COVID-19) pandemic during the 2021 financial year. Further disruptions on the procurement market beyond the current level are not expected at present. As the situation is currently changing on a daily basis, however, the company's management team is continuously analyzing developments, particularly with regard to the availability of qualified employees at the manufacturing facilities and the logistics center, as well as the ability of suppliers to deliver, and possibly the quota allocation of individual active ingredients and the supply chains that are also important in this regard. Should the company identify any significant changes in these areas, it may be necessary to adjust its risk assessment.

As a result of the ongoing COVID-19 pandemic, macroeconomic risks may arise that could negatively impact economic growth in individual countries, as well as globally. The company continues to monitor the further spread of the coronavirus and its potential impact on Medios. At the time of this report's publication, the company is not aware of any direct material effects on Medios' business performance. Medios already has extensive contingency plans in place for such cases, particularly at its GMP-certified manufacturing facilities. In addition, the company has defined further measures to mitigate or eliminate possible effects from identified risks.

As part of its risk analysis, the company has categorized these risks as either Class 2 or Class 3 risks. A risk is categorized as a Class 3 risk with a probability of occurrence of 2 out of a possible 6 points and the extent of potential harm to the company at 5 out of a possible 6 points.

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 thus also the specialty pharmaceutical 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. 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 probability of this Class 3 risk 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 4 out of 6 possible rating points.

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, 2020. As a result, the Medios Group is not exposed to any significant interest rate risk.

Medios' growth-oriented strategy will be associated with an increase in working capital and increased investment activity. As the business expands, the number of employees will also continue to grow. In this context, 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 raise additional capital, if required. 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. A few 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 6 out of 6 possible rating points, and the extent of potential harm to the company should this event occur has been assessed at 6 out of 6 possible rating points., although none of the risks has a high rating in terms of both the extent of potential harm to the company and the probability of occurrence.

2.7. Research and Development Risks

For strategic reasons, the company outsourced its ongoing development projects to a partner pharmacy on short notice as a result of the sale of Medios Analytics GmbH.

Medios Analytics GmbH was sold to Anike Oleski, owner of MediosApotheken, effective March 1, 2021. As a result, the development and research results achieved to date in the field of NIR can, to a certain extent, be further utilized and developed within Medios Apotheken. Contractual agreements are in place to ensure that the Medios Group continues to have access to this innovative technology.

As a result, the company does not believe it is exposed to any risks in this area.

Overall Assessment of Risks

Medios has focused on the specialty pharmaceutical sector and is thus part of the pharmaceutical industry, which is relatively unaffected by economic cycles. Medios therefore assesses the economic risks as relatively low. Senior management assesses the impact of the Brexit as negligible.

In summary, in addition to financial risks, regulatory risks and risks from unforeseeable events (e.g., the coronavirus pandemic) continue to represent 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. So far, however, they have always succeeded in adapting to these changes extremely quickly and often using them to the company's advantage. 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 not currently 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 management. At the end of the reporting period, the group's overall situation with respect to opportunities was more promising than in the previous year, particularly as a result of the acquisition of Kölsche Blister in 2020 and the initiated acquisition of Cranach Pharma GmbH. The individual areas of opportunity are identified, analyzed, prioritized, and, where appropriate, incorporated into the group's strategy at strategy meetings.

Employees in sales as well as the company's field and office staff are regularly incorporated into 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. In addition, quarterly strategy meetings are held to discuss and analyze new ideas and business areas.

The market for specialty pharmaceuticals continues to offer Medios strong growth potential across all of its segments. This is attributable to the following opportunities, in particular:

Opportunities Resulting from Market Growth

The global pharmaceuticals market continues to grow. As a major part of the overall market, the market for specialty pharmaceuticals can also benefit from this growth. According to IQVIA, global medicine spending will rise to the equi-

valent of approximately €1,290 to €1,320 trillion between 2020 and 2024. This corresponds to average annual growth of 3% to 6% and an overall increase of around 25% to 28% compared with 2019 (€1,030 trillion). The German pharmaceuticals market is expected to grow by 4% to 7% between 2020 and 2024, reaching a volume equivalent to approximately €53.5 billion to €61.7 billion. This would correspond to an increase of around 25% to 44% compared with 2019 (€42.9 billion).

Specialty pharmaceuticals are playing an increasingly important role, particularly in industrialized countries. According to IQVIA, they will account for 52% of total medicine spending there by 2024. This means that their share will have more than doubled since 2009 (23%). In 2019, their share stood at 44%, up from 32% in 2014. According to IQVIA forecasts and Medios' own calculations, spending on specialty pharmaceuticals in Germany is expected to increase to €23.2 billion by 2024, an increase of around 59% compared to 2019 (€14.6 billion). In 2021, spending is expected to increase by 9.7% to €17.6 billion (2020: €16.0 billion).

Growth in the specialty pharmaceutical market is largely driven by drugs that are also manufactured and sold by Medios on a patient-specific basis. These particularly include drugs from the treatment areas of oncology, autoimmunology, infectious diseases, and neurology. According to IQVIA, spending on these drugs in industrialized countries is expected to continue to rise significantly in the coming years. Oncology therapies alone are expected to grow 51% by 2024 compared to 2019. In Germany, cancer, immunotherapies, diseases of the nervous system, and infectious diseases accounted for just under 50% of total drug spending by the public health insurance providers in 2019.

Opportunities Resulting from Long-Term Trends

Growth in the market for specialty pharmaceuticals is particularly driven by long-term trends. This primarily includes the development of new active substances with a focus on rare, chronic, or genetic diseases. According to the WIdO (Scientific Institute of the AOK), drugs for rare diseases (orphan drugs) are accounting for an increasing share of new drug launches. In addition, what is known as the structural effect is playing an increasingly important role, i.e., the shift in prescriptions within a drug group toward mostly newer and more expensive drugs. This structural effect is particularly evident in oncology drugs (antineoplastic agents), immunosuppressants, and antithrombotic agents, with growth rates in 2019 well into the double digits in some cases.

Patient-specific drugs are another factor driving growth in the market for specialty pharmaceuticals. Advances in genetics are making it possible to increasingly personalize diagnoses and therapies, which also increases the chances that treatment will be effective.

In addition, demographic change is driving growth in the specialty pharmaceutical market. According to the Organi-

zation for Economic Cooperation and Development (OECD), the average life expectancy of newborns in the European Union has increased significantly in recent decades. In 2019, it stood at 81 years of age. At the same time, this has increased the likelihood of chronic diseases, most of which occur in old age. In 2017, approximately 56% of men and 47% of women in the EU over the age of 80 were affected by at least two chronic diseases, on average. This number stood at 37% among people aged 65 or older.

Opportunities Resulting from Medios' Positioning as Specialty Pharmaceutical Supplier

Medios positioned itself on the market as a provider of specialty pharmaceuticals at an early stage and has established a nationwide distribution network of around 500 specialized partner pharmacies. In addition, as a pharmaceutical wholesaler and manufacturer, Medios has a broadly diversified portfolio of indications, products, and services. As a result, Medios can cover all of the relevant parts of the supply chain in this sector and grow at an above-average rate. In addition, Medios is well positioned to benefit from structural changes such as market consolidation or increasing competition.

The consolidation of the market will continue to accelerate, driven in part by increasing pressure on margins in individual indication areas as well as increasing regulatory requirements that manufacturing companies and manufacturing pharmacies in the field of personalized medicine will need to meet. In the future, many laboratories, especially smaller ones, and manufacturing pharmacies will no longer be able to cost-effectively or profitably produce personalized prescriptions themselves. Medios has expanded its product range in a timely manner to include other indication areas, such as neurology, ophthalmology, infectious diseases, and hemophilia. This broad positioning will ensure that Medios can continue to manufacture profitably in the future and thus actively benefit from market consolidation.

The introduction of new biosimilars will increase competition between the manufacturers of original and generic drugs. This could have a positive impact on the Medios Group's Pharmaceutical Supply segment, in particular. According to WIdO (Scientific Institute of the AOK), biosimilars have been available in Europe since 2006 and have played an increasingly important role in drug therapy during this time – as therapeutic alternatives that are comparable in terms of efficacy and safety and are usually less expensive.

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. Medios has identified around 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 two central warehouses in Berlin and Hamburg. Since most therapies

are scheduled in advance and/or involve chronic conditions, Medios is able to anticipate demand extremely accurately. As a result, Medios has relatively low inventory levels and a manageable amount of capital tied up in inventory. This clearly differentiates Medios from the structure of full-line wholesalers and allows the company to operate profitably, even with high-priced products, and capture further market share without generating excessive additional working capital requirements.

Opportunities Resulting from Organic Growth

Medios' strategy includes both organic and inorganic growth. The company intends to accelerate its organic growth primarily by expanding its manufacturing capacities. To this end, Medios leased an additional building at an existing location in Berlin during the 2020 financial year. The additional production facility will enable Medios to set up new laboratories and thus to potentially triple its manufacturing capacity. In addition, Medios intends to further optimize its logistics processes and concentrate the majority of its operational activities at this location. The objective is to further increase the operational efficiency of the Medios Group and leverage potential synergies.

In addition, Medios intends to further strengthen its blistering business and expand its partner network. The latter currently includes approximately 500 of a total of 1,000 specialized pharmacies in Germany. In addition, Medios intends to further diversify its range of indication areas. Growth opportunities will result, in particular, from the changes to the distribution channels for hemophilia medications that came into effect on September 1, 2020 (see also the "Development of the Health Care Market" section of this report). In the first few months since coming into force, Medios has already successfully positioned itself as a leading supplier to pharmacies in this new segment.

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 commerce 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 mediosconnect platform was initially launched in the German states of Berlin and Mecklenburg-Western Pomerania. As a result, the platform's user numbers are growing steadily. The company plans to roll out mediosconnect in additional German states over the course of the current financial year. Furthermore, in light of the mandatory e-prescription requirement that will take effect on January 1, 2022, Medios plans to launch a platform that supports e-prescriptions – offering significant value to physicians, health insurance companies, and specialized partner pharmacies, as well as to patients.

Opportunities Resulting from Inorganic Growth

Medios is well positioned to continue actively benefiting from the consolidation of the pharmaceutical market in Germany. To this end, the group has access to sufficient available liquidity and to credit lines that have only been partially drawn upon to date. In addition, the company can also use its own shares as an “acquisition currency.” Authorized capital is already available for this purpose. This gives Medios the ability to accelerate its growth through acquisitions as well. 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. The next step is to strengthen the Patient-Specific Therapies segment, if possible. Doing so is also in line with the strategy to grow the patient-specific therapies business in order to increase the group's profitability. Future acquisitions should also enable Medios to leverage synergies – in the case of Cranach, for example, in purchasing, sales, and logistics.

Opportunities Resulting from the End of the Quota Allocation

In March 2020, the General Order of the Federal Institute for Drugs and Medical Devices (BfArM) on the Stockpiling and Supply of Medicinal Products for Human Use (i.e. quota allocation) came into force (see also the “Development of the Health Care Market” section of this report). If the BfArM were to rescind the order, this could restore the general conditions that were in place prior to it entering force. An associated return to higher supply volumes and lower purchase prices could have a positive impact on pharmaceutical wholesale and, in particular, on Medios' earnings performance. According to the BfArM, the order applies “for the period of the coronavirus pandemic” and ends “automatically with the end of the pandemic.” The BfArM will communicate the date of the order's expiration. Medios currently expects the difficult market environment caused by the COVID-19 pandemic to ease in the second half of the current year and to largely normalize in 2022.

Opportunities Resulting from an Attractive Working Environment

Due to its strong growth within the last few years, Medios has been able to attract skilled employees, establish a service structure, and provide all of its subsidiaries with professional services in the fields of IT, human resources, accounting, facility management, and marketing/sales. As an attractive and responsible employer, Medios wants to retain skilled and committed employees over the long term.

As such, the company offers its employees a modern and attractive working environment and additional benefits. Among other perks, employees of the Medios Group are provided a monthly pass to use public transportation in Berlin as well as private supplementary health insurance; as their employer, Medios covers the costs of these benefits.

Overall Assessment of Opportunities

The overall assessment of opportunities reveals that numerous opportunities exist that will enable the Medios Group to continue to exploit the aforementioned strong growth potential for all of its segments in the market for specialty pharmaceuticals and to continue to grow significantly in the current financial year. As a result of acquiring Cranach Pharma, Medios is now the leading provider of specialty pharmaceuticals in Germany and will be able to significantly increase consolidated revenues in the 2021 financial year compared to 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 2021 financial year. Medios is focused on the specialty pharmaceutical sector and is the market leader in Germany in this industry.

Senior management has based its forecast on the following market data: Specialty Pharma is a segment of the pharmaceutical market that has already grown to a volume of €14.6 billion in Germany in 2019 (IQVIA study: The Global Use of Medicine in 2019 and Outlook to 2023). According to IQVIA estimates and Medios' own calculations, sales of specialty pharmaceuticals in Germany totaled approximately €16.0 billion in 2020. In 2021, this volume is expected to increase by just under 10% to approximately €17.6 billion.

The market situation outlined in the section on opportunities will lead to further changes and consolidations in the pharmaceutical market as a whole. As the leading company in the specialty pharmaceutical market, Medios expects to capitalize on this consolidation to further increase its market share.

The company had approximately 330 partner pharmacies as of December 31, 2020. As a result of the merger with Cranach Pharma GmbH, which was completed in January 2021, the Medios partner network now comprises around 500 specialized pharmacies. Medios has identified a total

potential of approximately 1,000 specialized pharmacies out of the approximately 19,000 total pharmacies in Germany. Over the long term, the company intends to gain 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 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 encompasses approximately 1,000 products – of which the Medios Group already covers a large part. As the trend towards patient-specific therapies is expected to continue in the future, the overall potential for specialty pharmaceutical products will steadily increase.

Currently, the Medios Group focuses on six indication areas: oncology, neurology, autoimmune diseases, ophthalmology, hemophilia, and infectious diseases. Medios is already the market leader in Germany for the hemophilia indication as a result of its merger with Cranach Pharma, and is striving to achieve a leading position in Germany in the other five indications. As a result, Medios intends to continue to expand its market position in 2021 through further organic as well as external growth.

The overall pharmaceutical market in Germany remains in a period of significant consolidation. The pharmacy market will continue to consolidate as a result of a number of systematic and strategic changes, such as the electronic prescription or online pharmacies on the one hand and increasing regulatory requirements and regulations on the other. 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 benefit from this trend.

Medios has established an extensive internal administrative structure to handle the strong growth of recent years (the company has recorded average annual revenue growth of 41%). This includes services in the fields of finance, human resources, IT, and facility management, among other areas, which are made available to all of the companies in the Medios Group. The establishment of these structures was largely completed in the reporting year with the establishment of a Mergers & Acquisitions (M&A) Department, which now puts Medios in an even better position to achieve inorganic growth in addition to organic growth. As a result, Medios intends to actively participate in the M&A market in the future, which offers additional growth potential for the company.

In 2021, Medios will continue to invest heavily in human resources, technology, consulting, and software in order to achieve the planned level of growth. In this context, the

Medios Group intends to recruit additional employees in IT, at its laboratories, and also in administration. The company intends to further expand both IT and capacities at its manufacturing facilities, keeping all systems at the cutting edge and, in particular, pressing ahead with digitization (see also the “Objectives and Strategy” section above). In addition to its own expertise, Medios also intends to continue to procure external expertise and expand it through strategic partnerships.

The current situation as a result of the spread of the coronavirus makes it difficult to issue an accurate forecast. Medios expects the difficult environment at present due to the COVID-19 pandemic to ease over the course of 2021. This assumption has also been incorporated into the forecast. The members of Medios’ senior management team continuously analyze developments, particularly with regard to the availability of qualified employees at the manufacturing facilities and the logistics center, as well as the ability of suppliers to deliver and the supply chains that also play a key role in this regard.

Should the company identify any significant changes in these areas, it may be necessary to adjust this forecast. If future developments allow, Medios will adjust the following range in due course and provide a corresponding forecast.

Based on these assumptions and the acquisition completed in the first quarter of 2021 (see also Events After the Reporting Period), Senior Management expects the Medios Group to generate revenues of approximately €1.15 billion to €1.20 billion, EBITDA before nonrecurring items of €38 million to €39 million and EBT before nonrecurring items of €31 million to €32 million in the 2021 financial year. This corresponds to revenue growth of approximately 84% to 92%, an increase in EBITDA before nonrecurring items of approximately 152% to 159%, and an increase in EBT before nonrecurring items of approximately 158% to 166% compared with the previous year. EBITDA after nonrecurring items will therefore lie in the range of €36 million to €37 million.

Overall, Medios expects continued growth in the 2021 financial year. Medios’ goal is to strengthen its position as the leading competence partner for specialty pharmaceutical solutions and thus further increase its attractiveness for partner pharmacies, employees, and investors. As such, activities will continue to focus on the implementation of the company’s growth strategy. This also includes unlocking synergy potential, particularly the potential resulting from the acquisitions of Cranach Pharma GmbH and Kölsche Blister GmbH.

Based on the separate financial statements of Medios AG prepared in accordance with the German Commercial Code (HGB), the company expects to generate revenues of €8 million to €9 million (previous year: €8.0 million). EBITDA is forecast to come in at €-4 million to €-5 million (previous year: €-3.7 million) and EBT at €11 million to €12 million (previous year: €9.1 million), excluding a profit distribution by Cranach

Pharma GmbH. At the level of Medios AG, no nonrecurring expenses were taken into account when considering the performance indicators.

VI. 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 2020, the Medios Group financed its operations by means of equity and supplier credits as well as from ongoing cash flow and the utilization of a credit line with a value of €1.5 million. In the event of a short-term increase in working capital requirements, the company has access to additional lines of credit and a bilateral working capital line totaling €17.5 million. Furthermore, a credit line of €43.5 million is available to finance acquisitions.

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 adequate accounts receivable management and is covered by a trade credit insurance policy.

VII. Report on Branch Offices

The company does not maintain any branch offices.

VIII. Corporate Governance Statement Pursuant to Sections 289f and 315d of the German Commercial Code (HGB)

The Corporate Governance Statement pursuant to sections 289f and 315d of the German Commercial Code (HGB) includes the Declaration of Compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG), information on corporate governance practices, and a description of the corporate governance practices of the Executive Board and Supervisory Board. Pursuant to Section 317, Paragraph 2, Sentence 6 of the German Commercial Code (HGB), the audit of the annual financial statements with regard to the disclosures pursuant to Section 289f Paragraphs 2 and 5 of the German Commercial Code (HGB) and Section 315d of the German Commercial Code (HGB) must be limited to ascertaining whether all of the required disclosures have been issued.

The statement pursuant to sections 289f and 315d of the German Commercial Code (HGB) is part of this combined management report. By taking this approach, the company aims to keep the management report clear and concise, and therefore takes advantage of the option to make the Corporate Governance Statement publicly available on the company's website. The complete Corporate Governance Statement relates to both the individual company and the group as a whole and is published on the company's website at www.medios.ag in the "Investor Relations/Corporate Governance" section <https://medios.ag/en/investor-relations/corporate-governance/reports-and-statements>.

IX. Reporting in Accordance with Sections 289a and 315a of the German Commercial Code (HGB)

1. Composition of Subscribed Capital

As of December 31, 2020, the capital stock totaled €16,084,991.00 and was divided into 16,084,991 registered no-par shares with a nominal value of €1.00 per share. The shares are fully paid up. All shares carry the same rights and obligations. The rights and obligations of shareholders are defined in detail in the provisions of the German Stock Corporation Act (AktG), in particular Sections 12, 53a ff, 118 ff, and 186.

2. Restrictions which apply to Voting Rights or the Transfer of Shares

A total of 2,483,974 shares held by shareholder Martin Hesse from an equity offering for contributions in kind of 4,180,000 new shares, entered in the commercial register on January 21, 2021, are subject to a staggered lock-up period of up to 24 months ("lock-up agreement") and are therefore not yet included in trading. These shares will be eligible, at the latest, once the lock-up period has expired, and will then be included in the same ISIN as the existing shares. Upon announcement of his retirement from the Executive Board of Medios AG on October 21, 2021, Manfred Schneider agreed to a voluntary 6-month lock-up agreement for the majority of his Medios shares. In addition, in cases covered by Section 136 of the German Stock Corporation Act (AktG), the voting rights associated with the shares concerned are excluded by law. The Executive Board of Medios AG is not aware of any other restrictions affecting voting rights or the transfer of shares.

3. Direct and Indirect Equity Interests exceeding 10% of Voting Rights

At the end of the reporting period on December 31, 2020, the following shareholders held shares in the company as outlined below and have notified the company of the voting rights listed below. The announcements were published in accordance with Section 33, Paragraph 1 of the German Securities Trading Act (WpHG):

On May 14, 2020 (published on May 14, 2020), Manfred Schneider notified Medios AG in accordance with Section 33, Paragraph 1 of the German Securities Trading Act (WpHG) as part of a voluntary group announcement as a result of threshold contact at the subsidiary level only, and simultaneously for Tangaroa GmbH & Co. KG and Tangaroa Management GmbH, that his share of the voting rights in Medios AG on February 5, 2020 totaled 35.32% (5,166,204 voting rights). Of this total, 35.32% (5,166,204 voting rights) are attributable to him pursuant to Section 34 of the German Securities Trading Act (WpHG). Names of shareholders holding 3% or more of total voting rights, of which voting rights are attributed to the reporting party pursuant to Section 34 of the German Securities Trading Act (WpHG): Tangaroa GmbH & Co. KG, Tangaroa Management GmbH.

Note: After the end of the reporting period, on February 8, 2021 (published on February 9, 2021), Manfred Schneider notified Medios AG in accordance with Section 33, Paragraph 1 of the German Securities Trading Act (WpHG) as part of a voluntary group announcement as a result of threshold contact by subsidiaries, and simultaneously for Tangaroa GmbH & Co. KG and Tangaroa Management GmbH, that his share of the voting rights in Medios AG on February 8, 2021 totaled 22.41% (4,541,204 voting rights). Of this total, 22.41% (4,541,204 voting rights) are attributable to him pursuant to Section 34 of the German Securities Trading Act (WpHG). Names of shareholders holding 3% or more of total voting rights, of which voting rights are attributed to the reporting party pursuant to Section 34 of the German Securities Trading Act (WpHG): Tangaroa GmbH & Co. KG, Tangaroa Management GmbH.

Medios AG was not notified of, nor is it aware of, any other existing direct or indirect equity interests in the company exceeding 10% of the voting rights or any changes in the aforementioned equity interests at the end of the reporting period.

However, the company was notified of the following further equity interest exceeding 10% of the voting rights after the end of the reporting period:

Martin Hesse notified Medios AG on January 21, 2021 (published on January 22, 2021) pursuant to Section 33, Paragraph 1 of the German Securities Trading Act (WpHG), and simultaneously on behalf of BMSH GmbH, that his share of voting rights in Medios AG on January 21, 2021 totaled 23.16% (4,693,000 voting rights). Of this total, 20.63% (4,180,000 voting rights) are attributable to him pursuant to Section 34 of the German Securities Trading Act (WpHG). Names of shareholders holding 3% or more of total voting rights, of which voting rights are attributed to the reporting party pursuant to Section 34 Paragraph 1 of the German Securities Trading Act (WpHG): BMSH GmbH.

Note: During the reporting period, Martin Hesse held 3.43% of total voting rights. See section 4 below.

4. Other direct and indirect Equity Interests < 10 %

Martin Hesse notified Medios AG on March 4, 2020 (published on March 5, 2020) in accordance with Section 33, Paragraph 1 of the German Securities Trading Act (WpHG) as part of a voluntary group announcement as a result of threshold contact at the subsidiary level only, and simultaneously on behalf of BMSH GmbH, that, as a result of internal restructuring, his share of the voting rights in Medios AG totaled 3.43% (500,000 voting rights) on December 30, 2019. Of this total, 3.43% (500,000 voting rights) are attributable to him pursuant to Section 34 of the German Securities Trading Act (WpHG). Names of shareholders holding 3% or more of total voting rights, of which voting rights are attributed to the reporting party pursuant to Section 34 Paragraph 1 of the German Securities Trading Act (WpHG): BMSH GmbH.

Martin Hesse notified Medios AG on March 4, 2020 (published on March 5, 2020) in accordance with Section 33, Paragraph 1 of the German Securities Trading Act (WpHG) as part of a voluntary group announcement as a result of threshold contact at the subsidiary level only, and simultaneously on behalf of BMSH GmbH, that, as a result of internal restructuring, his share of the voting rights in Medios AG totaled 3.43% (500,000 voting rights) on December 16, 2019. Of this total, 3.43% (500,000 voting rights) are attributable to him pursuant to Section 34 of the German Securities Trading Act (WpHG). Names of shareholders holding 3% or more of total voting rights, of which voting rights are attributed to the reporting party pursuant to Section 34 Paragraph 1 of the German Securities Trading Act (WpHG): Cranach Pharma GmbH.

Marcel Jo Maschmeyer notified Medios AG on October 30, 2020 (published on November 2, 2020) pursuant to Section 33 Paragraph 1 of the German Securities Trading Act (WpHG) that his share of voting rights in Medios AG totaled 3.28% (527,000 voting rights) on October 29, 2020. Of this total, 3.23% (520,000 voting rights) are attributable to him pursuant to Section 34 of the German Securities Trading Act (WpHG). Names of shareholders holding 3% or more of total voting rights, of which voting rights are attributed to the reporting party pursuant to Section 34 Paragraph 1 of the German Securities Trading Act (WpHG): Paladin Asset Management Inv-AG.

Note: After the end of the reporting period, on February 8, 2021 (published on February 9, 2021), Manfred Schneider notified Medios AG pursuant to Section 33, Paragraph 1 of the German Securities Trading Act (WpHG) that his share of voting rights in Medios AG totaled 2.63% (532,500 voting rights). Of this total, 2.57% (520,500 voting rights) are attributable to him pursuant to Section 34 of the German Securities Trading Act (WpHG).

Sampo Plc, Helsinki, Finland, notified Medios AG on April 9, 2020 (published on April 15, 2020) pursuant to Section 33, Paragraph 1 of the German Securities Trading Act (WpHG)

that its share of voting rights in Medios AG totaled 2.99% (437,401 voting rights) on April 6, 2020.

SEB Investment Management AB notified Medios AG on January 13, 2020 (published on January 15, 2020) pursuant to Section 33, Paragraph 1 of the German Securities Trading Act (WpHG) that its share of voting rights in Medios AG totals 5.11% (744,268 voting rights).

Note: After the end of the reporting period, on January 25, 2021 (published on January 26, 2021), SEB Investment Management AB notified Medios AG pursuant to Section 33, Paragraph 1 of the German Securities Trading Act (WpHG) that its share of voting rights in Medios AG totals 4.77% (965,762 voting rights).

Allianz SE notified Medios AG on August 10, 2020 (published on August 12, 2020) pursuant to Section 33 Paragraph 1 of the German Securities Trading Act (WpHG) that its share of voting rights in Medios AG totaled 3.25% (523,507 voting rights) on August 7, 2020. Names of shareholders holding 3% or more of total voting rights, of which voting rights are attributed to the reporting party pursuant to Section 34 Paragraph 1 of the German Securities Trading Act (WpHG): Allianz Lebensversicherungs-AG.

Note: After the end of the reporting period, on January 22, 2021 (published on January 25, 2021), Allianz SE notified Medios AG pursuant to Section 33, Paragraph 1 of the German Securities Trading Act (WpHG) that its share of voting rights in Medios AG totaled 2.71% (548,276 voting rights) on January 21, 2021.

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

5. Holders of Shares with Special Rights Conferring an Authority to Exercise Control

None of our company's shares include special rights that confer an authority to exercise control.

6. Type of Voting Rights Controls when Employees have an Equity Interest in the Company and do not exercise their Control Rights directly

The company does not have any employees that have an equity interest in the company and do not exercise their control rights directly. Insofar as Medios AG issues shares to employees as part of its employee share program or as share-based compensation, the shares are transferred directly to the employees. The beneficiary employees may exercise the control rights to which they are entitled as holders of the employee shares directly in the same way as other shareholders in accordance with the statutory provisions and the provisions of the company's Articles of Incorporation.

7. Authority of the Executive Board to issue or repurchase Shares

Authorized Capital 2018/1 – In accordance with Section 4, Paragraph 3 of the Articles of Incorporation, 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 July 12, 2023 by up to €321,037.00 by issuing up to 321,037 new registered no-par shares, each representing €1.00 of the capital stock, in return for cash contributions or contributions in kind (Authorized Capital 2018/1). Common shares and/or non-voting preferred shares may be issued. The new shares may also be acquired by one or more banks designated by the Executive Board or companies operating pursuant to Section 53, Paragraph 1, Sentence 1 or Section 53b, Paragraph 1, Sentence 1 or Paragraph 7 of the German Banking Act (KWG) with the obligation to offer them to the shareholders ("indirect subscription right"). The Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- In the case of equity offerings for contributions in kind, in particular for the purpose of granting shares in the context of business combinations or for the purpose of acquiring companies, operations, parts of businesses, or equity interests in companies or other assets, including receivables from the company or its affiliated companies;
- To compensate for fractional amounts;
- If, in the case of equity offerings for cash, the issue price of the new shares is not significantly lower than the stock market price of the shares already listed at the time the issue price is definitively set, and the shares issued do not exceed a total of 10% of the capital stock either at the time this authorization becomes effective or at the time it is exercised. Shares that exclude subscription rights which are sold, issued, or intended to be issued during the term of this authorization up to the time of its utilization on the basis of other authorizations in direct or corresponding application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act (AktG) must be counted towards this limit;
- To the extent necessary to grant subscription rights to holders of convertible bonds, convertible profit-sharing rights, or option rights to the extent to which they would be entitled as shareholders after exercising their conversion or option rights;
- To grant shares to members of the Executive Board, senior executives of affiliated companies within the meaning of Section 15 of the German Stock Corporation Act (AktG), managers employed by the company and/or affiliated companies, or to employees of the company and/or affiliated companies within the framework of employee share option programs. Insofar as shares are to be granted to members of the Executive Board, responsibility for

this decision lies exclusively with the Supervisory Board of the company;

- To fulfill a greenshoe option agreed with underwriters in connection with a public offering of shares in the company.

An equity offering that excludes subscription rights for the purpose of implementing employee share programs may only be carried out up to a maximum of 10% of the capital stock in existence at the time of issuance of the new shares.

The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details and conditions of the implementation of equity offerings from authorized capital and the issuance of shares. The Supervisory Board is authorized to amend the wording of Article 4, Paragraph 3 of the Articles of Incorporation accordingly in line with the utilization or upon expiry of the authorization.

Authorized Capital 2018/1 was created by the Annual General Meeting on July 13, 2018 in the amount of €6,832,009.00; to date, the Executive Board has utilized a total of €6,510,972.00 of this authorization.

Authorized Capital 2019/1 – In accordance with Section 4, Paragraph 7 of the Articles of Incorporation, 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 July 9, 2024 by up to €1,260,000.00 through the issuance of up to 1,260,000 new registered, no-par shares, each representing €1.00 of the capital stock, in return for cash contributions or contributions in kind (Authorized Capital 2019/I). Common shares and/or non-voting preferred shares may be issued. The new shares may also be acquired by one or more banks designated by the Executive Board or companies operating pursuant to Section 53, Paragraph 1, Sentence 1 or Section 53b, Paragraph 1, Sentence 1 or Paragraph 7 of the German Banking Act (KWG) with the obligation to offer them to the shareholders ("indirect subscription right"). The Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- In the case of equity offerings for contributions in kind, in particular for the purpose of granting shares in the context of business combinations or for the purpose of acquiring companies, operations, parts of businesses, or equity interests in companies or other assets, including receivables from the company or its affiliated companies;
- To compensate for fractional amounts;
- If, in the case of equity offerings for cash, the issue price of the new shares is not significantly lower than the stock market price of the shares already listed at the time the issue price is definitively set, and the shares issued do not exceed a total of 10% of the capital stock either at the time this authorization becomes effective or at the time it is exercised. Shares that exclude subscription rights

which are sold, issued, or intended to be issued during the term of this authorization up to the time of its utilization on the basis of other authorizations in direct or corresponding application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act (AktG) must be counted towards this limit;

- To the extent necessary to grant subscription rights to holders of convertible bonds, convertible profit-sharing rights, or option rights to the extent to which they would be entitled as shareholders after exercising their conversion or option rights;
- To grant shares to members of the Executive Board, senior executives of affiliated companies within the meaning of Section 15 of the German Stock Corporation Act (AktG), managers employed by the company and/or affiliated companies, or to employees of the company and/or affiliated companies within the framework of employee share option programs. Insofar as shares are to be granted to members of the Executive Board, responsibility for this decision lies exclusively with the Supervisory Board of the company;
- To fulfill a greenshoe option agreed with underwriters in connection with a public offering of shares in the company.

An equity offering that excludes subscription rights for the purpose of implementing employee share programs may only be carried out up to a maximum of 10% of the capital stock in existence at the time of issuance of the new shares.

The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details and conditions of the implementation of equity offerings from authorized capital and the issuance of shares.

The Supervisory Board is authorized to amend the wording of Article 4, Paragraph 3 of the Articles of Incorporation accordingly in line with the utilization or upon expiry of the authorization.

Authorized Capital 2019/1 was created by the Annual General Meeting on July 10, 2019 in the amount of €1,350,000.00; to date, the Executive Board has utilized a total of €90,000.00 of this authorization.

Conditional Capital/Share Option Plan 2017 – In accordance with Article 4, Paragraph 4 of the Articles of Incorporation, the capital stock of the company is conditionally increased by €600,000 through the issue of up to 600,000 registered, no-par shares (Conditional Capital 2017). The conditional equity offering is exclusively for the purpose of fulfilling subscription rights granted on the basis of the authorization of the Annual General Meeting on August 28, 2017 pursuant to agenda item 8. The conditional equity offering will only be carried out to the extent that the holders of the subscription rights issued under the "Share Option

Plan 2017" exercise their right to subscribe to shares in the company and the company does not supply any of its own shares to fulfill the options. The new shares are entitled to participate in profits from the beginning of the financial year for which no resolution on the appropriation of profits has been passed at the time of their issue.

Conditional Capital 2017 has not been utilized to date. At the end of the 2020 financial year, a total of 590,000 options can still be exercised from the Share Option Plan 2017.

Conditional Capital/Share Option Plan 2018 – In accordance with Article 4, Paragraph 5 of the Articles of Incorporation, the capital stock of the company is conditionally increased by €300,000.00 through the issue of up to 300,000 registered, no-par shares (Conditional Capital 2018). The conditional equity offering is exclusively for the purpose of fulfilling subscription rights granted on the basis of the authorization of the Annual General Meeting on July 13, 2018 pursuant to agenda item 7. The conditional equity offering will only be carried out to the extent that the holders of the subscription rights issued under the "Share Option Plan 2018" exercise their right to subscribe to shares in the company and the company does not supply any of its own shares to fulfill the options. The new shares are entitled to participate in profits from the beginning of the financial year for which no resolution on the appropriation of profits has been passed at the time of their issue.

Conditional Capital 2018 has not been utilized to date. At the end of the 2020 financial year, a total of 286,000 options may still be exercised from the Share Option Plan 2018, which was issued in the 2018 and 2019 financial years.

Conditional Capital/Authorization to issue Convertible Bonds/ Warrant Bonds and to exclude Subscription Rights 2019 – In accordance with Section 4, Paragraph 6 of the Articles of Incorporation, the capital stock of the company is conditionally increased by €5,825,607.00 through the issue of up to 5,825,607 registered no-par shares (Conditional Capital 2019). The conditional equity offering will be carried out by issuing up to 5,825,607 registered no-par shares with profit-sharing rights from the beginning of the financial year in which they are issued only to the extent that the holders or creditors of convertible bonds or warrants from bonds with warrants that were issued by Medios AG or by a group company before July 9, 2024 on the basis of the authorization granted to the Executive Board by the Annual General Meeting on July 10, 2019, exercise their conversion/option rights, satisfy their conversion/option obligations, or tender shares, and to the extent that they are not exercised through other fulfillment methods. The new shares will be issued at the conversion/option prices to be determined in each case set forth in the terms and conditions of the bonds or options in accordance with the aforementioned authorization resolution. The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details of the equity offering and its implementation.

Conditional Capital 2019 has not been utilized to date.

Conditional Capital/Share Option Plan 2020 – In accordance with Article 4, Paragraph 8 of the Articles of Incorporation, the capital stock of the company is conditionally increased by €700,000.00 through the issue of up to 700,000 registered, no-par shares (Conditional Capital 2020/I). The conditional equity offering is exclusively for the purpose of fulfilling subscription rights granted on the basis of the authorization of the Annual General Meeting on October 26, 2020 pursuant to agenda item 8. The conditional equity offering will only be carried out to the extent that the holders of the subscription rights issued under the "Share Option Plan 2020" exercise their right to subscribe to shares in the company and the company does not supply any of its own shares to fulfill the options. The new shares are entitled to participate in profits from the beginning of the financial year for which no resolution on the appropriation of profits has been passed at the time of their issue. The Supervisory Board is authorized to amend the wording of Article 4 of the Articles of Incorporation in line with the issue of subscription shares. The same applies if and to the extent that the stock options can no longer be exercised.

Conditional Capital 2020 has not been utilized to date. At the end of the 2020 financial year, no options had yet been issued under the Share Option Plan 2020.

Authority of the Executive Board to repurchase shares

– The company may only repurchase its own shares with the prior authorization of the Annual General Meeting or in the few cases expressly stipulated in the German Stock Corporation Act. On July 13, 2018, the Annual General Meeting authorized the Executive Board to repurchase the company's own shares up to a maximum of 10% of the capital stock at the time the resolution became effective or – if the subsequent value is lower – at the time the authorization is exercised. The authorization granted by the Annual General Meeting on August 28, 2017 was revoked insofar as it had not been exercised by that time. For the purposes of clarification, it should be noted that this does not also affect the authorization to use repurchased shares; this authorization remains in force. These repurchased shares, together with any treasury shares acquired for other reasons and held by or attributable to the company pursuant to Sections 71a ff. of the German Stock Corporation Act (AktG), may at no time exceed 10% of the company's capital stock.

The authorization may be exercised by the company in full or in partial amounts, on one or more occasions, but also by dependent companies or companies in which the company holds a majority interest, or by third parties on their behalf or the company's behalf. The authorization to repurchase shares is valid until July 12, 2023.

At the discretion of the Executive Board, the acquisition may be effected (1) via the stock exchange or (2) by means of a public purchase offer addressed to all shareholders or a public invitation to the company's shareholders to submit offers for sale or (3) by issuing tender rights to the shareholders.

- (1) If the shares are purchased on the stock exchange, the consideration for the purchase of the shares (excluding transaction costs) may not deviate by more than 10% from the average stock market price (closing auction price of Medios shares in electronic trading on the Frankfurt Stock Exchange) on the last five trading days prior to entering into the obligation to purchase. The Executive Board of the company is responsible for determining the further details of the purchase.
- (2) In the case of a publicly issued purchase offer to all shareholders or a public invitation to shareholders to submit sales offers, the purchase or sales price offered or the limits of the purchase or sales price range offered per share (in each case excluding transaction costs) may not exceed by more than 10% or fall below by more than 20% the average stock exchange price (closing auction price of Medios shares in electronic trading on the Frankfurt Stock Exchange) on the last five trading days prior to the date of publication of the offer. If, after publication of the company's offer or after a formal invitation to submit sales offers, the stock market price of Medios shares deviates significantly from the purchase or selling price offered or from the limits of the purchase or selling price range offered, the offer or the invitation to submit sales offers may be adjusted. In this case, the relevant price will be determined on the basis of the corresponding price on the last trading day prior to the publication of the adjustment; the 10% or 20% limit for exceeding or falling below the relevant price will apply to this new figure. The volume of the offer or invitation to tender may be limited. If the total number of shareholders accepting the offer or submitting offers in response to an invitation to tender exceeds this volume, the shares must be acquired or accepted to the partial exclusion of any tender rights of shareholders in proportion to the number of shares offered. Preferential purchase or preferential acceptance of smaller numbers of up to 100 of the company's shares offered for purchase per shareholder of the company is possible subject to the partial exclusion of any right of shareholders to tender their shares. Similarly, the company is allowed to round according to commercial principles in order to avoid fractional amounts of shares. The details of the offer or a public invitation to shareholders to submit offers for sale will be determined by the Executive Board of the company.
- (3) If the purchase is carried out by means of the tender rights made available to the shareholders, these may be allocated on a per-share basis. Based on the ratio of the company's capital stock to the volume of shares to be repurchased by the company, a certain number of tender rights determined accordingly entitles the holder to sell one share in the company back to the company. Tender rights may also be allocated in such a way that one tender right is allocated per number of shares resulting from the ratio of the share capital to the buyback volume. Fractional tender rights will not be allocated; in this case, the corresponding partial tender rights will be

excluded. The price or the limits of the offered purchase price range (in each case excluding transaction costs) at which a share may be sold to the company upon exercising the tender right will be determined and, if necessary, adjusted in accordance with the provisions of number (2) above. The details of the tender rights, in particular their terms and conditions, term, and, if applicable, their tradability, will be determined by the Executive Board of the company.

The Executive Board is also authorized to sell the treasury shares acquired on the basis of this or an earlier authorization via the stock market or via an offer to all shareholders. In the case of an offer to all shareholders, the subscription right for any fractional amounts will be excluded. The Executive Board is further authorized to use the treasury shares acquired on the basis of this or an earlier authorization for all legally permissible purposes, including, but not limited to, the following:

- (1) They may be sold for contributions in kind, in particular as (partial) consideration in connection with business combinations or for the acquisition of companies, equity interests in companies or parts of companies, or for the acquisition of other assets. In this case, shareholders' subscription rights are excluded.
- (2) They may be issued to employees of the company and to employees of its affiliates within the meaning of Section 15 ff. of the German Stock Corporation Act (AktG). They may also be issued to selected employees in management and/or key positions within the company, to members of the Executive Board, and to senior executives and selected employees in management and/or key positions at its affiliates within the meaning of Section 15 ff. of the German Stock Corporation Act (AktG). In this case, shareholders' subscription rights are excluded.
- (3) They may, to the extent that shareholders' subscription rights are excluded, also be sold in a manner other than via the stock market or by means of an offer to shareholders insofar as the shares are sold for cash at a price that is not significantly lower than the price of the company's shares on the stock market. This authorization only applies, however, subject to the proviso that the total of the shares sold under exclusion of subscription rights pursuant to Section 71, Paragraph 1, No. 8, Sentence 5 in conjunction with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act (AktG) may not exceed 10% of the respective capital stock of the company. This 10% limit will be calculated on the basis of the value of the company's capital stock at the time this authorization becomes effective or – if the subsequent value is lower – the value of the company's capital stock at the time this authorization is exercised. If, during the term of this authorization until it is exercised, use is made of other authorizations to issue or sell shares in the company or to issue rights enabling or obligating the subscription of shares in the company and subscription rights are excluded in accordance with or pursuant to Section 186,

Paragraph 3, Sentence 4 of the German Stock Corporation Act (AktG), these amounts will be counted towards the aforementioned 10% limit.

- (4) They may be retired without the retirement or the implementation of the retirement requiring a further resolution of the Annual General Meeting. The retirement may be limited to a portion of the shares acquired. The retirement leads to a reduction of capital stock. However, the retirement may also be effected without reducing the company's capital stock by adjusting the pro rata amount of capital stock represented by the remaining shares in accordance with Section 8, Paragraph 3 of the German Stock Corporation Act (AktG). In this case, the Executive Board is authorized to amend the number of shares specified in the Articles of Incorporation accordingly.

Shares excluding subscription rights pursuant to (1), (2) and (3) may only be used under this authorization if the sum of the shares used in this way does not account for more than 20% of the company's capital stock at the time the authorization takes effect or – if the subsequent value is lower – at the time this authorization is exercised. Shares issued or sold by the company during the term of this authorization prior to being exercised on the basis of another authorization excluding shareholders' subscription rights, or shares intended to be issued on the basis of rights issued during the term of this authorization prior to being exercised on the basis of another authorization excluding subscription rights and enabling or obligating the subscription of shares in the company, are to be included in the calculation of this total. The authorization may be exercised once or several times, in whole or in part, individually or jointly, and by dependent companies or companies in which the company holds a majority interest or by third parties acting on their behalf or on behalf of the company. To date, the Executive Board has not exercised this authorization.

8. Appointment and Dismissal of Executive Board Members, Amendments to the Articles of Incorporation

Sections 84 and 85 of the German Stock Corporation Act (AktG) and Section 6 of the Articles of Incorporation are the relevant statutory provisions and the provisions of the Articles of Incorporation governing the appointment and dismissal of members of the Executive Board. Sections 133 and 179 of the German Stock Corporation Act (AktG) and Section 19 of the Articles of Incorporation govern amendments to the Articles of Incorporation.

9. Key Company Agreements Subject to the Condition of a Change of Control as a Result of a Takeover Bid

The company has not entered into any agreements that are subject to the condition of a change of control as a result of a takeover bid.

10. Compensation Agreements the Company has entered into with Members of the Executive Board or Employees in the Event of a Takeover Bid

The company has not entered into any compensation agreements with members of the Executive Board or employees in the event of a takeover bid.

11. Other Information relevant to Takeovers

See section 3 above. Direct and Indirect Shareholdings Exceeding 10% of Voting Rights (group announcements pertaining to Manfred Schneider and Martin Hesse).

X. Final Statement Pursuant to Section 312, Number 3, Paragraph 3 of the German Stock Corporation Act (AktG)

Pursuant to Section 312 of the German Stock Corporation Act (AktG), the Executive Board has prepared a report on its relationship with affiliated companies, which contains the following final statement:

"The company has received adequate consideration for each business transaction listed. Whether the consideration was appropriate was assessed on the basis of the circumstances known to the Executive Board at the time when the business transaction was undertaken. Accordingly, the company has not suffered any disadvantages."

Berlin, March 30, 2021

Matthias Gärtner

Chief Executive Officer (CEO) and
Chief Financial Officer (CFO)

Mi-Young Miehler

Chief Operating Officer (COO)

Christoph Pruß

Chief Innovation Officer (CINO)

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Consolidated statement of comprehensive income

in thousand €	Notes	2020	2019
Revenue	9	626,543	516,805
Change in stocks of finished goods and work-in-progress	10	-7	41,564
Work performed and capitalised	11	352	550
Other income	12	468	1,254
Cost of materials	13	589,309	483,366
Personnel expenses	14	15,295	10,952
Other expenses	15	9,660	7,959
Earnings before interest, tax, depreciation and amortisation (EBITDA)	18, 19	13,093	16,373
Depreciation and amortisation		3,551	1,982
Operating profit/loss (EBIT)		9,542	14,392
Financial expenses	16	671	194
Financial income	16	30	23
Consolidated earnings before tax (EBT)		8,901	14,220
Tax	17	2,837	4,461
Consolidated earnings after tax		6,064	9,760
Total consolidated earnings		6,064	9,760
Basic earnings per share (in €)	40	0,39	0,67
Diluted earnings per share (in €)	40	0,38	0,65

Consolidated balance sheet

Assets

in thousand €	Notes	12/31/2020	12/31/20219
Non-current assets		58,232	37,136
Intangible assets	18	35,237	31,260
Property, plant and equipment	19	5,337	2,549
Right of use	33	17,269	3,045
Financial assets	20	390	283
Current assets			79,431
Inventories	21	35,310	16,053
Trade receivables	22	74,789	42,805
Other assets	23	6,394	4,787
Income tax receivables	17	24	165
Cash and cash equivalents	24	19,788	15,622
Balance sheet total		194,537	116,567

Liabilities

Equity	25		
Subscribed capital		16,085	14,564
Capital reserves	37	104,487	51,273
Accumulated Group's net income		21,853	15,789
Attributable to shareholders in the parent company		142,425	81,627

Liabilities

Non-current liabilities		21,484	6,253
Financial liabilities	26	16,647	2,577
Other accrued liabilities	17	1,039	0
Deferred tax liabilities		3,798	3,676
Current liabilities		30,628	28,688
Other provisions	27	512	501
Trade payables	28	22,398	12,882
Financial liabilities	26	2,587	3,664
Income tax liabilities	17	2,613	7,577
Other liabilities	29	2,517	4,064
Total liabilities		52,112	34,941
Balance sheet total		194,537	116,567

Consolidated cash flow statement

in thousand €	Notes	2020	2019
Cash flow from operating activities			
Net income for the year		6,064	9,760
Depreciation and amortisation on non-current assets	18, 19	3,551	1,982
Decrease/increase in provisions	27	11	126
Other non-cash expenses	14, 37	1,158	1,369
Increase in inventories, trade receivables and other assets not attributable to investment or financing activities	21, 22 23	-51,428	-14,781
Decrease/increase in trade payables and other liabilities not attributable to investment or financing activities	28, 29	6,846	-3,926
Financial result	16	641	171
Income/expenses from the disposal of assets	12, 15	-1	-194
Income tax expense	17	2,837	4,461
Income tax payments	17	-7,794	583
Net cash inflow/outflow from operating activities		-38,115	-449
Cash flow from investment activities			
Payments made for investments in intangible assets	18	-2,142	-1,215
Payments made for investments in property, plant and equipment	19	-2,720	-874
Payments from disposals of tangible fixed assets	12, 19	15	4,183
Proceeds from finance lease	33	101	72
Payments for additions to the scope of consolidation		-1,163	0
Interest received	16	30	23
Net cash outflow from investment activities		-5,879	2,188
Cash flow from financing activities			
Proceeds from equity injections	25	53,450	0
Payments for issuing costs for the capital increase		-1,787	0
Proceeds from financial liabilities	33	19,000	0
Cash outflows from the repayment of financial liabilities		-17,500	0
Interest paid	16	-847	-194
Repayments of lease liabilities	33	-1,179	-469
Net cash inflow from financing activities		51,137	-469
Net change in cash and cash equivalents		7,143	1,076
Cash and cash equivalents at the beginning of the financial year		12,645	11,569
Cash and cash equivalents at the end of the financial year	24	19,788	12,645

Consolidated statement of changes in equity

in thousand €	Notes	Subscribed capital	Capital reserves	Accumulated total consolidated earnings	Attributable to shareholders in the parent company	Equity
As at 01/01/2019		14,564	49,904	6,029	70,498	70,498
Net profit for 2019		0	0	9,760	9,760	9,760
Share-based payments		0	1,369	0	1,369	1,369
As at 12/31/2019		14,564	51,273	15,789	81,627	81,627
As at 01/01/2020		14,564	51,273	15,789	81,627	81,627
Net profit for 2020	25	0	0	6,064	6,064	6,064
Share-based payments	37	0	1,158	0	1,158	1,158
Capital increase		1,521	53,842	0	55,363	55,363
Transaction costs and tax from the capital increase		0	-1,787	0	-1,787	-1,787
As at 12/31/2020		16,085	104,487	21,853	142,425	142,425

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Musterarzt Essen
nach dem Essen

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Friedrichstr. 113 A
10117 Berlin

Muster, Max
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Notes to the consolidated financial statements for the 2020 financial year

1. General

Medios AG (hereinafter also referred to as the “company”, “Medios” and, in connection with its subsidiaries, “Medios Group”) is a public limited company registered in Germany. The shares of the company are listed on the Regulated Market of the Frankfurt Stock Exchange (General Standard). In addition, the share is approved for free circulation on the stock exchanges in Düsseldorf and Stuttgart. On January 21, 2021, new shares were created as part of a capital increase by way of contributions in kind, 2,483,974 of which have not yet been admitted for trading. At the latest after the expiry of the vesting period, however, these will also be admitted for trading and then managed under the same ISIN. Medios AG is the parent company of the Medios Group. It is registered at the District Court of Hamburg under number HRB 70680.

The company's headquarters are located in Hamburg. The business address is Heidestraße 9, 10557 Berlin, Germany.

The consolidated financial statements are presented in euros (€), the functional currency of the reporting Group. Unless otherwise specified, all figures are stated in thousands of euros (thousand €). Please note that due to commercial rounding, the use of rounded sums and percentages may result in differences, including within individual tables. This also concerns the totals and subtotals presented in the annual financial statements.

The consolidated income statement is prepared according to the total cost procedure. The financial year of Medios AG and its subsidiaries included in the consolidated financial statements corresponds to the calendar year; a group relationship has been in existence since August 31, 2016.

2. Business activity

As a management and service holding company, Medios AG has the central management function over the Medios Group. It controls the business activity of the Group. Amongst other things, it defines the Group's operational planning and monitors compliance with the latter.

The wholly-owned subsidiary Medios Pharma GmbH is a pharmaceutical wholesale company with permission to operate under section 52a of the German Medicinal Products Act (Arzneimittelgesetz, AMG) and supplies the partners of Medios with specialty pharmaceuticals according to market and need. This work is primarily focused on oncology, auto-immunology and infectiology, as well as hemophilia since September 2020. Medios Pharma is a significant expert in the market with a comprehensive network and many years of experience.

The wholly-owned subsidiary Medios Manufaktur GmbH is a producer of specialty pharmaceutical medicinal products in Germany. With their products and supplementary services for pharmacies, they cover the most important parts of the supply chain. The preparation of every single drug follows the highest international quality standards (GMP). This work is focused, amongst other things, on infusion solutions for the oncology market.

The wholly-owned subsidiary Medios Individual GmbH specializes in the production of patient-specific antiviral and antibiotic solutions, the production of parenteral nutrition solutions and the manufacturing of non-cytostatic preparations. In addition, Medios Individual offers pharmacies complementary services. The production of drugs and solutions complies with the highest international quality standards (GMP).

The wholly-owned subsidiary Medios Digital GmbH is the internal system service provider of the Medios Group and develops software and infrastructure solutions. This specifically involves logistics processes such as purchasing, warehousing and sales as well as optimized trading processes with integrated interfaces with our customers. The main focus of our work is the development and implementation of software solutions for the sister companies of Medios Digital GmbH.

The wholly-owned subsidiary Medios Analytics GmbH was founded to conduct sales activities. All NIR analysis activities are bundled and structured within this company. For strategic reasons, the company will outsource the NIR project to the area of a partner pharmacy in the short term.

The wholly-owned subsidiary Kölsche Blister GmbH, which was acquired in March 2020, specializes in blistering, which is a new service for Medios. This includes the patient-related repackaging and individualization of finished medicinal products carried out upon individual request. The highest quality standards (GMP) are also applied for blistering.

3. Bases for the preparation of the financial statements

As of December 31, 2020, the consolidated financial statements of Medios AG were prepared in accordance with International Financial Reporting Standards (IFRS) as they are to be applied in the European Union (EU) and the additional commercial guidelines to be applied in accordance with section 315e (1) HGB (German Commercial Code).

The present Group of Medios AG, as a reporting company, was created in August 2016 through a reverse acquisition.

The reports for financial year 2020 comply with the mandatory accounting regulations that must be applied and provide a picture of the Group's asset, financial and earnings position, which corresponds to the actual circumstances.

These consolidated financial statements were approved for publication by the Executive Board of Medios AG on March 30, 2021.

4. New applicable or amended and applicable standards and interpretations

The following new or revised standards and interpretations were applied in the financial year:

	Standards / Interpretation	Effective date of mandatory application	Date EU-Endorsement
IFRS 3	Amendments to IFRS 3 "Business Combinations" – Definition of a business	01/01/2020	04/2020
IAS 1, IAS 8	Amendment to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of materiality	01/01/2020	11/2019
Diverse	Amendments to the references to the accounting framework	01/01/2020	11/2019
IAS 39, IFRS 9, IFRS 7	Amendment to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures" – IBOR reform	01/01/2020	01/2020
IFRS 16	Amendment to IFRS 16 – rental concessions related to the COVID-19 pandemic	06/01/2020	10/2020

There are no significant effects on Medios' consolidated financial statements from the application of the new accounting standards as at January 1, 2020.

Standards and interpretations already published but not yet applied:

	Standards / Interpretation	Effective date of mandatory application	Date EU-Endorsement
Amendments to IFRS 9 IAS 39 IFRS 7 IFRS 4 IFRS 16	IBOR reform (phase 2)	01/01/2021	01/2021
IFRS 4	Amendments to IFRS 4: Insurance Contracts – Extension of the temporary exemption from the application of IFRS 9	01/01/2021	12/2020
IAS 16	Amendment to IAS 16: Property, Plant and Equipment – Income before the intended use	01/01/2022	open
IAS 37	Amendment to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – Costs for the fulfilment of a contract	01/01/2022	open
IFRS 3	Amendment to IFRS 3: Reference to the framework concept	06/01/2020	open
Diverse	Annual Improvement Project 2018 –2020	01/01/2022	open
IFRS 17	Insurance Contracts	01/01/2023	open
IAS 1	Amendment to IAS 1: Presentation of Financial Statements - Classification of liabilities as current and non-current	01/01/2023	open
IAS 1	Amendment to IAS 1: Presentation of Financial Statements – Disclosure of accounting and valuation methods	01/01/2023	open
IAS 8	Amendment to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of accounting estimate	01/01/2023	open

The additional new or amended IFRS to be applied for the first time after December 31, 2020 will also have, at most, an immaterial impact on Medios' consolidated financial statements. For standards not yet adopted by the EU, the first-time application date provided by the IASB is initially assumed to be the expected first-time application date.

5. Scope of consolidation

The consolidated financial statements as of December 31, 2020 include the following subsidiaries in addition to Medios AG as of December 31, 2020:

- 100% in Medios Pharma GmbH, Berlin
- 100% in Medios Manufaktur GmbH, Berlin
- 100% in Medios Digital GmbH, Berlin
- 100% in Medios Individual GmbH, Berlin
- 100% in Medios Analytics GmbH, Berlin
- 100% in Kölsche Blister GmbH, Cologne

All subsidiaries controlled by Medios AG were fully consolidated.

Acquisition of Kölsche Blister GmbH

As of March 19, 2020, the Medios Group signed an agreement with Mr. Erik Tenberken on the contribution and transfer of 100% of the shares in Kölsche Blister GmbH to Medios AG. This adds the service of patient-specific blistering to Medios's business model. In return, the contributor received 64,571 new shares in Medios AG from a capital increase by way of contributions in kind and also a cash component of €1,300 thousand. A further cash component of €200 thousand is then due 12 months after the completion date.

Control over the company was obtained upon registration of these new shares in the commercial register on April 6 2020.

The following carrying amounts and fair values relate to the acquisition date.

Main groups of reported assets and liabilities	Carrying amount	Revaluation Assets and debt	Carrying amount at first-time consolidation
in thousand €			
Intangible assets and property, plant and equipment	368	0	368
Customer relationships	0	1213	1,213
Inventories	634	0	634
Receivables and other assets	756	48	804
Cash	137	0	137
Total assets	1,895	1,261	3,156
Deferred tax liabilities	0	409	409
Provisions	28	0	28
Liabilities	922	0	922
Total liabilities	950	409	1,359
Fair value of net assets			1,796
Consideration transferred under IFRS 3			3,413
Goodwill			1,617

The customer relationships recognized at the time of acquisition were measured using a residual value method. The goodwill resulting from the difference between the consideration paid and the revalued net assets essentially represents the value of the income and cost synergies from the acquisition of the business and the management's industry expertise. The goodwill is not tax-deductible.

Acquisition of Cranach Pharma GmbH

As at November 26, 2020, the Medios Group concluded an agreement with BMSH GmbH, Hamburg on the contribution and transfer of 100% of the shares in CRANACH-PHARMA GmbH to Medios AG. Through the acquisition of CRANACH-PHARMA GmbH, Medios AG intends in particular to expand its existing product portfolio in order to position itself more strongly as a full-service provider in the specialty pharma sector and to expand its own network of customers.

In return, the contributor will receive 4,180,000 new shares from Medios AG from a capital increase by way of contributions in kind.

Approval under German merger control law was granted by the German Federal Cartel Office on December 21, 2020. The transaction was then completed on January 21, 2021 with the registration of the capital increase by way of contributions in kind in the commercial register, as a result of which control over the company was also obtained.

As the merger took place only a short time before the consolidated financial statements were drawn up, not all the relevant information is yet available. The following carrying amounts and attributable fair values are therefore not the values as at the time of acquisition but as of December 31, 2020 and are provisional in nature.

Main groups of reported assets and liabilities	Carrying amount	Revaluation Assets and debt	Carrying amount at first-time consolidation
in thousand €			
Intangible assets and property, plant and equipment	6,213	0	6,213
Customer relationships	0	63,367	63,367
Inventories	13,200	0	13,200
Receivables and other assets	35,010	39	35,010
Cash	29,972	0	29,972
Total assets	84,395	63,367	147,762
Deferred tax liabilities	0	20,452	20,452
Provisions	1,106	0	1,106
Liabilities	60,859	0	60,859
Total liabilities	61,965	20,452	82,417
Fair value of net assets			65,345
Consideration transferred under IFRS 3			167,200
Goodwill			101,855

The customer relationships recognized at the time of acquisition were measured using a residual value method. The goodwill resulting from the difference between the consideration paid and the revalued net assets essentially represents the value of the income and cost synergies from the acquisition of the business and the management's industry expertise. The goodwill is not tax-deductible.

6. Accounting methods

The accounting regulations applied to the consolidated financial statements are presented below. Further information on individual items of the consolidated statement of comprehensive income and the consolidated balance sheet as well as corresponding figures can be found in the explanations below. The consolidated financial statements are prepared in accordance with the going concern principle and using the cost principle.

Revenue recognition and reporting

Revenue includes all proceeds from the transfer of goods and services to customers that result from the customary business activity of the Group. Income from the sale of property, plant and equipment or intangible assets are not considered revenue. Medios records profit or loss from such transactions as other operating income or other expenses.

Revenue is stated without value-added tax. Revenue is generally recognized when the products or goods (pharmaceutical products and medications) have been delivered or the services provided and control has transferred to the customer. This is generally the case when the customer obtains possession of the products. Revenue is reported net of revenue reductions. In addition, revenues are measured on the basis of the consideration defined in a contract with a customer.

Agreements with customers essentially provide for payment 30 days after receipt of invoice. However, it is possible to deviate from this where the market circumstances dictate that this is necessary.

Medios Group sales occasionally result in claims for reimbursement from customers, known as refunds. The term "refund" refers to, amongst other things, the rejection of the assumption of cost by health insurance companies from pharmacies for medications that have already been issued to patients. Pharmacies pass on such returns to Medios Group as manufacturing premises. Medios Group estimates the expected reimbursements to pharmacies according to the expected value method when realizing revenue.

The expected proceeds are determined as a probability-weighted amount for each order in consideration of the risk of a refund, based on experience.

The estimated amount of refunds is not initially included in revenue. If there is no longer uncertainty regarding reimbursement from health insurance companies, the amounts will be shown in revenue.

A reimbursement liability is recorded in other current liabilities for expected refunds.

Other work performed by entity and capitalised

Other work performed by entity and capitalized concerns intangible non-current assets. The Group recognizes the directly attributable costs of producing an analysis process to assess the quality of medicinal products, to further develop or build new production facilities and to program software for the development of new business areas.

Realising interest income

Interest income is recorded according to the effective interest method.

Expenditure

Expenses are recognized as expenses when the service is used or when they are incurred. Interest is recognized as an expense according to the effective interest rate method.

Goodwill/intangible assets with an indefinite useful life

Goodwill from mergers where Medios acquires 100% of the shares in the other company is valued at acquisition cost when recorded for the first time. This acquisition cost is calculated as the surplus of the consideration transferred above the value of the revalued net assets of the acquired business operations. After initial recognition, goodwill is measured at acquisition cost less accumulated impairment losses.

Goodwill is not subject to scheduled amortization, but is tested for impairment at least once a year, or more frequently if there are indications of impairment, at the level of the cash-generating units. New goodwill is allocated to the cash-generating units which are expected to benefit from the merger.

To determine a potential impairment, the recoverable amount of a cash-generating unit is compared with its carrying amount. The recoverable amount arises from value in use or fair value less cost of disposal, whichever is higher. Thus, an impairment only exists if the recoverable amount is smaller than the carrying amount.

There is no subsequent write-up due to the omission of the reasons for an impairment loss recognized in previous financial years.

The reported goodwill results in an amount of €6,804 thousand from the merger with Medios Manufaktur GmbH in financial year 2016 and an amount of €436 thousand from the merger with Medios Individual GmbH in 2017. Additional goodwill of €9,497 thousand results from the merger of a manufacturing business for non-cytostatic products and Medios Individual GmbH in 2018. This goodwill is assigned to the patient-specific therapies reporting segment. Kölsche Blister GmbH, which was acquired in 2020, accounts for €1,617 thousand of the reported goodwill allocated to the pharmaceutical supply reporting segment.

Medios Manufaktur

As part of the impairment test, the recoverable amount of the cash-generating units was determined and was found to be higher than the carrying amount. The value in use applied is based on forecasts of cash flows, which were derived from a plan for the next 3 years which was approved by the management. The planned cash flows are based on expectations and assumptions from internal and external sources such as customer surveys, taking previous experience into account. In the medium-term, management is planning sales growth of 3% p.a. The discounting rate before taxes was 7.875% (previous year: 6.3%) and after taxes 6.050% (previous year: 4.9%) for the detailed planning phase and the remote planning phase, and reflects the specific risks of this cash-generating unit. No growth rate has been taken into account in the perpetual annuity (previous year: 0.0%). The discount rate was determined using the WACC model based on current market data and estimates. The impairment test did not give rise to any impairment as at the balance sheet date.

Medios Individual

As part of the impairment test, the recoverable amount of the cash-generating units was determined and was found to be higher than the carrying amount. The value in use applied is based on forecasts of cash flows, which were derived from a plan for the next 3 years which was approved by the management. The planned cash flows are based on expectations and assumptions from internal and external sources such as customer surveys, taking previous experience into account. In the medium-term, management is planning revenue growth of 3% p.a. The discounting rate before taxes was 7.875% (previous year: 6.3%) and after taxes 6.050% (previous year: 4.9%) for the detailed planning phase and the remote planning phase, and reflects the specific risks of this cash-generating unit. No growth rate has been taken into account in the perpetual annuity (previous year: 0.0%). The discount rate was determined using the WACC model based on current market data and estimates. The impairment test did not give rise to any impairment as at the balance sheet date.

Kölsche Blister

As part of the impairment test, the recoverable amount of the cash-generating units was determined and was found to be higher than the carrying amount. The value in use applied is based on forecasts of cash flows, which were derived from a plan for the next 3 years which was approved by the management. The planned cash flows are based on expectations and assumptions from internal and external sources such as customer surveys, taking previous experience into account. In the medium-term, management is planning sales growth of 3% p.a. The discounting rate before taxes was 7.710% (previous year: n/a) and after taxes was 5.821% (previous year: n/a) for the detailed planning phase and the remote planning phase, and reflects the specific risks of this

cash-generating unit. No growth rate has been taken into account in the perpetual annuity (previous year: 0.0%). The discount rate was determined using the WACC model based on current market data and estimates. The impairment test did not give rise to any impairment as at the balance sheet date.

Other intangible assets

There are internally generated intangible assets in the form of software and patents. As of December 31, 2020, they have a residual book value of €998 thousand in total (previous year: €1,144 thousand).

Internally generated intangible assets are capitalized at the directly attributable expenses incurred during the development phase. They in particular include personnel costs and manufacturing-related common cost components. Development expenditures are only capitalized if development costs can be assessed reliably, the product or procedure is technically and commercially suitable, a future economic benefit is likely, and the Group intends to and has enough resources to complete the development and to use or sell the asset.

Expenditure for research activities is recognized in profit or loss as it is incurred.

Intangible assets also include a brand with an indefinite useful life within the Services segment.. Its useful life is classified as indefinite as there is no expected end to the period in which the brand operates. The carrying amount of €29 thousand (previous year: €29 thousand) and its intrinsic value is tested each year for impairment as needed.

Other intangible assets are measured at acquisition cost less scheduled depreciation and impairment losses. Intangible assets are depreciated on a straight-line basis over the period of their estimated useful lives. Depreciation and amortization are recognized in profit or loss. The following amortization methods and useful lives are used by the company:

Intangible assets	Amortisation method	Useful life
Software	Linear amortisation	3 – 5 years
Customer relationships	Linear amortisation	5 and 20 years
Trademarks	No amortisation	–
Other intangible assets acquired against consideration	Linear amortisation	10 – 20 years

Depreciation methods, useful lives and residual values are reviewed on each reporting date and adjusted if necessary.

The amortization of intangible assets is recognized together with the depreciation of property, plant and equipment under depreciation and amortization in the consolidated statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less scheduled depreciation and impairment losses. Disposals are recorded at both historical acquisition cost and accumulated depreciation. Any profit or loss from the disposal of property, plant and equipment is recognized in profit or loss.

The amortization and depreciation are calculated to write down the cost of property, plant and equipment less their estimated residual values on a straight-line basis over the period of their estimated useful lives. The depreciation is recognized in profit or loss. Land is not depreciated.

The following amortization methods and useful lives are used by the company:

Property, plant and equipment	Amortisation method	Useful life
Buildings	Linear amortisation	3 – 15 years
Technical equipment and machines	Linear amortisation	4 – 15 years
Operating and office equipment	Linear amortisation	3 – 15 years

Depreciation methods, useful lives and residual values are reviewed on each reporting date and adjusted if necessary.

Impairments of other intangible assets and property, plant and equipment

An impairment test is conducted for intangible assets with a definite useful life as well as for property, plant and equipment if there are specific indications of impairment. An impairment is recognized in the income statement if the recoverable amount of the asset is less than the carrying amount. The recoverable amount is generally determined for each asset individually. If this is not possible, the recoverable amount is determined based on a group of assets which generate largely independent cash flows. The cash-generating unit is the smallest group of assets which produce inflows of funds from continuing use that are largely independent of the inflow of funds of other assets or other cash-generating units. The recoverable amount is the higher of fair value less disposal costs and value in use. Every impairment is immediately recorded through profit or loss. If the reason for an impairment recognized in previous years disappears, the impairment loss will be reversed by up to no more than the amount of the amortized costs.

Inventories

Inventories are measured at the lower of acquisition or production cost and net realizable value. In addition to directly attributable costs, production costs include production and material overheads and pro rata production-related general administrative costs.

This also takes into account fixed overheads based on normal utilization of production facilities. Financing costs are not a component of acquisition or production costs. Costs of unused production capacities (idle cost) are directly recorded in the profit and loss account.

Inventories are written down when the acquisition or production costs exceed the expected net realizable value. The consumption process used uniformly across Medios Group is FIFO.

Provisions

Provisions are formed provided that, on the reporting date, with great likelihood, a current legal or factual obligation towards a third party has arisen that is likely to lead to an outflow of resources and whose amount can be reliably estimated. Provisions are recognized at their expected settlement amount. Provisions with a large number of similar underlying events are carried at their expected value.

Contingencies that are not accounted for and are reported in the annex are potential liabilities or assets which are the result of events in the past, the existence of which is determined by the occurrence or non-occurrence of one or more uncertain future events which are not entirely under the control of the Group. Contingent liabilities are also current obligations that do not give rise to any likely expected outflow of economic resources or whose amount cannot be reliably estimated.

Income taxes (current and deferred taxes)

The income tax expense is the sum of the current (actual) tax expenditure and deferred taxes. Actual and deferred taxes are predominantly recognized in profit or loss.

The current tax expense is calculated on the basis of taxable income for the year. The Group's liability for actual tax expenses is calculated on the basis of the tax rates that are valid on the reporting date or will be valid shortly thereafter. The amount of the expected tax liability or tax receivable reflects the amount that represents the best estimate, taking into account any applicable tax uncertainties.

Actual tax assets and liabilities are offset where possible.

Deferred taxes are recognized in accordance with the liability method. This means, subject to express prohibition of recognition, deferred taxes must be formed for all temporary differences between valuations of assets and debts on the IFRS balance sheet and their tax values. This applies regardless of the time at which the temporary differences are reduced.

Deferred tax assets and liabilities are measured using tax rates (and tax regulations) that are most likely to apply during the periods in which the temporary differences are expected to be reduced. The regulations that apply on the reporting date shall therefore apply if they have not already been changed for the future.

Deferred tax assets are formed on tax losses carried forward if it is probable that they will be realized.

Deferred tax assets are verified on each reporting date and reduced to the extent that it is no longer likely that the associated tax advantage will be realized; appreciations are carried out if the likelihood of taxable results in future that can be used for expenses from the reversal of temporary differences or losses improves.

Unrecognized deferred tax assets are measured again at every reporting date and recognized to the extent that it is likely that future taxable income will permit their recognition.

Deferred tax assets and deferred tax liabilities are netted if certain conditions are met.

Financial instruments

A financial instrument is a contract which leads to a financial asset in the case of one company and to a financial liability or an equity instrument in the case of another company at the same time. Financial instruments recorded as financial assets or financial liabilities are generally recorded separately. Financial instruments are recorded as soon as Medios becomes a contractual party to the agreements relating to the financial instrument. In the case of the purchase and sale of financial assets customary on the market, Medios selects the trading day both for the initial recognition and derecognition on the balance sheet.

Financial assets are not reclassified after the initial recognition, unless the Group changes its business model for the management of financial assets. In this case, all financial assets concerned are reclassified on the first day of the reporting period following the change in the business model.

Financial assets measured at amortized cost are non-derivative financial assets with contractual payments that exclusively consist of interest payments and repayments on the outstanding nominal amount and that are held with the aim of collecting the contractually agreed cash flows. These generally include trade receivables and cash and cash equivalents.

The classification of financial instruments is based on the business model in which instruments are held and the composition of contractual cash flows.

In the case of Medios, only the category of "amortized cost" is used when measuring the financial assets.

Financial instruments are initially recorded at fair value, with the exception of trade receivables without a significant financing component. These are measured at their transaction price. For the purpose of subsequent measurement, the financial instruments are assigned to one of the valuation categories listed in IFRS 9 "Financial instruments".

After initial recognition, these financial assets are measured at amortized cost using the effective interest method less any impairment. Profit and loss is recorded in the income statement if receivables are impaired or derecognized.

When determining impairments due to credit defaults expected on the reporting date, the following circumstances are considered:

- The need for impairment is calculated taking into account industry-specific credit default probabilities. The assessment of customer insolvency risk has improved slightly.
- Where economically sensible, parts of the receivables are hedged through customer-specific trade credit default insurance. The insurance exists for individual customers with a customer-specific limit. The receivables

are therefore not fully secured. These hedged receivables are not taken into account when determining the impairment loss.

Financial liabilities include in particular trade payables, payables to credit institutions, leasing liabilities and other liabilities and are measured at fair value when initially recognized.

After their initial recognition, financial liabilities are measured at amortized cost in line with the effective interest method.

Financial assets and financial liabilities are offset and reported as a net amount in the Group balance sheet if an enforceable legal right exists to offset the recorded amounts against each other, and there is an intention to settle on a net basis or, at the same time as the asset concerned is collected, to extinguish the related liability.

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 entitles a party to control the use of an identified asset for a certain period of time in return for payment of a fee. In order to assess whether a contract contains the right to control an identified asset, the Medios Group uses the definition of a lease under IFRS 16.

On the date of delivery or when a contract containing a lease component is amended, the Medios Group divides the contractually agreed remuneration on the basis of the relative individual sales prices. However, for real estate leasing agreements, the Group has decided to refrain from separating the non-leasing components and instead to account for leasing and non-leasing components as a single leasing component.

On the date of delivery, the Medios Group recognizes an asset for the granted right of use and a leasing liability. On first-time recognition, the right-of-use asset is valued at the acquisition cost, which corresponds to the initial valuation of the leasing liability, adjusted for payments made on or before the date of delivery, plus any initial direct costs and the estimated costs for disassembly or removal of the underlying asset or restoration of the underlying asset or the site on which the underlying asset is located.

The right of use is amortized on a straight-line basis from the date of delivery to the end of the leasing period. In addition, the right of use is continuously subjected to impairment if necessary.

On first-time recognition, the lease liabilities are discounted at the present value of the lease payments not yet made on the provision date using the marginal borrowing rate, as an internal interest rate could not be readily determined. As of 2020, the Medios Group uses an incremental borrowing rate based on the syndicated loan for the discounting.

The lease payments included in the valuation of the leasing liability include lease payments, amounts due to residual value guarantees, purchase options and extension options insofar as it is sufficiently certain that these will be exercised.

The leasing liability is measured at the amortized carrying amount using the effective interest method. It will be re-evaluated if the future leasing payments change as a result of an index change, if the Medios Group adapts its estimate of the expected payments as part of a residual value guarantee or if the Medios Group changes its assessment of the exercising of a purchase, extension or termination option. In the case of such a revaluation of the leasing liability, an adjustment is made to the carrying amount of the right of use or this is carried out in profit or loss, if the carrying amount of the right of use has decreased to zero.

The Medios Group is not recognizing rights of use and leasing liabilities for leases based on assets of low value (limit: €5,000). The Medios Group records the leasing payments in connection with these leases over the term of the lease as an expense on a straight-line basis.

As lessor

At the start of a contract or when a contract containing a lease component is amended, the Group divides the contractually agreed remuneration on the basis of the relative individual sales prices.

If the Medios Group acts as a lessor, it classifies each leasing arrangement as a finance lease or operating lease at the time the contract is started.

In order to classify the lease, the Medios Group has carried out an overall assessment of whether the leasing arrangement essentially transfers all risks and opportunities associated 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 shall take into account certain indicators, such as whether the leasing arrangement covers the majority of the economic useful life of the asset.

The Medios Group accounts for the main lease and the sub-lease separately if it acts as an intermediary lessor. It classifies the sub-lease on the basis of its right of use from the main lease and not on the basis of the underlying asset. If the main lease is a short-term lease, for which the Group applies the above-mentioned exception, it classifies the sub-lease as an operating lease. In the 2020 financial year, all sub-leases were classified as finance leases.

The Group applies the accounting and impairment provisions of IFRS 9 to the net capital expenditure in the lease. The estimated, non-guaranteed residual value recognized in the calculation of the gross capital expenditure in the lease is regularly reviewed by the Group.

In principle, the accounting methods applicable to the Group as lessor in accordance with IFRS 16 did not differ from those in the comparison period. Sub-leases which are classified as finance leases are excluded from this in the current reporting period.

Share-based compensation

The Medios Group has granted share options (share-based remuneration with settlement through equity instruments). The fair value of the obligation is recognized over the vesting period as personnel expenses and recognized through the simultaneous formation of a capital reserve. The expense is recognized over the vesting period pro rata. This is the period during which the recipient of share-based remuneration must meet the agreed service condition. The issued options are valued based on a binomial model.

7. Consolidation principles

Mergers are accounted for using the purchase method if the Medios Group gains a controlling interest in the new company. Control results from the power of disposal, the assumption of risks and/or rewards from losses/income and the organisational link. The individually identifiable assets and liabilities acquired as part of the merger are recognized at their attributable fair values at the time of acquisition.

If the revalued net assets of the acquired business exceed the fair value of the consideration given in exchange, goodwill in the amount of the difference must be recorded. If the reverse is true, the resulting difference must be recorded immediately as acquisition profit against income. Transaction costs are directly recorded against expenses. Any goodwill that has been incurred is checked annually for impairment.

Revenue, expenses and income, as well as receivables and liabilities between the consolidated companies are eliminated. Interim results, if material, are eliminated.

8. Use of estimates and assumptions

The preparation of the consolidated financial statements requires the Executive Board to make estimates and assumptions which have an impact on the items in the consolidated financial statements and the explanations of the consolidated financial statements. Actual developments may deviate from the estimates and assumptions made. The COVID-19 pandemic has resulted in an increased level of uncertainty. Medios is continuously monitoring the COVID-19 pandemic's impact on the business and the resulting effects on the Group's accounting. To date, procurement conditions in the Pharmaceutical Supply segment have been particularly affected. There are, however, no indications that there is any need to deviate from the going concern principle. Material estimate uncertainties and assumptions are explained further below.

Goodwill and other intangible assets

With regard to goodwill and other intangible assets, assumptions and estimates are required, in particular in the case of impairment tests. This involves estimating future cash flows, cash-generating units and the derivation of discounting interest rates. The current estimates and experiences regarding the influence of the COVID-19 pandemic on business performance at Medios have been used in the planning underlying the impairment tests. This has not resulted in any impairment requirement.

Refunds (reimbursement liabilities)

Reimbursement liabilities are primarily determined on the basis of estimates and assumptions. Refunds include the rejection of the assumption of costs by a health insurance company when reimbursing a medicinal product that the

pharmacy has already given to the patient. These refunds were passed on by the pharmacies to Medios as the manufacturer. The extent of the charges passed on is therefore estimated by Medios.

The Group recognizes a liability for reimbursement, in particular for risks arising from returns in the amount of €1,023 thousand (previous year: €1,338 thousand). As such, the amount of necessary refunds cannot be assessed with complete certainty and is subject to estimates based on historic values.

Income taxes

Assumptions must be made about the future amount of taxes and the tax rate in order to form tax provisions. It is also necessary to determine whether an impairment or a non-recognition of deferred tax assets is required. The likelihood that deferred tax assets which arise from timing differences and losses carried forward may be offset against taxable profits in the future must be assessed. There are uncertainties regarding the interpretation of complex tax rules as well as the amount and timing of future taxable income.

Share-based compensation

The regulations of the 2017 and 2018 share option program stipulate that the share options granted to each beneficiary shall be vested for a lock-in period of four years. Parts of the claims cannot therefore be forfeited before the four-year lock-in period has expired. In light of the foregoing, a separate estimate of the expense periodization is to be made, measured by the work performed by the reporting date in comparison to the work to be rendered over the vesting period overall by the beneficiary. As a certain proportion has already been earned for the following installments in the first year, degressive expenses are assumed. In addition, it is assumed with great probability that the share options shall be exercised directly after the lock-in period. Further information regarding the terms and assumptions are contained in the remarks on item 37.

Explanatory notes to the Group statement of comprehensive income

9. Revenue

Credits still not invoiced for refunds had a negative effect on sales at €191 thousand (previous year: €936 thousand). The expected value method was applied to determine the amount of refunds. The refunds to be expected were assessed per customer and delivery. The expected value is based on historic values. For information on the breakdown of revenues, see item 31.

10. Change in stocks of finished goods

Changes in stocks concern the finished goods of Medios Manufaktur GmbH and the finished goods of Medios Individual GmbH.

11. Work performed and capitalised

Work performed and capitalized in the year under review amounted to €352 thousand (previous year: €550 thousand) and were mainly attributable to software in development of €352 thousand (previous year: €464 thousand). In the reporting period, no expenses were incurred for development costs for the expansion of the product lines (previous year: €86 thousand).

12. Other income

Other income is broken down as follows:

in thousand €	2020	2019
Income from the sale of assets	1	865
Reimbursements under the Expenditure Compensation Act	147	216
Other	320	173
Total	468	1,254

13. Cost of materials

The cost of materials covers the purchase of goods, raw materials, auxiliary materials and operating materials and the use of purchased services.

in thousand €	2020	2019
Goods	574,849	467,266
Raw materials and supplies	14,460	15,856
Purchased services	0	244
Total	589,309	483,366

The cost of materials in the 2020 financial year amounted to €589,309 thousand (previous year: €483,366 thousand) or 94.1% (previous year: 93.5%) of revenues and rose by 0.6 percentage points.

The increase in the cost of materials resulted from the increase in revenues.

14. Personnel expenses

Personnel expenses are broken down as follows:

in thousand €	2020	2019
Wages and salaries	11,904	8,189
Social security contributions	1,292	785
Pensions	941	609
Share-based compensation settled with equity instruments	1,158	1,369
Total	15,295	10,952

The increase in personnel costs resulted from the increase in the number of employees.

15. Other expenses

Other expenses are broken down as follows:

in thousand €	2020	2019
Legal and consulting expenses	1,949	1,326
Costs of deliveries	1,272	924
Operational needs and workloads	887	576
Cost of premises	873	538
Reporting and audit costs	544	466
External services	516	635
Repairs and maintenance	457	423
Insurance, contributions, and taxes	429	392
Advertising expenses	364	418
Software licenses	222	171
Office supplies	163	103
Market admission follow-up obligations	156	0
Donations	151	4
Telephone expenses	148	69
Further training expenses	133	179
Recruitment	119	222
Vehicle expenses	112	93
Travel expenses	84	230
Expenses for accounting services	68	47
Other expenses	1,013	1,143
Total	9,660	7,959

The legal and consulting costs rose in particular due to increased M&A activities. Further cost increases will follow in particular as a result of the expanded scope of business activities.

16. Financial result

The financial result includes:

in thousand €	2020	2019
Financial expenses	-671	-194
Financial income	30	23
Total	-641	-171

The financial expenses include €86 thousand (previous year: €99 thousand) from the compounding of leasing liabilities. The financial income includes €4 thousand (previous year: €7 thousand) from the compounding of leasing receivables.

17. Income taxes

The companies in the consolidated financial statements are subject to German corporate tax (including the solidarity surcharge) and trade tax. The amount of income tax is determined on the basis of the taxable income or trade income determined in this way. Deferred taxes were calculated on the basis of temporary differences between the taxable value of assets and debts and the valuation in the IFRS balance sheet. If the realization of future mathematical tax advantages from deferred tax assets is not likely, they shall be impaired.

Deferred taxes and actual expenses for income tax for the financial years are as follows:

in thousand €	2020	2019
Actual tax expense	-3,124	-4,990
Deferred tax income	287	529
Total income taxes	-2,837	-4,461

Of the deferred tax assets (non-netted) in the amount of €5,711 thousand (previous year: €1,075 thousand), €5,349 thousand is attributable to the recognition of leasing liabilities and €303 thousand to non-current provisions.

Of the deferred tax liabilities (non-netted) in the amount of €9,509 thousand (previous year: €4,750 thousand) €3,193 thousand is attributable to the initial and subsequent consolidation from the recognition of intangible assets in the course of the initial consolidation of the patient-specific manufacture of non-cytostatic products, €409 thousand to the recognition of intangible assets in the first-time consolidation of Kölsche Blister, and €5,216 thousand to the recognition of right-of-use assets and from financial leases in accordance with IFRS 16.

In calculating deferred taxes, a tax rate of 30.175% (previous year: 30.175%) was applied, depending on the company's residence, which results for the Berlin location. This is composed of the tax rate for corporation tax and the tax base rate in addition to the rate of assessment for the municipalities

Deferred tax assets and liabilities relate to the following significant balance sheet items and tax losses carried forward:

in thousand €	Assets Deferred taxes 12/31/2019	Liabilities Deferred taxes 12/31/2019	Net amount as at 01/01/2020
Non-current assets			
Property, plant and equipment	26	157	-131
Other intangible assets	34	3,620	-3,586
Rights of use	0	919	-919
Current assets			
Inventories	0	0	0
Receivables from finance leases	0	55	-55
Other assets	0	0	0
Current liabilities			
Liabilities	30	0	30
Non-current liabilities			
Liabilities as a lessee	985	0	985
Non-current provisions	0	0	0
Tax assets (liabilities)	1,075	4,750	-3,675
Offsetting	-1,075	-1,075	0
Tax assets (liabilities) net	0	3,675	-3,675

in thousand €	Assets Deferred taxes 12/31/2018	Liabilities Deferred taxes 12/31/2018	Net amount as at 01/01/2019
Non-current assets			
Property, plant and equipment	28	188	-160
Other intangible assets	45	4,109	-4,064
Rights of use	0	0	-491
Current assets			
Inventories	3	0	3
Receivables from finance leases	0	0	0
Current liabilities			
Liabilities	14	0	14
Non-current liabilities			
Liabilities as a lessee	0	0	491
Loss carryforwards			
Tax losses carried forward	0	0	0
Tax assets (liabilities)	90	4,297	-4,207
Offsetting	-90	-90	0
Tax assets (liabilities) net	0	4,207	-4,207

Recognised in profit or loss	Acquired through corporate merger	Without affecting profit or loss	Net amount as of 12/31/2020	Defered tax assets 12/31/2020	Defered tax liabilities 12/31/2020
110	0	-300	-321	33	354
232	-409	0	-3,763	25	3,788
334	0	-4,631	-5,216	0	5,216
0	0	0	0	0	0
31	0	-63	-87	0	87
-63	0	0	-63		63
-30	0	0	0	0	0
-329	0	4,694	5,349	5,349	0
3	0	300	303	303	
287	-409	0	-3,798	5,711	9,509
			0	-5,711	-5,711
			-3,798	0	3,798

Recognised in profit or loss	Acquired through corporate merger	Without affecting profit or loss	Net amount as of 12/31/2019	Defered tax assets 12/31/2019	Defered tax liabilities 12/31/2019
29	0	0	-131	26	157
478	0	0	-3,586	34	3,620
208	0	-635	-919	0	919
-3	0	0	0	0	0
-55	0	0	-55	0	55
17	0	0	30	30	0
-141	0	635	985	985	0
0	0	0	0	0	0
532	0	0	-3,675	1,075	4,750
			0	-1,075	-1,075
			-3,675	0	3,675

The receivables and liabilities from actual taxes in the consolidated balance sheet can be presented as follows:

in thousand €	2020	2019
Income tax receivables	24	165
Income tax liabilities	2,613	7,577

Actual income tax liabilities related to trade tax of €1,286 thousand (previous year: €3,613 thousand) and corporation tax in the amount of €1,327 thousand (previous year: €3,964 thousand). Actual income tax receivables relate to trade taxes of €0 thousand (previous year: €78 thousand), as well as corporation tax and the solidarity surcharge in the amount of €24 thousand (previous year: €86 thousand).

The following table shows the tax reconciliation statement for the income tax expense expected in the financial year against the tax expense actually recognized. In order to determine expected tax expenses, the Medios AG income tax rate of 30.175% which applied in the 2020 financial year (previous year: 30.175%) was multiplied by the pre-tax result.

Tax reconciliation	2020	2019
in thousand €		
Consolidated earnings before income taxes	8,901	14,220
Tax rate (%)	30.175	30.175
Expected tax expenses	-2,686	-4,291
Non-tax-deductible expenses	-30	-413
Losses not recognized for tax purposes	-208	0
Tax rate differences	0	330
Other differences	87	-87
Actual tax expense	-2,837	-4,461
<i>Effective tax burden (%)</i>	<i>31.873</i>	<i>31.371</i>

There are non-forfeitable tax loss carryforwards of €0 thousand (previous year: €470 thousand), for which no deferred tax assets have been recognized.

The total amount of non-recognized taxable temporary differences which are connected with shares in subsidiaries is €17,985 thousand (previous year: €15,046 thousand). The sale of capital company shares would give rise to capital gain, 95% of which is not considered for tax purposes. Medios does not expect a reversal of temporary differences in the foreseeable future, and therefore does not expect any corresponding tax burdens.

Remarks on the consolidated balance sheet

18. Intangible assets

	Goodwill	Customer base	Internally generated industrial property rights and similar assets	Advance payments and intangible assets in development	Other	Total
in thousand €						
Acquisition costs						
As at 01/01/2020	16,737	12,631	1,287	1,565	760	32,980
Additions	0	0	22	1,807	313	2,141
Disposals	0	0	0	0	-61	-61
Additions from company acquisition	1,617	1,213	0	0	71	2,901
Reclassification				-31	31	0
As of 12/31/2020	18,354	13,845	1,309	3,340	1,113	37,961
Depreciation, amortisation and impairment						
As at 01/01/2020	0	1,265	144	0	312	1,720
Additions	0	749	168	0	149	1,066
Disposals	0	0	0	0	-61	-61
As of 12/31/2020	0	2015	311	0	399	2,724
Net carrying amount as of 12/31/2020	18,354	11,830	998	3,340	714	35,237
Net carrying amount as at 01/01/2020	16,737	11,366	1,144	1,565	448	31,260
Acquisition costs						
As at 01/01/2019	16,737	12,631	1,872	514	682	32,436
Additions	0	0	86	1,051	78	1,215
Disposals	0	0	671	0	0	671
As of 12/31/2019	16,737	12,631	1,287	1,565	760	32,980
Depreciation, amortisation and impairment						
As at 01/01/2019	0	561	16	0	244	821
Additions	0	704	128	0	68	899
Disposals	0	0	0	0	0	0
As of 12/31/2019	0	1,265	144	0	312	1,720
Net carrying amount as of 12/31/2019	16,737	11,366	1,144	1,565	448	31,260
Net carrying amount as at 01/01/2019	16,737	12,070	1,856	514	438	31,615

There are no property and disposal restrictions for the intangible assets reported.

19. Property, plant and equipment

	Property, including buildings on third-party land	Technical plants and machinery	Other plants operating and business equipment	Prepayments made	Total
in thousand €					
Acquisition costs					
As at 01/01/20	700	2,633	1,949	0	5,282
Additions	1,731	174	1,621	222	3,748
Disposals	0	0	-66	0	-66
Additions from company acquisition	0	151	1,251	0	1,402
As of 12/31/2020	2,431	2,958	4,755	222	10,366
Depreciation and amortisation					
As at 01/01/2020	176	1,368	1,189	0	2,732
Additions	566	176	1,607	0	2,349
Disposals	0	0	-51	0	-51
As of 31/12/2020	742	1,543	2,745	0	5,030
Net carrying amount as of 12/31/2020	1,689	1,415	2,011	222	5,337
Net carrying amount as at 01/01/2020	524	1,265	760	0	2,549
Acquisition costs					
As at 01/01/2019	3,971	2,474	1,474	48	7,967
Additions	183	159	517	15	874
Disposals	3,454	0	-48	56	3,558
Reclassification	0	0	6	-6	0
As of 12/31/2019	700	2,633	1,949	0	5,282
Depreciation and amortisation					
As at 01/01/2019	223	1,238	864	0	2,325
Additions	174	130	345	0	649
Disposals	221	0	-20	0	241
As of 31/12/2019	176	1,368	1,189	0	2,733
Net carrying amount as of 12/31/2019	524	1,265	760	0	2,549
Net carrying amount as at 01/01/2019	3,748	1,236	609	48	5,641

There are no property and disposal restrictions for the intangible assets reported.

20. Financial assets

Financial assets in the amount of €390 thousand (previous year: €282 thousand) relate to a loan granted in the amount of €100 thousand and receivables due to financial leases with the company acting as lessor in the amount of €290 thousand.

The gross capital expenditure and the present value of the outstanding leasing receivable are shown in the following table:

in thousand €	Gross capital expenditure	Interest share	Leasing receivables 12/31/2020
Maturity			
2021	112	4	108
2022	38	2	36
2023	22	1	20
2024	21	1	20
2025	21	1	20
2026	21	1	20
2027	21	1	20
2028	21	1	20
2029	21	1	19
2030	6	0	6
Total	304	13	290

21. Inventories

Inventories of €35,310 thousand (previous year: €16,053 thousand) concern raw materials and supplies, finished goods and merchandise and payments in advance of Medios Pharma GmbH, Medios Manufaktur GmbH, Medios Individual GmbH and Kölsche Blister GmbH. Inventories can be broken down in accordance with the following table:

in thousand €	12/31/2020	12/31/20219
Raw materials and supplies	2,257	2,892
Finished goods and merchandise	31,977	12,482
Down payments	1,075	679
Total	35,310	16,053

22. Trade receivables

in thousand €	12/31/2020	12/31/2019
Gross value of trade receivables	74,859	42,874
Valuation adjustments	-69	-69
Total	74,789	42,805

The increase in receivables is a result of increased turnover. Impairments of trade receivables developed as follows:

in thousand €	12/31/2020	12/31/2019
As at 01/01	-69	0
Allocation	0	-69
Release	0	0
As of 12/31	-69	-69

The carrying amounts of the impaired receivables amount to €69 thousand as at December 31, 2020.(previous year: €69 thousand (gross)).

The receivables overdue as at December 31, 2020 have been received in the meantime or have been classified as recoverable.

As at 12/31/2020

Analysis of unimpaired trade receivables	in thousand €			of which overdue and not impaired			
	Carrying amount	Impaired receivables	neither impaired nor overdue	< 90 days	90 to 180 days	180 to 360 days	>360 days
Trade receivables	74,789	69	66,304	7,813	468	163	110

The receivables overdue as of December 31, 2020 have been received in the meantime or have been classified as recoverable.

As at 12/31/2019

Analysis of unimpaired trade receivables	in thousand €			of which overdue and not impaired			
	Carrying amount	Impaired receivables	neither impaired nor overdue	< 90 days	90 to 180 days	180 to 360 days	>360 days
Trade receivables	42,805	69	39.826	2.592	256	39	161

Receivables are mainly from long-standing customers and are secured pro rata through trade credit insurance. In 2020 and previous years, there have not been any material defaults on receivables. Due to the very low insolvency rate for pharmacies and customers in the pharmaceutical sector, a low default risk is assumed.

For some customers with a long-standing business relationship, there are payment terms with a due date of more than 30 days. In the past, there were no defaults on receivables with these existing customers.

There are receivables from two customers that are overdue by more than 360 days. These receivables are recoverable and are not in doubt. It is expected that these receivables will be fully settled in the 2021 financial year.

As at 31 December 2020, trade receivables are pledged as collateral for the syndicated loan within the framework of global assignments.

23. Other assets

Other assets are broken down as follows:

in thousand €	12/31/2020	12/31/2019
Discount accruals	4,994	4,181
Deposits	515	248
Creditors with debit balance	224	168
Current tax assets	337	45
Other	324	145
Total other assets	6,394	4,787

Discount accruals increased as a result of the increased purchase volume.

24. Cash and cash equivalents

in thousand €	12/31/2020	12/31/2019
Bank deposits	19,786	15,621
Cash on hand	2	1
Current account loans	0	-2,977
Cash and cash equivalents	19,788	12,645

Cash is comprised of deposits with banks and cash on hand. Current financial liabilities include overdraft facilities.

On the balance sheet date, the Group was able to freely dispose of all liquid assets.

25. Equity

The share capital of Medios AG as at December 31, 2020 is 16,085 thousand. (previous year: €14,564 thousand. It is divided into 16,084,991 (previous year: 14,564,019) fully paid-up no-par value shares.

The Executive Board is authorized, once or several times, until July 12, 2023, to increase the company's share capital, with the consent of the Supervisory Board, by up to €5,932 thousand by issuing up to 5,932,009 new no-par-value bearer shares with a pro-rata amount of the share capital of €1.00 each for cash or investments in kind (2018/1 authorized capital).

The company's share capital is conditionally increased by €600 thousand by issuing up to 600,000 no-par-value bearer shares (conditional capital 2017). The conditioned capital increase serves solely to fulfill the subscription rights that are guaranteed based on the authorization of the Annual Shareholders' Meeting of August 28, 2017.

The company's share capital is conditionally increased by €300 thousand by issuing up to 300,000 no-par-value bearer shares (conditional capital 2018). The conditional capital increase serves solely to fulfill the subscription rights that are guaranteed based on the authorization of the Annual General Meeting of July 13, 2018.

The company's share capital is conditionally increased by €5,825 thousand by issuing up to 5,825,607 no-par-value bearer shares (conditional capital 2019). The conditional capital increase serves to fulfill the subscription rights that are guaranteed based on the authorization of the Annual General Meeting of July 10, 2019.

The company's share capital is conditionally increased by €700 thousand by issuing up to 700,000 no-par-value bearer shares (conditional capital 2020). The conditional capital increase serves solely to fulfill the subscription rights that are guaranteed based on the authorization of the Annual General Meeting of October 26, 2020.

The capital reserve of €104,487 thousand (previous year: €51,273 thousand) includes a €11,861 thousand (previous year: €10,703 thousand) provision for payments to be made in equity to employees from the share option programs.

The number of Medios AG shares issued is broken down as follows:

in thousand €	2020	2019
Issued on January 1	14,564	14,564
Cash capital increase	65	0
Cash capital increase	1,456	0
Issued on December 31	16,085	14,564
Fully paid-up no-par-value shares of €1 each	16,085	14,564

Please see the statement of changes in equity for more information on equity.

26. Financial liabilities

The financial liabilities are broken down as follows:

in thousand €	12/31/2020	12/31/2019
Leasing liabilities	17,711	3,264
Loans	1,515	0
Overdrafts	0	2,977
Total financial liabilities	19,226	6,241

The loan was taken out by Medios AG. Further guarantors are Medios Pharma GmbH, Medios Manufaktur GmbH and Medios Individual GmbH, which each provide trade receivables as collateral within the scope of global assignments.

The maturities of the financial liabilities are divided as follows:

12/31/2020	up to 1 year	1-5 years	more than 5 years	Carrying amount
in thousand €				
Leasing liabilities	1,964	7,120	8,627	17,711
Loans	615	900	0	1,515
Current account loans	0	0	0	0
Total	2,579	8,020	8,627	19,226

12/31/2019	up to 1 year	1-5 years	more than 5 years	Carrying amount
in thousand €				
Leasing liabilities	687	2,447	130	3,264
Current account loans	2,977	0	0	2,977
Total	3,664	2,447	130	6,241

27. Provisions

Current and non-current provisions developed as follows:

in thousand €	Carrying amount 01/01/2020	Consumption	Release	Allocation	Carrying amount 12/31/2020
Long-term Provisions	0			1,039	1,039
Short-term Provisions	501	246	98	355	512

The non-current provisions include restoration obligations for the restoration costs of buildings. The restoration obligations are related to the leases, so that the value in use was taken into account. The current provisions include liabilities for auditing and liabilities for the statutory storage obligation of account books that are also uncertain with regard to the amount and time of use. Cash outflow is mainly expected in the next financial year.

in thousand €	Carrying amount 01/01/2019	Consumption	Release	Allocation	Carrying amount 12/31/2019
Short-term Provisions	375	246	10	383	501

28. Trade payables

Trade payables are due within one year and amounted to €22,398 thousand (previous year: €12,882 thousand) as at the reporting date.

29. Other liabilities

The other liabilities mature within one year and concern the following issues:

in thousand €	12/31/2020	12/31/2019
Reimbursement liabilities from customers	1,023	1,338
Outstanding invoices	534	1,203
Personnel expenses	485	622
Liabilities from other taxes and duties	206	493
Debtors with credit balance	6	38
Other	263	370
Total other liabilities	2,517	4,064

The estimated cash outflow from refunds (for explanations, please see item 6) are dependent on their use by each pharmacy and are therefore uncertain with regard to their amount and time. Cash outflow is mainly expected in the next financial year.

30. Remarks on the consolidated cash flow statement

The cash flow statement shows how the cash of the Group changed over the course of the reporting year through inflows and outflows of cash. A distinction is made between cash flows from operating, investing and financing activities. Payment funds of the cash flow statement include current account loans in addition to freely available cash as an integral component of the cash disposition (see item 24).

Cash and cash equivalents in particular include cash on hand and demand deposits at banks with an original term of up to three months, which are only subject to insignificant risks of value fluctuation.

Medios records:

- Payments for the repayment of leasing liabilities as part of cash flow from financing activities,
- Payments for interest as part of cash flow from financing activities,
- Payments for current leasing arrangements and leases of low-value assets as part of cash flow from operating activity.

The reconciliation of the movement of debts to the cash flows from financing activities can be described as follows:

in thousand €	12/31/2019	Non-cash changes	Net cash flows due to interest	Net cash flows due to repayments	12/31/2020
Current and non-current financial liabilities	3,264	15,711	-86	-1,179	17,711

in thousand €	12/31/2018	Non-cash changes	Net cash flows due to interest	Net cash flows due to repayments	12/31/2019
Current and non-current financial liabilities	0	3,832	-99	-469	3,264

The aforementioned financial liabilities relate mainly to leasing liabilities. In addition, the Medios Group had financial liabilities of € 1,515 thousand (previous year: € 0 thousand) as part of the syndicated loan as at the balance sheet date, but no other financial liabilities (overdrafts) with credit institutions (previous year: € 2,977 thousand). The amount of utilization was subject to fluctuations throughout the year. Cash interest expenses of €50 thousand (previous year: €95 thousand) were recorded in overdrafts.

31. Segment reporting

At Medios Group, the management of business activity includes segment reporting. The breakdown of company areas is in accordance with the internal organizational structure and reporting to the Executive Board.

Segment success is measured at Medios Group based on revenue, EBITDA before special effects, the EBT and EBT before special effects.

The Medios Group is divided into the segments "Pharmaceutical Supply", "Patient-Specific Therapies" and, as a miscellaneous segment, "Services". The segments differ in terms of their service profile. Transactions between segments are presented in accordance with IFRS accounting principles. An aggregation of business segments was not carried out.

The activities of the Medios Group are limited to Germany, with minor sales to customers in other EU countries. The business activity of the segments can be broken down as follows:

- The **Pharmaceutical Supply** division, with its focus on specialty pharmaceutical medicinal products, is incorporated as Medios Pharma GmbH. The focus on specialty pharmaceuticals means that as a rule it trades almost exclusively in expensive medicinal products for chronic and/or rare diseases. These amount to approximately 1,000 out of 100,000 various pharmaceutical products available in Germany. With an extensive range, Medios stands out from the medicinal product wholesale trade with this consistent and clear focus.

The segment results for the 2020 financial year are broken down as follows:

in thousand €	Pharmaceutical Supply		Patient-Specific Therapies	
	2020	2019	2020	2019
Revenue - external	564,252	466,078	61,883	50,441
Revenue - internal	32,646	25,675	4,372	6,543
Total segment revenue	596,897	491,752	66,256	56,985
Cost of materials	579,249	473,645	47,076	41,902
<i>Costs of materials (in % of Revenue)</i>	<i>97.0</i>	<i>96.3</i>	<i>71.1</i>	<i>73.5</i>
EBITDA	9,392	11,716	5,705	5,796
<i>Margin (in % of Revenue)</i>	<i>1.6</i>	<i>2.4</i>	<i>8.6</i>	<i>10.2</i>
EBITDA before special items	9,641	11,919	5,938	6,236
<i>Margin (in % of Revenue)</i>	<i>1,6</i>	<i>2,4</i>	<i>9,0</i>	<i>10,9</i>
Depreciation and amortisation	703	335	1,718	1,275
Financial result	-755	-340	-128	-136
EBT	7,934	11,041	3,859	4,385
<i>Margin (in % of Revenue)</i>	<i>1.3</i>	<i>2.2</i>	<i>5.8</i>	<i>7.7</i>
EBT before special items	8,183	11,244	4,745	5,433
<i>Margin (in % of Revenue)</i>	<i>1.4</i>	<i>2.3</i>	<i>7.2</i>	<i>9.5</i>
Income tax expense (-)/income (+)	30	3	-269	512
Earnings before taxes	7,965	11,044	3,590	4,897

The most important key figures on forming strategies and making decisions and measuring the operational success of the company are revenue, pre-tax profit (EBT), pre-tax profit before special items (EBT before special items), and earnings before interest, taxes, depreciation, amortization and special items (EBITDA before special items).

- Patient-Specific Therapies** comprise the manufacture of medications on behalf of pharmacies, established in the companies Medios Manufaktur GmbH, Medios Individual GmbH and Kölsche Blister GmbH. Patient-specific therapies include, for example, infusions constituted and produced on the basis of individual symptoms and individual parameters such as body weight and body surface. The batch per manufactured formulation is therefore always precisely one. Blistering involves the patient-related repackaging of finished medicines on individual request. They are manufactured to the highest possible standards, as a rule in line with GMP (Good Manufacturing Practice).
- Services** covers all other Group activities, including Medios Group holding activities and, in particular, tasks relevant to the capital market. Software and infrastructure solutions for Medios Group are also pursued.

Services		Elimination		Group	
2020	2019	2020	2019	2020	2019
408	286	0	0	626,543	516,805
7,433	5,044	-44,451	-37,262	0	0
7,841	5,330	-44,451	-37,262	626,543	516,805
4	20	-37,020	-32,201	589,309	483,366
0.0	0.4	83.3	86.4	94.1	93.5
-2,005	-1,139	0	0	13,093	16,373
-25.2	-21.4	0	0	2.1	3.2
-525	-413	0	0	15,054	17,742
-6.7	-7.7	0.0	0.0	2.4	3.4
1,130	372	0	0	3,551	1,982
242	305	0	0	-641	-171
-2,893	-1,206	0	-8	8,901	14,220
-36.9	-22.6	0	0	1.4	2.8
-943	-480	0	0	11,985	16,197
-12.0	-9.0	0.0	0.0	1.9	3.1
-2,599	-4,968	0	-8	-2,837	-4,461
-5,492	-6,173	0	-8	6,064	9,760

EBT before special items is therefore transferred as follows to earnings before tax:

in thousand €	2020	2019
EBT before special effects	11,985	16,197
Expenses from share option programmes	-1,158	-1,369
Amortisations of the customer base	-653	-608
Other expenses M&A	-802	0
Financial expenses M&A	-471	0
Earnings before income taxes (EBT)	8,901	14,220

With one major customer, Medios generated the following revenue in the individual segments:

in thousand €	2020	2019
Customer 1	77,590	73,184
of which segment: Pharmaceutical Supply	51,543	47,099
of which segment: Patient-Specific Therapies	25,773	25,988
of which segment: Services	274	97
Customer 2	85,029	0
of which segment: Pharmaceutical Supply	85,029	n/a (<10%)

Other revenue is split amongst a number of additional individual customers.

Other information

32. Contingent liabilities

As of December 31, 2020, there are no contingent liabilities.

33. Information about leases

The Group as a lessee

For the accounting methods applied, please refer to the Notes, item 6.

The Medios Group rents real estate and passenger cars in particular. The term of the leasing agreements is typically three years for passenger cars and over 10 years for real estate. The additions to the rights of use result to a large extent from the rental agreement that was concluded for the new premises in Berlin-Mitte. The rental agreement has a term of 10 years.

The Medios Group leases IT equipment with contractual maturities of between one and three years. These leasing agreements are either short-term and/or based on low value objects. The Group has decided not to recognize any rights of use or leasing liabilities for these leasing agreements. Leasing payments from these agreements are recognized by Medios as ongoing expenditure.

Some real estate leases include extension options that can be exercised by the Medios Group up to one year before the expiration of the non-terminable contract term. Where possible, the Medios Group aims to include renewal options when concluding new leases in order to ensure operational flexibility. The extension options can only be exercised by the Medios Group and not by the lessor. On the date of delivery, the Medios Group assesses whether the exercise of renewal options is sufficiently certain. The Medios Group shall determine again whether the exercise of an extension option is sufficiently certain if a significant event or significant change occurs in circumstances within its sphere of control.

Information on leases in which the Medios Group is a lessee is presented below.

Rights of use recognized in the balance sheet in thousand €	Land, including construction on leased land	Other facilities, plant and commercial equipment	Total
As of 01/01/2020	2,991	54	3,045
Depreciation for the financial year	-1,080	-22	-1,102
Additions to rights of use	15,487	104	15,591
Disposals of rights of use	-62	-29	-91
Revaluation of rights of use	-154	-19	-173
As of 12/31/2020	17,182	87	17,269
As of 01/01/2019	1,524	104	1,628
Depreciation for the financial year	-384	-50	-434
Additions to rights of use	2,351	0	2,351
Disposals of rights of use	-500	0	-500
Revaluation of rights of use		0	0
As of 12/31/2019	2,991	54	3,045

Interest expenses for leasing liabilities

The following table shows the (undiscounted) interest and principal payments of the lease liabilities:

Maturity	Lease payments		Interest share		Repayment	
	2020	2019	2020	2019	12/30/2020	12/30/2019
in thousand €						
Up to one year	2,157	785	193	98	1,964	687
One to five years	7,635	2,641	515	194	7,120	2,447
More than five years	8,839	136	212	6	8,627	130
Total	18,632	3,562	921	298	17,711	3,264

Amounts recognised in the income statement

in thousand €	2020	2019
Interest expenses for leasing liabilities	86	99
Expenses for leases concerning an asset of low value, excluding short-term leases of assets of low value	46	29

Amounts recognised in the cash flow statement

in thousand €	2020	2019
Total cash outflows for leases	1,265	568

The Group as lessor

In 2020, the Group sub-let parts of buildings. The sub-leasing was classified as a finance lease. As at the reporting date, the receivable amounted to €290 thousand (2019: €183 thousand).

In 2020, the Group recognized interest income on leasing receivables in the amount of €4 thousand (2019: €8 thousand).

There is no particular risk arising from the activity as lessor, as the volume of this business activity is comparatively low. The conclusion of further sub-leasing arrangements is not planned.

The following table presents a due date analysis of the leasing receivables and shows the non-discounted lease payments to be received after the reporting date.

Amounts recognised in the income statement

in thousand €	2020	2019
Up to one year"	112	88
One to five years	102	103
More than five years	90	0
Total amount of non-discounted leasing receivables	304	191
Financial income not yet realised	14	9
Net capital expenditure in the lease	290	183

34. Additional information regarding financial instruments

Valuations and fair values by measurement category

With the exception of non-current financial assets and liabilities, all financial instruments have short residual terms as of December 31, 2020 and December 31, 2019 or are available as cash. Therefore, their carrying amounts at the balance sheet date at least come close to the respective fair values. In addition, all financial instruments fall under category "AC" (amortized cost).

Non-current financial assets with a carrying amount of €100 thousand (previous year: €100 thousand) relate to loans granted. The remaining non-current financial assets relate to receivables from financial leases in the amount of €290 thousand (previous year: €183 thousand). The fair values of the loans and finance lease receivables approximate the respective carrying amounts.

35. Net income from financial instruments

Net income for every measurement category is as follows:

2020		from subsequent measurement		
in thousand €	From interest	Impairment	From disposal	Net profit/loss
Loans and receivables (AC)	30	0	0	30
Financial liabilities at amortised cost (AC)	-671	0	0	-671
Total	-641	0	0	-641

2019		from subsequent measurement		
in thousand €	From interest	Impairment	From disposal	Net profit/loss
Loans and receivables (AC)	23	0	0	23
Financial liabilities at amortised cost (AC)	-194	0	0	-194
Total	-171	0	0	-171

36. Risk management of the Group

The risk management system of Medios Group is an integral part of the business practices of Medios Group and includes the individual organizational processes at various levels and all types of risk. Business planning and controlling processes are an essential part of this. The tasks involved in the identification and measurement of risk are carried out by each organizational unit. Risks with similar content are combined into risk types, e.g., risks in the regulatory environment and financial risks. These are then regularly reported to the decision-making entities concerned, which carry out the risk control. Further information on the management of financial risks is available in the risk and opportunities report in the combined management report.

Macroeconomic risks Financial risk management

The Group is exposed to various financial risks which arise from the Group's operational business activities and financing activities. The most important financial risks for the Group arise from the creditworthiness and solvency of the Group's counterparties and the liquidity risk. The main features of the finance policy are defined by the Executive Board and the Supervisory Board. The implementation of the finance policy and the ongoing risk management process is the responsibility of Group Controlling. Certain transactions require the prior approval of the Executive Board and Supervisory Board, who are also regularly informed about the scope and amount of the current extent of the risk.

Credit risk (default risk)

Credit risks arise from the possibility that counterparties (customers and other debtors) to a transaction may not be able to meet their obligations and the Group may suffer financial damage as a result. The maximum credit risk (default risk), without taking into account offsetting agreements and without taking into account any additional collateral or other credit improvements, corresponds to the carrying amount of the Group's financial assets. Trade receivables comprise the largest financial asset by far. Possible risk concentration is regularly analyzed. Reliable upper limits for open receivables from individual customers were introduced, which are also monitored on a daily basis. The Group takes credit risk into account by means of corresponding impairments and default insurance for receivables.

Credit risk is reduced by means of diversification, which is achieved through a large number of debtors. Furthermore, the credit risk is further reduced by obtaining deposits from buyers.

IFRS 9 contains an impairment model that is based on the expected credit loss model. This model is to be applied to all financial assets that are measured at amortized cost. The simplified procedure is applied to determine impairments

of trade receivables. Expected credit losses are determined over the entire term of the financial instruments. The estimation of expected defaults is based on the analysis of historic defaults on receivables, insured receivables and the current industry ratings of customers. The assessment of the customer insolvency risk was adjusted in light of actual bad debts, which results in a slightly more positive assessment.

Non-current financial assets relate, amongst other things, to a loan which has been granted. As a result of insight into the company's income plan, default risks are estimated individually on an annual basis. At present, we do not believe there are any significant default risks. There are also non-current receivables from finance leases. At present, we do not believe there are any significant default risks in that respect either.

Additional current financial assets are measured at amortized acquisition cost. Medios Group regularly monitors creditworthiness and checks if there are objective indications such as a borrower being in financial difficulty. There are no indications of impairment as at the balance sheet date.

Cash and cash equivalents concern deposits with banks. There is no impairment due to the short term (due daily) and creditworthiness of our contractual partner.

Liquidity risks

Liquidity risks arise when short-term financial liabilities exceed the available current financial assets. Liquidity risk is controlled by means of Group-wide financial planning instruments taking into account existing lines of credit, and is constantly monitored.

All non-current financial liabilities lead to an outflow of liquidity in 2021 in the amount of the carrying amount as at the reporting date, December 31, 2020.

As of December 31, 2020, the Medios Group has non-utilized current account overdraft facilities in the amount of €17.5 million (previous year: €9.0 million)

Market risk (interest rate risks)

Interest rate risks are understood to be the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rate.

As Medios Group does not have any significant non-current financial instruments, changes in fair value are only of minor significance.

If the interest level had been 100 basis points higher, the financial result would have been €303 thousand (previous year: €60 thousand) higher. If the interest level had been 100 basis points lower, the financial result would have been €464 thousand (previous year: €60 thousand) lower.

Capital

For financing, Medios primarily uses available liquidity, capital increases, and leases.

In the 2020 financial year, Medios concluded a syndicated loan agreement for €62,500 thousand with a banking syndicate, connected with an increase option of €25,000 thousand. As of December 31, 2020, Medios had unused credit lines of €61,000 thousand. The agreement has a term of almost 3 years until December 30, 2022, with an option to extend it twice, in each case by one year.

Under the syndicated loan agreement, Medios is required to comply with a defined financial covenant:

net gearing = net debt/EBITDA

Net gearing must not exceed 3.0, and the Group's financial planning shows no breach of the agreed financial covenant.

As a public limited company, the company is subject to the minimum capital requirements of German Stock Corporation Law. No dividends were paid in the past financial year, nor are dividends planned for the following year.

The Group defines the managed capital as the Group equity. The objectives of capital management are:

- to ensure the company's continued existence so that the Group's products can continue to be offered to customers.
- to have the available funds to enable the Group to make further investments.

The capital is monitored using the equity ratio. This is determined as follows:

in thousand €	2020	2019
Equity	142,425	81,627
Balance sheet total	194,537	116,576
Equity ratio (%)	73.2	70.0

37. Share-based compensation

For share-based remuneration at Medios as at the reporting date, expenses of €1,158 thousand (previous year: €1,369 thousand) were recorded. Of these expenses, €1,158 thousand (previous year: €1,369 thousand) was attributed to share-based remuneration with settlement in equity instruments. At present, there are five share-based remuneration models in the Medios Group for employees and managers.

No remuneration plans provide for cash settlement.

Share option program 2018 (a), (c) and (d)

IA share option program was created in the 2018 financial year under which employees were granted options to buy shares by Medios AG as compensation for their work. There is no entitlement to choose settlement in cash [share option program 2018 (a)].

As an addition to the 2018 share option program, share-based remuneration in the form of equity instruments (transaction with settlement in equity instruments) was granted to other selected Group employees by Medios AG as compensation for work performed in the 2019 financial year [share option program 2018 (c)].

As a further addition to the share option program 2018, share-based remuneration in the form of equity instruments (transaction with settlement in equity instruments) was granted to other selected Group employees by Medios AG as compensation for work performed in the 2020 financial year [share option program 2018 (d)].

The beneficiary has the right to acquire the number of no-par value bearer shares ("shares") specified in the respective subscription rights agreement. Each option relates to one company share with an exercise price of €15.00.

The options can only be exercised after a lock-in period has expired; this is four years from the date of issue on December 1, 2018 and February 1, 2019 [share option program 2018 (a)], on October 1, 2019 and December 1, 2019 [share option program 2018 (c)], as well as on October 1, 2020 and January 1, 2021 [share option program 2018 (d)].

Option rights can only be exercised in the seven years following the lapse of the lock-in period. The options shall be forfeited upon termination of the employment or service relationship if the relevant lock-in period has not yet lapsed.

The following are excluded from such forfeiture:

Share option program 2018 (a)

- 25% of the option rights granted if the agreement is terminated after December 31, 2018,
- 50% of the option rights granted if the agreement is terminated after December 31, 2019,
- 75% of the option rights granted if the agreement is terminated after December 31, 2020.
- If termination takes place after December 31, 2021, all option rights granted shall be excluded from forfeiture.

Share option program 2018 (c)

- 25% of the option rights granted if the agreement is terminated after December 31, 2019,
- 50% of the option rights granted if the agreement is terminated after December 31, 2020,
- 75% of the option rights granted if the agreement is terminated after December 31, 2021.
- If termination takes place after December 31, 2022, all option rights granted shall be excluded from forfeiture.

Share option program 2018 (d)

- 25% of the option rights granted if the agreement is terminated after December 31, 2020,
- 50% of the option rights granted if the agreement is terminated after December 31, 2021,
- 75% of the option rights granted if the agreement is terminated after December 31, 2022.
- If termination takes place after December 31, 2023, all option rights granted shall be excluded from forfeiture.

A requirement for the exercise of the option rights is that, before they are exercised, the closing rate of the company's share on XETRA trading (or a comparable subsequent system on the Frankfurt Stock Exchange) on 30 consecutive trading days reaches or exceeds the amount of €23.00.

With regard to valuing the share options, it is assumed that the options shall most likely be exercised immediately following the lapse of the lock-in period. The outstanding share options from share option program 2018 (a) have a dilutive effect on the calculation of earnings per share. Conversely, the outstanding share options from share option program 2018 (c) have no effect on the calculation of earnings per share.

Share option program 2018 (b)

As an addition to the 2016 share option program, share-based remuneration in the form of equity instruments (transaction with settlement in equity instruments) was granted to Group employees by Tangaroa Management GmbH as compensation for work performed in the 2018 financial year. At the time the options were granted, June 10, 2018, a total of 5,000 option rights were offered to acquire Medios AG bearer shares as part of the 2018 share option plan. The beneficiary has the right to acquire the number of no-par value bearer shares ("shares") specified in the respective subscription rights agreement. Each option relates to one company share with an exercise price of €0. Consequently, the share rate on the granting date generally determines the option value.

The granted options could be fully exercised in the period of July 1, 2018 to December 31, 2020. In order for an option to be exercised, the beneficiary must not have terminated their employment relationship with Medios AG or an associated company at the time of exercise.

Share option program 2017

Another share option program was created in financial year 2017 under which the Executive Board and selected managers were granted options to buy shares by Medios AG as compensation for their work. There is no entitlement to choose settlement in cash. The beneficiary has the right to acquire the number of no-par value bearer shares ("shares") specified in the respective subscription rights agreement. Each option relates to one company share with an exercise price of €7.00.

Options can only be exercised following the lapse of the lock-in period; this is four years from the time of the allocation on December 1, 2017. Option rights can only be exercised in the seven years following the lapse of the lock-in period. The options shall be forfeited upon termination of the employment or service relationship if the relevant lock-in period has not yet lapsed.

The following are excluded from such forfeiture:

- 25% of the option rights granted if the agreement is terminated after December 31, 2017,
- 50% of the option rights granted if the agreement is terminated after December 31, 2018,
- 75% of the option rights granted if the agreement is terminated after December 31, 2019.

If termination takes place after December 31, 2020, all option rights granted shall be excluded from forfeiture. A requirement for the exercise of the option rights is that, before they are exercised, the closing rate of the company's share on XETRA trading (or a comparable subsequent system on the Frankfurt Stock Exchange) on 30 consecutive trading days reaches or exceeds the amount of €12.00. With regard to valuing the share options, it is assumed that the options shall most likely be exercised immediately following the lapse of the lock-in period. The outstanding share options from share option program 2017 have a dilutive effect on the calculation of earnings per share.

Share option program 2016

As compensation for work performed, share-based compensation in the form of equity instruments (transaction with settlement in equity instruments) was granted to certain managers, employees and some of the Executive Board of Medios AG by Tangaroa Management GmbH and third parties in financial year 2016. There is no entitlement to choose settlement in cash. The beneficiary has the right to acquire the number of no-par value bearer shares specified in the respective subscription right agreement. Each option relates to one company share with an exercise price of €0.00. Consequently, the share rate on the granting date generally determines the option value. No subsequent revaluations are made. There were no effects on the consolidated financial statements for 2018 and no such effects are expected for subsequent financial statements.

The outstanding share options may be exercised until December 31, 2020 and have no effect on the calculation of earnings per share as additional dilution because the share options were granted directly by Tangaroa Management GmbH and third parties and not by the company. As a result, no additional shares come into circulation. Volatility was estimated for all share option programs based on historic data. To do this, the rolling annualized 90-day standard deviations of yields was determined for each program since the first listing of Medios AG on November 22, 2016 and the average of standard deviations taken as a basis.

On December 16, 2020, it was agreed that the exercise period would be extended until February 28, 2021, provided that it is not possible to exercise the option at the end of the exercise period because of the existence of a circumstance that constitutes insider information.

2019	Share options scheme 2018 (a) Number	Weighted average exercise price in €	Share options scheme 2018 (b) Number	Weighted average exercise price in €	Share options scheme 2018 (c) Number	Weighted average exercise price in €
Outstanding as at 01/01/2019	86,000	15.00	5,000	0	0	0
Granted in the reporting period	15,000	15.00	0	0	100,000	15.00
Forfeited in the reporting period	0	0	0	0	0	0
Exercised in the reporting period	0	0	1,000	0	0	0
Expired in the reporting period	2,250	15.00	0	0	0	0
Outstanding as of 12/31/2019	98,750	15.00	4,000	0	100,000	15.00
Exercisable on 12/31/2019	0	0	4,000	0	0	0
2020						
Outstanding as at 01/01/2020	98,750	15.00	4,000	0	100,000	15.00
Granted in the reporting period	0	0	0	0	0	0
Forfeited in the reporting period	0	0	0	0	0	0
Exercised in the reporting period	0	0	4,000	0	0	0
Expired in the reporting period	15,500	15.00	0	0	7,500	15.00
Outstanding as of 12/31/2020	83,750	15.00	0	0	92,500	15.00
Exercisable on 12/31/2020	0	0	0	0	0	0

Share options scheme 2018 (d) Number	Weighted average exercise price in €	Share options scheme 2017 Number	Weighted average exercise price in €	Share options scheme 2016 Number	Weighted average exercise price in €
0	0	600,000	7.00	640,357	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	188,500	0
0	0	10,000	7.00	0	0
0	0	590,000	7.00	451,857	0
0	0	0	0	451,857	0

0	0	590,000	7.00	451,857	0
98,500	15,00	0	0	0	0
0	0	0	0	0	0
0	0	0	0	309,140	0
0	0	0	0	0	0
98,500*	15,00	590,000	7.00	142,717	0
0	0	0	0	142,717	0

*This includes one employee whose service started on January 1, 2021. The employee's options (15,000) are not included in the actuarial calculation for 2020. However, these were already contractually agreed upon in 2020.

2020 measurement parameters	AOP 2018 (a)	AOP 2018 (b)	AOP 2018 (c)	AOP 2018 (d)	AOP 2017	AOP 2016
Option pricing model	Bionomial	Bionomial	Bionomial	Bionomial	Bionomial	Bionomial
Lock-in period after issue date	4 Years	N/A	4 Years	4 Years	4 Years	N/A
End of option term	12/01/29/ 02/01/30	12/31/20	10/01/30	10/01/31/ 01/01/32	12/01/28	Original 12/30/20; extended until 02/28/21
Exercise window following lapse of lock-in period	7 Years	2,5 Years	7 Years	7 Years	7 Years	4 Years
Residual term as of 12/30/2020	9 Years/ 10 Years	N/A	10 Years	11 Years/ 12 Years	8 Years	1 Year
Exercise price (in €)	15.00	0	15.00	15.00	7.00	0
Date granted	11/30/18/ 01/31/19	06/10/18	09/30/19/ 11/30/19	09/30/20/ 12/21/20	11/10/17	10/10/16/ 11/10/16/ 12/22/16
Share price on date granted (in €)	14.50/ 16.90	22.30	19.05/ 24.40	30.10/ 36.60	14.47	7.44 up to 7.54
<i>Risk-free interest rate with equivalent maturities (in %)</i>	-0.16 -0.27	-0.16	-0.79 -0.70	-0.70/ -0.78	-0.34	N/A
<i>Expected volatility (in %)</i>	39.7/ 40.5	39.7	38.9/ 38.2	40.2/ 41.6	37.7	N/A
<i>Expected dividends (in %)</i>	<i>Upto 2.0</i>	<i>Upto 2.0</i>	<i>Upto 2.0</i>	<i>Upto2.0</i>	<i>Upto 2.0</i>	<i>N/A</i>
Average fair value of the options on the date of commitment (in €)	4.40	22.40	8.03	19.45	8.36	7.48
Fair value of options granted at time granted (in €)	399,069	112,000	787,796	1,624,416	5,020,000	5,518,000
Weighted average share price of options exercised in the reporting period	N/A	32.00	N/A	N/A	N/A	32.46
Cost of share-based remuneration in the reporting period (in €)	22,686	0	268,135	480,103	387,047	0

2019 measurement parameters	AOP 2018 (a)	AOP 2018 (b)	AOP 2018 (c)	AOP 2017	AOP 2016
Option pricing model	Bionomial	Bionomial	Bionomial	Bionomial	Bionomial
Lock-in period after issue date	4 years	N/A	4 years	4 Years	N/A
End of option term	12/01/29/ 02/01/30	12/31/20	10/01/30	12/01/28	12/31/20
Exercise window following lapse of lock-in period	7 years	2.5 years	7 years	7 years	4 years
Residual term as of 12/30/20219	10 years/ 11 years	1 year	11 years	9 years	1 year
Exercise price (in €)	15.00	0.00	15.00	7.00	0.00
Date granted	11/30/18/ 01/31/19	06/10/18	09/30/19/ 11/30/19	11/10/17	10/10/16/ 11/10/16/ 12/22/16
Share price on date granted (in €)	14.50/ 16.90	22.30	19.05/ 24.40	14.47	7.44 up to 7.54
<i>Risk-free interest rate with equivalent maturities (in %)</i>	-0.16 -0.27	-0.16	-0.79 -0.70	0.34	N/A
<i>Expected volatility (in %)</i>	39.7/ 40.5	39.7	38.9/ 38.2	37.7	N/A
<i>Expected dividends (in %)</i>	<i>Upto 2.0</i>	<i>Upto 2.0</i>	<i>Upto 2.0</i>	<i>Upto 2.0</i>	<i>N/A</i>
Average fair value of the options on the date of commitment (in €)	4.40	22.40	8.03	8.36	7.48
Fair value of options granted at time granted (in €)	399,069	112,000	787,796	5,020,000	5,518,000
Weighted average share price of options exercised in the reporting period	N/A	16.00	N/A	N/A	14.32
Cost of share-based remuneration in the reporting period (in €)	198,102	0	255,523	915,418	0

38. Transactions with related companies and persons

Related persons in key positions

Related persons in key positions are the members of the Executive Board and Supervisory Board, in addition to the management of the parent company, who are as follows for the 2020 financial year:

Executive Board	
Manfred Schneider	CEO
Matthias Gaertner	CFO
Mi-Young Miehler	COO
Christoph Prußzeit	CINO

The previous Chairman of the Executive Board (CEO), Manfred Schneider, did not extend his contract, which was scheduled to expire on December 31, 2020, for family reasons and has left the Executive Board. As of January 1, 2021, the Executive Board consists of a team of three, comprising the other serving members of the Executive Board.

As the founder and a major shareholder, Manfred Schneider remains closely connected with Medios AG and is set to become a key member of a new advisory board to the company to be established.

Supervisory Board	
Dr Yann Samson	Chairman
Joachim Messner	Deputy Chairman
Klaus Buß	Member of the Supervisory Board

No Member of the Executive Board was a member of a statutory Supervisory Board or a comparable control body in the financial year.

Supervisory Boards include the following statutory Supervisory Boards or a comparable control body:

Dr Yann Samson	Palgon AG (Chairman of the Supervisory Board)
Mr Joachim Messner	no other memberships in control committees
Mr Klaus Buß	TUBS GmbH TU Berlin Science Marketing (Supervisory Board)

The following table shows the transactions with related companies and persons in the reporting period:

in thousand €	Income 01/01–12/31/2020	Expenditure 01/01–12/31/2020	Receivables 12/31/2020	Liabilities 12/31/2020
Tangaroa Management GmbH	0	35	0	0
Tangaroa GmbH & Co. KG (formerly Spezial Pharma Manfred Schneider e. K.)	14	157	3	30
Messner Rechtsanwälte	0	69	0	22
Total	14	261	3	52

in thousand €	Income 01/01–12/31/2019	Expenditure 01/01–12/31/2019	Receivables 12/31/2019	Liabilities 12/31/2019
Tangaroa Management GmbH	0	63	0	4
Spezial Pharma Manfred Schneider e. K.	0	111	0	0
Messner Rechtsanwälte	0	24	0	0
Total	0	198	0	4

Remuneration information

Total remuneration for members of the Executive Board in the year under review amounts to €901 thousand. (previous year: €896 thousand). Current payments amounted to €0 thousand (previous year: €180 thousand).

Mrs Miehler and Mr Prußeit also have company vehicles.

Please see the remuneration report for information on the main features of Executive Board and Supervisory Board remuneration and the amount of individual remuneration. The remuneration report is a component of the consolidated financial statements and summarized management report.

39. Personnel

On average, 249 employees (previous year: 149) were employed in the 2020 financial year:

	2020	2019
Sales area	107	78
Production and quality assurance	127	58
Storage	15	13
Total	249	149

40. Earnings per share

Earnings per share are determined as a ratio of the total consolidated net income attributable to the shareholders of Medios AG and the weighted average number of shares in circulation in the reporting year.

Calculation of earnings per share	2020	2019
Share in consolidated profit attributable to the shareholders of the parent company (in thousand €)	6,064	9,760
Weighted average number of ordinary shares (in thousands of units)	15,451	14,564
Undiluted earnings per share (in €)	0.39	0.67

Adjustment in the calculation of diluted earnings per share	2020	2019
Weighted average number of ordinary shares (in thousands of units)	15,451	14,564
2017 and 2018 share option programme (number of shares in thousand units)	556	347
Weighted average of the shares used as a denominator to determine the diluted earnings per share,	16,007	14,911
Diluted earnings per share (in €)	0.38	0.65

Within the content of various Medios Group share option program, options that have been granted are considered as potential shares. They have been included in the calculation of diluted earnings per share to the extent that they have a dilutive effect. Information on each share option program can be found in item 37.

41. Exemption pursuant to section 264 III HGB

The following subsidiaries are using the exemption in section 264 para. 3 HGB for the financial year 2020:

- Medios Pharma GmbH, Berlin
- Medios Manufaktur GmbH, Berlin
- Medios Digital GmbH, Berlin
- Medios Individual GmbH, Berlin
- Medios Analytics GmbH, Berlin

42. Auditor's fees

The auditor for financial year 2019, Baker Tilly GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, Munich branch, calculated fees totaling €284 thousand. (previous year: €169 thousand). Of this, €227 thousand (previous year: €165 thousand) related to statutory auditing services for Statement from the company's legal representatives

All stated fees and expenses refer to net amounts without the statutory value-added tax.

43. Events after the balance sheet date

Medios successfully completed the acquisition of Cranach Pharma GmbH, Hamburg, on January 21, 2021. With the registration of the capital increase by way of contributions in kind in the commercial register, all the implementation conditions were fulfilled, meaning that the acquisition was completed. The Federal Cartel Office had already granted approval on December 21, 2020.

Medios Analytics GmbH was sold to Anike Oleski, owner of MediosApothekewith notarized contract dated March 18, 2021.

44. Statement by the legal representatives

We make assurances to the best of our knowledge that in line with the applicable accounting principles the consolidated financial statements present a true and fair view of the Group's net assets, financial position and results of operations in compliance with the generally accepted accounting principles and that the Group's consolidated management report accurately reflects the Group's net assets, financial position and results of operations, as well as the key opportunities and risks of the Group's future development.

45. Declaration on the German Corporate Governance Code

The statement of compliance with the German Corporate Governance Code provided for in section 161 German Stock Corporation Act (Aktiengesetz, AktG) was submitted by the Executive Board and the Supervisory Board of Medios AG and is available to the shareholders at any time on the website of the company Medios AG in the Investor Relations section at: <https://medios.ag/en/investor-relations/corporate-governance/reports-and-statements>.

Berlin, March 30, 2021

Matthias Gaertner
Executive Board (CEO/CFO)

Mi-Young Miehler
Executive Board (COO)

Christoph Prußeit
Executive Board (CINO)

Independent Auditor's certificate

To Medios AG, Hamburg

Report on the audit of the consolidated financial statements and the consolidated management report

Audit opinions

We have audited the consolidated financial statements of Medios AG and its subsidiaries (the Group) – comprising the consolidated balance sheet as of December 31, 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from January 1, 2020 through December 31, 2020 as well as the notes to the consolidated financial statements, including a summary of significant accounting methods. Furthermore, we have audited Medios AG's consolidated management report for the fiscal year from January 1, 2020 through December 31, 2020. In accordance with German legal requirements, we have not audited the statement on corporate governance and the compliance statement contained in the consolidated management report's section "Corporate Governance".

According to our assessment based on our audit's findings,

- the attached consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Art. 315e Sec. 1 HGB (German Commercial Code) and provides, in compliance with these requirements, a true and fair view of the Group's assets, liabilities, and financial position as of December 31, 2020, and of its profit situation for the fiscal year from January 1, 2020 through December 31, 2020 and
- the attached consolidated management report as a whole provides a true and fair view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of the Group's future development. Our audit opinion on the group management report does not cover the content of the aforementioned statement on corporate governance and the compliance statement.

Pursuant to Art. 322 Sec. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the consolidated financial statements' and the consolidated management report's legal compliance.

Basis for the audit opinions

We have conducted our audit of the consolidated 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 Consolidated Financial Statements and of the Consolidated Management Report". We are independent of the Group companies 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 consolidated financial statements and on the consolidated management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1, 2020 through December 31, 2020. These matters have been taken into account in connection with our audit of the consolidated 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 matters were of most significance during our audit:

- Revenue recognition
- Goodwill's intrinsic value

We have structured our presentation of these key audit matters 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 matters:

Revenue recognition:

1. During the financial year, Medios Group recognized sales revenues in the amount of ca. €626.5 million. Sales revenues are one of the most significant financial performance indicators in the capital market communication. Product sales were mainly realized by sales to few major customers. The transfer of the power of disposition of goods and products is decisive for whether or not a sale has been realized. The presentation of these sales transactions within the scope of revenue recognition on a non-accrual basis presents a risk for an appropriate presentation of the profit situation; therefore, we believe this matter is of particular importance.
2. We have convinced ourselves from the correct recognition of sales by means of order processes, external confirmations by customers, proofs of delivery as well as the outgoing invoices and the related incoming payments. We also conducted a system check. We could convince ourselves that any conditions agreed upon with the major customers have been appropriately processed during the revenue recognition's assessment.
3. The Company's statements on the revenue recognition are contained in the consolidated financial statements' notes' section "6. Accounting methods – revenue recognition" and "Notes to the consolidated statement of comprehensive income – 9. Sales revenues".

Goodwill's intrinsic value

1. In Medios AG's consolidated financial statements, goodwill in the amount of €17.9 million was reported under the balance sheet item "intangible assets" which therefore represents approx. 9.2% 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 cash generating units' 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.

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 section "6. Accounting and valuation methods (under: goodwill/intangible assets with indeterminable useful lives) and application of estimates and assumptions (under: Goodwill and other intangible assets)" as well as "Intangible assets".

Other information

The legal representatives are responsible for other information. Other information comprises:

- the declaration on the German Corporate Governance Code pursuant to Art. 161 AktG (German Stock Corporation Act),
- the declaration on corporate governance pursuant to Art. 289 et seq. HGB,
- the Section „Letter of the management board“ in the 2020 annual report,
- the section „Medios“ in the 2020 annual report, and
- the section „Responsibility statement by the legal representatives“ in the 2020 annual report.

The supervisory board is responsible for the following other information:

- The section „Report of the Supervisory Board“ in the 2020 annual 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 consolidated 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 Consolidated Financial Statements and the Consolidated Management Report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Art. 315e Sec. 1 HGB and that the consolidated financial statements, in compliance with these requirements, provide a true and fair view of the Group'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 consolidated financial statements that are free from material misstatements, whether due to fraud 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 consolidated 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 consolidated financial statements and the consolidated management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Consolidated Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated 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 consolidated financial statements and the knowledge obtained during our audit, complies with German legal requirements and appropriately presents the opportunities and risks of the Group's future development, as well as to issue an audit report that includes our audit opinions on the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements, in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Art. 315e Sec. 1 HGB, provide a true and fair view of the Group'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;
- 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 discuss with those charged with governance, inter alia, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system we identify during our audit.

We also provide those charged with governance 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 applied safeguards.

From the matters discussed with those charged with governance, 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 Consolidated Financial Statements and the Consolidated Management Report prepared for the Purposes of Disclosure pursuant to Art. 317 Sec. 3b HGB

Audit opinion

Pursuant to Art. 317 Sec. 3b HGB, we have performed an audit in order to determine with reasonable assurance whether the reproductions of the consolidated financial statements and the consolidated management report (hereinafter also referred to as the „ESEF documents“) contained in the attached file (7D4B3E7857198506F8632A0CD188BFF390754CDE6EC12FFFE26CB542A0CDA7ED) 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 extends only to the conversion of the information contained in the consolidated 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 consolidated financial statements and the consolidated management report contained in the aforementioned attached 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 abovementioned file beyond the scope of this audit opinion and our audit opinions on the attached consolidated financial statements and the attached consolidated management report for the fiscal year from January 1, 2020 to December 31, 2020 contained in the preceding „Report on the audit of the consolidated financial statements and the consolidated management report“.

Basis for our audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the consolidated management report contained in the above-mentioned attached file in accordance with Art. 317 Sec. 3b HGB and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purpose of Disclosure pursuant to Art. 317 Sec. 3b HGB (IDW EPS 410) and the International Standard on Assurance Engagements 3000 (Revised). 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 consolidated financial statements and the consolidated management report in accordance with Art. 328 Sec. 1 sentence 4 no. 1 HGB and for the certification of the consolidated financial statements in accordance with Art. 328 Sec. 1 sentence 4 no. 2 HGB.

Furthermore, the 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 Company's legal representatives are also responsible for submitting the ESEF documents together with the audit certificate and the attached audited consolidated financial statements and audited consolidated management report as well as other documents to be disclosed to the operator of the Federal Gazette.

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 consolidated financial statements and the audited consolidated management report;
- assess whether the markup of ESEF documents with inline XBRL technology (iXBRL) provides 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 group auditors by the Annual General Meeting on October 26, 2020. We were engaged by the Supervisory Board on December 1, 2020. We have served as Medios AG, Hamburg's group 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).

Responsible Auditor

The auditor responsible for the audit is Klaus Biersack.

Munich, March 30, 2021

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Weissinger
German CPA

Biersack
German CPA

Financial calendar 2021



May 11 Quarterly Statement as of March 31, 2021

June 10 Ordinary Annual General Meeting 2021

August 12 Half-Year Financial Report as of June 30, 2021

November 9 Quarterly Statement as of September 30, 2021

**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.

