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BioSpring Society for Biotechnology Ltd

Frankfurt am Main

Annual financial statements for the financial year from January 1st, 2019 to December 31st, 2019

management report

1. COMPANY ¹

BioSpring is a contract manufacturer of high and reliable quality synthetic oligonucleotides for the medical-pharmaceutical sector. The company is certified according to GMP (principles for active ingredients according to Article 47 of Directive 2001/83/EC), ISO 13485: 2016, ISO 9001: 2015.

Manufacturing areas include:

Therapeutic Manufacturing: Manufacture of oligonucleotides under GMP for use as active ingredients in therapeutic applications. BioSpring supplies and supports pharmaceutical and biotech companies from early development through clinical trials to the approved drug.

Diagnostic Manufacturing: Manufacture of oligonucleotides under ISO 13485 for use in diagnostics, BioSpring supplies and supports from early development through to the approved market.

Research Purposes Manufacturing: Synthetic oligonucleotides for use in research in various areas such as therapy or diagnostics.

All types of analytical services for oligonucleotides are offered in the "analytical services" area. These include all types of analysis for the testing or release of oligonucleotide drugs and drugs based on oligonucleotides.

2. DEVELOPMENT OF INDUSTRY AND OVERALL ECONOMY ²

2.1 Overall economic development and framework conditions

The price-adjusted gross domestic product in 2019 was 0.6% higher than in the previous year. The German economy has thus grown for the tenth year in a row, but growth has lost momentum. In the two previous years, GDP had grown much more strongly, by 2.5% in 2017 and by 1.5% in 2018. Compared to the average of +1.3% over the past ten years, the German economy grew more slowly in 2019.

Growth in 2019 was mainly supported by consumption: Price-adjusted private consumer spending was 1.6% higher than in the previous year, and government consumer spending rose by 2.5%. Private and government consumer spending grew more strongly than in the two previous years (private consumer spending in 2017 and 2018 by 1.3% on the previous year; government consumer spending in 2017 +2.4% and 2018 +1.4% on the previous year).

German exports continued to increase on average in 2019, but not as strongly as in previous years. Price-adjusted, the German economy exported 0.9% more goods and services than in 2018. Price-adjusted imports rose more sharply at 1.9%.

On the production side of the GDP, the economic development in 2019 was divided in two: On the one hand, the service sectors and the construction industry mainly recorded strong growth. On the other hand, the economic performance of the manufacturing industry (excluding construction) has collapsed. Overall, the price-adjusted gross value added in 2019 rose by only 0.5% compared to the previous year.

The construction industry recorded the strongest growth with a plus of 4.0%. The service areas of information and communication as well as financial and insurance service providers also developed above average with +2.9% each. In contrast, large parts of industry saw sharp declines. Economic output in the manufacturing sector excluding construction, which accounts for a good quarter of the overall economy, fell by 3.6%. Weak production in the automotive industry in particular contributed to this decline.

For the first time in 2019, the economic output in Germany was generated by more than 45 million employees with their place of work in Germany. According to initial calculations, 45.3 million people were employed, around 400,000 more than in 2018. This increase of 0.9% is mainly due to an increase in employment subject to social security contributions. As in previous years, higher labor force participation and the immigration of workers from abroad outweighed age-related demographic effects and emigration from Germany.

The economy in Germany collapsed drastically as a result of the corona pandemic. In order to slow down the wave of infections, the state has severely restricted economic activity in Germany. Therefore, the gross domestic product is likely to shrink by 4.2% in 2020. The recession is leaving its mark on the labor market and the national budget. The unemployment rate will peak at 5.9% and the number of short-time workers at 2.4 million. The financial policy stabilization measures will lead to a record deficit in the general government budget of 159 billion euros this year. After the shutdown, the economy will gradually recover. Accordingly, the increase in gross domestic product in the coming year will fall by 5, 8% strong. There are significant downside risks associated with this forecast, for example because the pandemic can be weakened much more slowly, or because economic activity is less successful than expected or a new wave of contagion is triggered.

2.2 State of the world economy ³

In the spring of 2020, the global economy is under the impact of the corona pandemic. The previously discernible signs of an upturn in the global economy abruptly reversed in February with the implementation of far-reaching measures to contain the disease in China. Initially, there was still the expectation that the wave of infections in China could be stopped and that the serious economic consequences of the epidemic protection policy would remain limited to China and the Asian region, which is economically closely intertwined with China. In the meantime, however, the corona virus is spreading worldwide. Measures are being taken almost everywhere to slow the spread, which are unprecedented in peacetime and massively slow down economic activity. The global economy is heading for a decline in global production in 2020

comparable only to the slump that followed the global financial crisis in 2009. At the same time, there is a great deal of uncertainty about how the economy will continue to develop, which is having an additional impact on economic activity.

The corona pandemic and the measures to contain it are plunging the euro area into a recession. Overall economic production had been steadily expanding since the beginning of 2013. In the past two years, however, economic momentum had slowed noticeably; in the fourth quarter of the previous year, production growth was only 0.1%. Inflation in the euro area is low at 0.7% (March), and the core rate is also back to the values from autumn 2019 (1.2% in March). Despite the weakening economy, the labor market has remained robust until recently. At the end of 2019, employment rose again by 1.1% within a year, the unemployment rate was 7 in February, 3% and thus roughly at the level before the start of the Great Recession. Admittedly, the long-lasting trend of declining unemployment rates has leveled off noticeably in many countries or has been stopped. The economic prospects in the euro area have darkened as a result of the corona pandemic. Until mid-February, it appeared that the outbreak would remain largely confined to East Asia, and the dislocations would mainly affect the European economy in the form of reduced trade activity and temporarily disrupted international supply chains. The economic prospects in the euro area have darkened as a result of the corona pandemic. Until mid-February, it appeared that the outbreak would remain largely confined to East Asia, and the dislocations would mainly affect the European economy in the form of reduced trade activity and temporarily disrupted international supply chains. The economic prospects in the euro area have darkened as a result of the corona pandemic. Until mid-February, it appeared that the outbreak would remain largely confined to East Asia, and the dislocations would mainly affect the European economy in the form of reduced trade activity and temporarily disrupted international supply chains.

2.3 Economic development in Germany ⁴

The economy collapses as a result of the corona pandemic. In order to noticeably reduce the number of new infections with the virus, the state has severely restricted economic activity in Germany. Personal mobility has been massively restricted, and many types of consumption are currently being avoided. In particular, services in the areas of leisure, entertainment, culture, accommodation and restaurants as well as education, upbringing and care were prohibited. But many retailers have also had to close their outlets. Companies in other economic sectors are not directly affected by this state-mandated shutdown. However, they feel the consequences also because people, out of concern for their health, reduce their consumption if it entails direct contact with other people. The labor supply is also restricted by the lack of childcare and disruptions in cross-border passenger traffic. Companies in the manufacturing sector also reduced their production, in some cases significantly, as supply chains were disrupted and orders dropped as a result of the global fight against the pandemic. The pandemic and the countermeasures taken by the state will shape the economy this year and next. This prognosis is based on assumptions regarding the course of the infection, the duration of the extensive impairment of public life and the associated production restrictions. It was assumed that parts of the economy would be frozen for a period of five weeks from mid-March to mid-April. The assessment of the extent of the production disruption in the individual economic sectors is based on association reports, media reports, financial market prices and the March results of the ifo business surveys. These indicate an unprecedented deterioration in sentiment among German companies in almost all sectors of the economy and a massive increase in uncertainty. However, the shutdown affects the individual economic sectors differently. The institutes' estimates show that value creation in this phase falls by an average of around one fifth.

Under these assumptions, gross domestic product will already shrink by 1.9% in the first quarter of 2020 and collapse by 9.8% in the second quarter (see Table 2.1). This is the strongest decline ever measured in Germany since the quarterly accounts began in 1970 and is more than twice as large as that during the global financial crisis in the first quarter of 2009. The slump in imports and exports, investment in equipment and private consumption is likely to be even worse and are in the double-digit range. The government shutdown measures at home and abroad have the greatest impact on these use components. Investments in construction are also likely to fall.

2.4 Industry Development

The industry once again developed very positively in the past year. The demand for the products and services we offer increased significantly again in the 2019 financial year. The importance of our products in the therapeutic area as well as in research and development is constantly increasing. At the same time, it is also becoming apparent that the production capacities of the competition are being expanded in general and that new competitors are establishing themselves.

3. BUSINESS DEVELOPMENT

3.1 Results of operations

Our company was able to participate in the positive industry and overall economic development in the 2019 financial year. At EUR 42,954 thousand (previous year: EUR 35,540 thousand), the company's sales are approx. 20.9% above the previous year's value.

At EUR 19,598 thousand (previous year: EUR 16,021 thousand), the cost of materials is significantly higher than in the previous year. The development of the cost of materials is mainly due to the increase in sales. The cost of materials ratio adjusted for the change in inventory was 44.6% in the year under review, one percentage point above the previous year's value. This development is mainly due to increased prices.

Personnel expenses increased by EUR 2,550 thousand from EUR 7,525 thousand in the previous year to EUR 10,075 thousand. This development is mainly due to the increase in the number of employees compared to the previous year.

At EUR 7,403 thousand (previous year: EUR 6,142 thousand), other operating expenses are significantly higher than in the previous year. Essentially, the increase in commissions and warranty expenses should be mentioned here.

Due to the effects mentioned above, EBIT fell by EUR 259 thousand to EUR 5,068 thousand (previous year: EUR 5,327 thousand) in the financial year. In the financial year, the company generated a net income of EUR 3,428 thousand (previous year: EUR 3,614 thousand), which corresponds to a decrease of EUR 259 thousand.

The management is nevertheless satisfied with the development in the past financial year. We were able to exceed the sales forecast for the financial year by around EUR 2,400k. Unfortunately, with EUR 3,428 thousand, we were not able to achieve the net income targets set for the previous year and are significantly below the forecast value. This development is mainly due to the increased cost of materials and personnel. In addition, expenses were incurred in the past financial year that were necessary for the realization of future projects.

3.2 Assets

As of the balance sheet date, the balance sheet total was EUR 45,576 thousand. It increased by EUR 11,443 thousand (+33.5%) compared to the previous year. At 37.3%, the equity ratio is below the previous year's level (39.8%). This development is essentially due to the annual surplus, the profit distribution policy and the development of the balance sheet total.

Fixed assets increased by EUR 1,986 thousand to EUR 11,023 thousand due to investments made in the amount of EUR 3,841 thousand, offset by depreciation of EUR 1,855 thousand. Current assets (excluding liquid funds) and prepaid expenses increased by EUR 2,787 thousand. The key factor here is the development of receivables and other assets as a result of the reporting date, which increased by EUR 2,361 thousand compared to the previous year. As a result, the company's receivables target has increased significantly and amounts to 36 days (previous year: 23 days).

3.3 Financial Condition

With an orderly asset and financial position, we see an essential prerequisite for being able to work successfully in the future. We expect to be able to meet our financial obligations at any time as sufficient liquidity is available at short notice. The financial situation can be described as very solid. Liabilities are settled within the payment period and receivables are collected within the payment terms.

Liabilities increased by EUR 7,056 thousand to EUR 25,582 thousand. The debt ratio is 62.7% (previous year 60.2%).

3.4 Personnel

The company employed 175 people on average over the year.

3.5 Key financial performance indicators

In the case of the financial control indicators that are relevant to our economic situation, our focus is on the continuous monitoring of sales, EBIT and liquidity.

3.6 Further developments in the financial year

In the past fiscal year 2019, the company made investments in new production and analysis devices. In addition, the company has further expanded the location in Alt-Fechenheim and secured it for the long term.

3.7 Investment Activities

Due to the continuing increase in demand for our products and services, we will continue to expand production capacities in 2020. The anticipated investment volume here will be around EUR 4.0 million.

Further investments will also be made in the new ERP system. Here we are assuming a volume of > EUR 0.25 million in 2020.

4. OPPORTUNITY AND RISK REPORT

4.1 Risk Management System

Entrepreneurial activity takes place in the field of tension between opportunities and risks. Dealing with risks responsibly is a basic requirement for sustainable business success. Risks can arise from internal processes and actions, but above all from the operational business.

The internal control system has the task of ensuring compliance with all legal regulations, internal rules and instructions and preventing damage caused by fraudulent activities. For this purpose, the procedural regulations, instructions and guidelines are systematically laid down. Compliance with legal regulations and internal company rules is checked regularly.

The risk management system has the task of identifying operational risks at an early stage in order to take appropriate measures to avert imminent damage to the company and to rule out any threat to the company as a going concern. In this way, dangers can be identified, evaluated and counteracted in good time. The company is willing to take manageable risks that are proportionate to the benefits expected from the business activity.

The aim of the company's risk management with regard to the use of financial instruments is to secure the company's success against financial risks of any kind. The avoidance of such risks is the priority here. The company is exposed to price change risks, default and liquidity risks as well as risks from cash flow fluctuations to the extent customary in the industry. Appropriate value adjustments are made to the extent that default and credit risks are identified for financial assets. To minimize the risk of default, the company has an accounts receivable management system with an adequate dunning system.

The basis of the risk management system is essentially the ongoing reporting of monthly key figures and analyzes of deviations from plans and comparative periods.

The main risk areas and individual risks are explained below from the totality of the risks observed, which from the current perspective could have a significant impact on the assets, financial or earnings situation of the company.

4.2 Competition and Market Risks

Possible competition risks continue to lie in an increasing number of competitors. In addition, competition and market risks could also arise on the customer side, for example as a result of vertical product expansion.

4.3 Economic risks

A sustained economic slowdown, particularly as a result of the corona virus and the associated second wave, could also have a negative impact on our customers' demand for the products. However, we currently do not see any specific risks in the short- and medium-term development of demand in the main sales markets. Demand continues to rise.

4.4 IT Risk

To support and control the company, the company has a modern and future-oriented IT structure, which provides all decision-makers with all relevant and necessary information in a timely manner. This is becoming increasingly important, as opportunities can also be positively influenced by IT structures. The control of our company is largely dependent on IT systems and IT-based business processes. A failure of the IT system or sabotage by an external attack pose a particular risk. We counter this risk through permanent investments in the IT infrastructure, the training of our employees and the consultation of external experts.

4.5 Tax Risks

For assessment periods that have not yet been finally audited, there may be changes that can lead to additional tax payments if the tax authorities come to different interpretations of tax regulations or different assessments of the underlying facts as part of external tax audits.

4.6 Opportunity Report

Both the development and introduction of new products and product categories as well as an expansion of the product portfolio will result in growth opportunities. The areas of application and the demand for the products and services we offer will continue to increase in the future.

We see another opportunity in the expertise we have built up, which will also enable us to be successful in the future.

5. FORECAST REPORT

5.1 Expected development of the overall economy and industry

All in all, economic output in Germany is likely to have contracted by 1.9% in the first quarter of 2020 and by 9.8% in the second quarter of 2020. This slump is the sharpest drop recorded since quarterly accounts began in 1970 - and is more than twice the size of the first quarter of 2009.

A similar picture emerges in the rest of the world. The largest economies have recorded significant declines in their economic output.

5.2 Expected development of the company

We continue to assess the expected development of the company positively.

By constantly continuing the business and by carefully observing the market, we will also be able to serve the demand for innovative products and services in the future.

For 2020, we are assuming a renewed increase in sales due to continued good demand. For the 2020 financial year, we are planning sales of around EUR 59.3 million (+38%) with an annual result of around EUR 5,000 thousand.

Management expects the company's asset, financial and earnings situation to continue to develop positively.

Due to the economic situation, the continued existence of the company is secured. There are no risks that could jeopardize the existence of the company. From the current perspective, the risks described above are manageable.

Signatures of the directors

Frankfurt am Main, August 7, 2020

signed Dr. Sylvia Wojczewski

signed Dr. Huseyin Aygun

1 Non-stock report component that was not an audit subject as part of the annual audit (IDW PS 350 nF)

2 Federal Statistical Office, press release no. 018 of January 15, 2020; DIW Diagnosis Spring 2020

3 Project group joint diagnosis spring 2020, DIW Berlin

4 Joint diagnosis spring 2020 project group, DIW Berlin

balance sheet**assets**

	12/31/2019 EUR	12/31/2018 EUR
A. Fixed assets	11,022,643.54	9,036,641.85
I. Intangible assets	175,712.00	180,648.00
II. Tangible assets	10,846,781.54	8,855,843.85
1. Land, land rights and buildings, including buildings on third-party land	491,105.00	556,615.00
2. technical installations and machines	3,736,298.00	2,291,304.00
3. Other facilities, fixtures and fittings	4,957,299.00	5,797,271.00
4. Payments on account and assets under construction	1,662,079.54	210,653.85
III. financial assets	150.00	150.00
1. other financial assets	150.00	150.00
B. Current Assets	34,015,269.16	24,552,793.93
I. Inventories	8,198,853.26	7,772,283.16
II. Receivables and other assets	5,121,585.98	2,759,877.32
III. Cash on hand, Bundesbank balances, bank balances and checks	20,694,829.92	14,020,633.45
C. Prepaid expenses	538,396.04	542,996.90
Total assets, total assets	45,576,308.74	34,132,432.68

liabilities

	12/31/2019 EUR	12/31/2018 EUR
A. Equity	17006717.41	13,578,168.08
I. Drawn capital	27,609.76	27,609.76
1. Treasury shares - openly deducted from subscribed capital	-613.55	-613.55
2. Called-up Capital	26,996.21	26,996.21
II. Profit carried forward	13,551,171.87	9,936,873.76
III. net income	3,428,549.33	3,614,298.11
B. Provisions	2,988,211.79	2,028,267.31
C. Liabilities	25,581,379.54	18,525,997.29
1. Liabilities to banks	50.66	0.00
thereof with a remaining term of up to one year	50.66	0.00
thereof with a remaining term of up to one year	25,568,320.75	18,513,214.99
thereof with a remaining term of more than one year	12,782.30	12,782.30
Balance sheet total, total liabilities	45,576,308.74	34,132,432.68

Profit and Loss Account

	1/1/2019 - 12/31/2019 EUR	1/1/2018 - 12/31/2018 EUR
1. Raw Score	24,402,669.63	20,642,934.98
2. Personnel expenses	10,075,468.79	7,524,909.01
a) Wages and salaries	8,608,398.35	6,475,568.21
b) social security contributions and expenses for pensions and for assistance of that for pensions	1,467,070.44	1,049,340.80
	1,136.21	3,042.70
3. Depreciation	1,855,447.24	1,646,391.35
a) Depreciation of intangible assets and property, plant and equipment	1,855,447.24	1,646,391.35
4. other operating expenses	7,402,252.65	6,142,035.55
5. other interest and similar income	53.62	71.42
6. Interest and Similar Expenses	561.17	889.47
7. Income taxes	1,632,575.50	1,714,176.91
8. Earnings after taxes	3,436,417.90	3,614,604.11
9. other taxes	7,868.57	306.00
10. Net Income	3,428,549.33	3,614,298.11

Appendix**I. General information on the annual financial statements**

The balance sheet and the profit and loss account are structured according to the provisions of the Commercial Code.

As of the balance sheet date, the company has the size characteristics of a medium-sized corporation in accordance with Section 267 (2) HGB.

Information on the identification of the company according to the register court:

Company:

BioSpring Society for Biotechnology Ltd

Seat:	Frankfurt am Main
Registration court:	Frankfurt am Main
Registration court number:	43255

When preparing the notes, the size-related simplification provisions applicable to medium-sized corporations in accordance with Section 288 (2) HGB for the breakdown of sales by area of activity (Section 285 No. 4 HGB) and the disclosure of the auditor's fee (Section 285 No. 17 HGB) were taken into account. claimed. With reference to the protection clause (§ 286 Para. 4 HGB), it is not necessary to state the remuneration in accordance with Section 285 No. 9 Letters a) and b).

II. Information on accounting and valuation methods

The annual financial statements as of December 31, 2019 were prepared on the basis of the accounting and valuation regulations of Book Three of the HGB.

The following **accounting and valuation** methods were applied in detail:

Acquired **intangible assets** are recognized at cost and amortized over their expected useful life.

Property, plant and equipment are stated at historical acquisition or production cost less scheduled depreciation. The performance is proven beyond a doubt in the investment accounting.

Scheduled **depreciation** was carried out on a straight-line basis according to the expected useful life of the assets and in accordance with tax regulations.

The additions to **low-value assets** were written off in full in accordance with Section 6 (2) EStG.

In previous years, additions to **low-value assets** with acquisition or production costs of more than EUR 150.00 and no more than EUR 1,000.00 were created as a collective item in accordance with Section 6 (2a) of the Income Tax Act. This collective item is released in the year of formation and in the following four financial years with a fifth of profit reduction.

Financial assets were valued at acquisition cost, if the applicable values on the balance sheet date were lower, these were recognized.

Inventories **were recognized** at acquisition or production cost. If the daily values on the balance sheet date were lower, they were used.

Raw materials, consumables and supplies as well as work in **progress and finished goods** are stated at acquisition cost or production cost. If the purchase or sales prices were lower on the balance sheet date, these were recognized. The production costs include all individual costs that must be capitalized as well as appropriate parts of the overhead costs and the depreciation.

Receivables and other assets are stated at their nominal value less any necessary value adjustments. The general credit risk is taken into account in the form of flat-rate discounts.

Cash and cash equivalents are stated at their nominal value.

Accruals and deferrals for deferred expenses have been formed in accordance with commercial law regulations.

The **subscribed capital (share capital)** is recognized at nominal value.

Provisions for contingent liabilities have been set up based on prudent business judgment and recognized and valued in accordance with tax regulations.

Liabilities were recognized at their settlement amount.

Receivables and liabilities in foreign currencies are valued at the average spot exchange rate on the balance sheet date. If the exchange rate on the day of the transaction was lower for receivables or higher for liabilities, this is used. Section 256a HGB was also taken into account.

III. Balance sheet information

The development of the assets recorded in the balance sheet is shown in the **asset** schedule (Annex IIIa).

The claims against shareholders to be reported in accordance with Section 42 (3) GmbHG amounted to EUR 258.27 as of the balance sheet date. They are reported under other assets.

All receivables and other assets shown in detail are due within one year.

The profit carried forward from the previous year in the retained earnings amounts to EUR 13,551,171.87 (previous year: EUR 9,936,873.85).

With the exception of one loan, all of the liabilities shown in detail are due within a year. The loan has a term of between one and five years in the amount of EUR 12,782.30 (previous year: 12,782.30).

The following table of **liabilities** provides information on maturities:

	Total	of which remaining	of which remaining	of which remaining
	EUR	term up to 1 year	term more than 1 year	term more than 5 years
	EUR	EUR	EUR	EUR
1. Liabilities to banks	50.44	50.44	0.00	0.00
Previous year	0.00	0.00	0.00	0.00
2. other liabilities	25,581,328.88	25,568,546.58	12,782.30	0.00
Previous year	18,401,803.96	18,513,214.99	12,782.30	0.00
- thereof from taxes	(639,070.65)	(639,070.65)	0.00	0.00
Previous year	(357,423.97)	(357,423.97)	0.00	0.00
- of which within the framework of social security	(0.00)	(0.00)	0.00	0.00
Previous year	(11,058.94)	(11,058.94)	0.00	0.00
	25,581,379.32	25,568,597.02	12,782.30	-

In application of Section 327 HGB, we would like to point out that the **other liabilities** shown here include trade payables, advance payments received and other liabilities.

Contingent liabilities from other financial obligations not recognized in the balance sheet

In addition to the liabilities shown in the balance sheet, there are other financial obligations of EUR 5,013 thousand. These are obligations from existing leases. Of this, approx. EUR 647 thousand is due within one year.

type of deals	purpose	advantages	risks
Rental/ leasing contracts	financing	Optimization of the equity ratio/ balance sheet total	financial obligation

IV. Information on the profit and loss account

The profit and loss account was drawn up using the nature of expense method.

The taxes relate exclusively to the result of ordinary business activities.

V. Other information

1. The following employee groups were employed by the company during the financial year:

employee	171
executives	4
In total	175

2. Management

The following are appointed as managing directors and entered in the commercial register:

Miss Dr. Sylvia Wojczewski, graduate chemist, Frankfurt am Main, technical and commercial director

Dr. Hüseyin Aygün, graduate chemist, Frankfurt am Main, technical and commercial director

The managing directors have sole power of representation and are exempt from the restrictions of § 181 BGB.

Use was made of the protective clause of Section 286 (4) HGB.

3. Proposal for the appropriation of earnings

The management of BioSpring Gesellschaft für Biotechnologie mbH proposes carrying forward the balance sheet profit of EUR 16,979,721.20 to new account.

4. Supplementary report

The outbreak of the Covid pandemic at the end of January 2020 is an event of particular importance after the end of the financial year within the meaning of Section 285 No. 33 HGB new version, which management expects will not have any negative short-term effects on the net assets, financial position and results of operations of society will have.

The long-term effects of the Covid pandemic on the global economy and the possible consequences for our business model cannot currently be determined.

5. Management Signature

Frankfurt am Main, August 7, 2020

signed Dr. Sylvia Wojczewsk

signed Hüseyin Aygün

fixed asset schedule

	Acquisition and production costs				
	01/01/2019 EUR	Additions EUR	Departures EUR	Transfers EUR	12/31/2019 EUR
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	347,439.99	73,984.66	0.00	0.00	421,424.65
Total intangible assets	347,439.99	73,984.66	0.00	0.00	421,424.65
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land	652,353.59	0.00	0.00	0.00	652,353.59
2. technical installations and machines	2,594,539.86	1,599,167.00	0.00	402,927.64	4,596,634.50
3. Other facilities, fixtures and fittings	11,596,907.85	313,943.94	70,849.85	0.00	11,840,001.94
4. Payments on account and assets under construction	210,653.85	1,854,353.33	0.00	-402,927.64	1,662,079.54
Total property, plant and equipment	15,054,455.15	3,767,464.27	70,849.85	0.00	18,751,069.57
III. financial assets					
cooperative shares	150.00	0.00	0.00	0.00	150.00
Total financial assets	150.00	0.00	0.00	0.00	150.00
Total Fixed Assets	15,402,045.14	3,841,448.93	70,849.85	0.00	19,172,644.22
			depreciation		
	01/01/2019 EUR	Additions EUR	Departures EUR	Transfers EUR	12/31/2019 EUR
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	166,791.99	78,920.66	0.00	0.00	245,712.65
Total intangible assets	166,791.99	78,920.66	0.00	0.00	245,712.65
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land	95,738.59	65,510.00	0.00	0.00	161,248.59
2. technical installations and machines	303,235.86	557,100.64	0.00	0.00	860,336.50
3. Other facilities, fixtures and fittings	5,799,636.85	1,153,915.94	70,849.85	0.00	6,882,702.94
4. Payments on account and assets under construction	0.00	0.00	0.00	0.00	0.00
Total property, plant and equipment	6,198,611.30	1,776,526.58	70,849.85	0.00	7,904,288.03
III. financial assets					
cooperative shares	0.00	0.00	0.00	0.00	0.00
Total financial assets	0.00	0.00	0.00	0.00	0.00

	01/01/2019 EUR	Additions EUR	depreciation Departures EUR	Transfers EUR	12/31/2019 EUR
Total Fixed Assets	6,365,403.29	1,855,447.24	70,849.85	0.00	8,150,000.68
				book value	
				12/31/2019 EUR	12/31/2018 EUR
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values				175,712.00	180,648.00
Total intangible assets				175,712.00	180,648.00
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land				491,105.00	556,615.00
2. technical installations and machines				3,736,298.00	2,291,304.00
3. Other facilities, fixtures and fittings				4,957,299.00	5,797,271.00
4. Payments on account and assets under construction				1,662,079.54	210,653.85
Total property, plant and equipment				10,846,781.54	8,855,843.85
III. financial assets					
cooperative shares				150.00	150.00
Total financial assets				150.00	150.00
Total Fixed Assets				11,022,643.54	9,036,641.85

other report components

Information on the determination:

The annual financial statements were approved on August 28, 2020.

In the aforesaid abridged annual financial statements intended for disclosure, the size-related simplifications pursuant to Section 327 HGB were appropriately utilized. We have issued the following audit opinion on the complete annual financial statements and the management report:

audit report

To BioSpring Gesellschaft für Biotechnologie mbH, Frankfurt am Main

audit opinions

We have the annual financial statements of BioSpring Gesellschaft für Biotechnologie mbH, Frankfurt am Main, - consisting of the balance sheet as of December 31, 2019 and the income statement for the financial year from January 1, 2019 to December 31, 2019 and the notes, including the presentation of the accounting and valuation methods. In addition, we have audited the management report of BioSpring Gesellschaft für Biotechnologie mbH, Frankfurt am Main, for the fiscal year from January 1, 2019 to December 31, 2019.

According to our assessment based on the knowledge gained during the audit

- The attached annual financial statements correspond in all material respects to the German commercial law regulations applicable to corporations and, in compliance with the German principles of proper accounting, convey a true and fair view of the assets and financial position of the company as of December 31, 2019 and its earnings position for the financial year from January 1, 2019 to December 31, 2019 and
- the attached management report as a whole provides an accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with § 322 Para. 3 Sentence 1 HGB, we declare that our audit has not led to **any objections** to the regularity of the annual financial statements and the management report.

Basis for the test results

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code, taking into account the German generally accepted auditing principles established by the Institute of Public Auditors in Germany (IDW). Our responsibility under those requirements and standards is further described in the "Auditor's responsibility for the audit of the financial statements and management report" section of our auditor's report. We are independent of the company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe

Responsibility of the legal representatives for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law provisions applicable to corporations in all material respects, and for the fact that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial - and results of operations of the company. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of annual financial statements,

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

In addition, the legal representatives are responsible for preparing the management report, which as a whole provides a suitable view of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the management report be able.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements, whether intentional or unintentional, and whether the management report as a whole provides a suitable view of the company's position and, in all material respects, with the annual financial

statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which contains our audit opinions on the annual financial statements and on the management report.

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code, taking into account the German principles of proper auditing established by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements and management report.

During the audit, we exercise professional judgment and maintain a critical attitude.

Furthermore

- We identify and assess the risks of material misstatement, whether intentional or unintentional, in the annual financial statements and the management report, plan and perform audit procedures responsive to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate in the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these systems of society.
- We evaluate the appropriateness of the accounting methods used by the legal representatives and the justifiability of the estimated values presented by the legal representatives and the related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Company's ability to continue as a going concern can raise. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the financial statements and management report in the auditor's report or, if such disclosures are inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- We assess the overall presentation, the structure and the content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial and earnings situation of the company.
- We assess the consistency of the management report with the annual financial statements, its compliance with the law and the view it conveys of the company's situation.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We discuss with those charged with governance, among other things, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Offenbach am Main, August 7, 2020

HaackSchubert GmbH
auditing company

Hartmut W. Schubert, auditor

Benedikt Barkey, auditor
