

BioNTech SE  
Mainz

Financial Statements and Management Report  
December 31, 2019

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**BioNTech SE Management Report for the 2019 Financial Year**

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# 1 Business Activities and Business Environment

## 1.1 Business Model

BioNTech SE (hereinafter also BioNTech) was founded in 2008 on the understanding that every cancer patient's tumor is unique and that the treatment of each patient should be equally individualized.

A deep understanding of cancer immunotherapy is at the core of the Company's innovations and has resulted in the creation of four complementary drug classes:

- mRNA Therapeutics
- Engineered Cell Therapies
- Antibodies
- Small Molecules Immunomodulators

In addition to these drug classes, BioNTech has key competencies in the field of bioinformatics. On this basis, a proprietary machine-learning algorithm was developed to tailor immunotherapy approaches to individual patients or patient groups.

In addition to research and development, the Company's expertise covers all the building blocks of precision immunotherapy. This ranges from diagnosis, bioinformatics and drug development to production.

BioNTech SE's revenues in 2019 mainly derived from intercompany allocation of expenses for projects and management services and amounted to EUR 31.0 million (2018: EUR 21.3 million).

BioNTech's business model is to develop its precision immunotherapies either alone or in cooperation with its partners. In certain cases, product candidates have been out-licensed to third parties, an approach that may be applied to other product candidates in the future. BioNTech fosters a culture of scientific excellence, shares its scientific achievements, findings and results in "peer-reviewed" publications and has filed numerous patent applications.

BioNTech's strategy in the field of intellectual property also includes third-party licenses in addition to its own patent portfolio.

## 1.2 Legal and Organizational Group Structure

### Legal Structure

BioNTech SE (name and legal form was changed from BioNTech AG to BioNTech SE with effect from 8 March 2019) was founded in 2008 as a spin-off from the Johannes-Gutenberg University of Mainz. The underlying broad technology and patent portfolio was built up over a period of more than 20 years.

BioNTech SE is the parent company of the BioNTech Group and is responsible for the management and development of the Group. BioNTech SE has its registered office in Mainz, Germany (An der Goldgrube 12, 55131 Mainz). In addition, BioNTech SE has in total sixteen subsidiaries and sub-subsidiaries at five different locations in Germany, one location in Austria and two locations in the United States.

The shares of BioNTech SE have been publicly traded as American Depository Shares (ADS) on the Nasdaq Global Select Market since October 10, 2019.

### Organizational Structure

BioNTech SE has a dual management system: The Management Board, as the managing body, currently has five members and is appointed and monitored by the Supervisory Board. The Supervisory Board is elected by the general meeting and currently consists of four members. As of December 31, 2019, BioNTech SE employed 439 people (December 31, 2018: 209) and an annual average of 358 people (2018: 191).

### 1.3 Research and Development

BioNTech develops individualized immune therapies in the fight against cancer, infectious diseases and rare diseases based on four complementary drug classes:

- mRNA Therapeutics
- Engineered Cell Therapies
- Antibodies
- Small Molecules Immunomodulators

As of December 31, 2019, 346 (December 31, 2018: 209) employees were working in research and development. Research and development costs of EUR 87.4 million accounted for 61% of total operating costs (2018: EUR 55.9 million or 73%). Of this amount, EUR 50.9 million was spent on purchased services in the 2019 financial year (2018: EUR 25.5 million).

#### **mRNA Therapeutics**

BioNTech uses mRNA for several complementary immunotherapy approaches that target different types of cancer. mRNA is administered to synthesize proteins within the patient's target cells to trigger a therapeutic response of the immune system designed to fight cancer. mRNA-based therapies can offer significant advantages over traditional vaccination with exogenous peptides or proteins.

#### **Engineered Cell Therapies**

CAR-T cell therapy is a form of immunotherapy that uses specially modified T cells to fight cancer. A sample of a patient's T cells is taken from the blood and modified to create special structures, so-called chimeric antigen receptors (CARs), on their surface. When these CAR-T cells are reinfused into the patient, the new receptors make it possible to bind to a specific antigen on the patient's tumor cells and kill them.

#### **Antibodies**

Immune checkpoint inhibitors target proteins that prevent the immune system from attacking cancer cells. They have become the standard for the treatment of various types of cancer. While already approved checkpoint inhibitors have shown dramatic results in certain patients, they remain ineffective for a significant proportion of cancer patients.

Novel bispecific checkpoint immunomodulators are designed to avoid serious side effects of checkpoint inhibitors, which have been of limited use in the treatment of cancer, by ensuring that they first bind to the cancer cell and only then to the T cell.

#### **Small Molecule Immunomodulators**

Low molecular weight cancer therapeutics can be used to regulate cancer growth and stop the formation of blood vessels in tumors. They deliver toxins to cancer cells and mark cancer cells for destruction by the immune system. In contrast to larger antibody-based cancer therapies, small molecule compounds are often developed for targets that are located in cells because of their physical properties and low molecular weight can penetrate the cells more easily.

While BioNTech is primarily focused on the development and commercialization of individualized immune therapies for the treatment of cancer, we also use our knowledge of the immune system and mRNA-related capabilities to develop drugs in other indications such as infectious diseases (mRNA-based vaccines) and rare genetic diseases (mRNA-based protein replacement).

### 1.4 Collaborations

In addition to the ongoing academic collaboration with the University Hospital of Mainz and Translational Oncology at the University Medical Center of the Johannes Gutenberg University Mainz (Translationale Onkologie an der Universitätsmedizin der Johannes Gutenberg Universität Mainz gemeinnützige GmbH) (hereinafter "TRON") in the field of discovery and further development of technologies, BioNTech has also entered into various collaborations with industrial companies.

- Genentech: Development of individualized neo-epitope-specific mRNA immunotherapies for the treatment of various types of cancer, including melanoma and some solid tumors.
- Genevant - Development of mRNA-based protein replacement therapies for five rare disease indications.
- Genmab - Development of novel bispecific checkpoint immunomodulators.
- Eli Lilly - Investigation of new cancer immunotherapies through research and development of functional T cell receptors (TCRs) and the major histocompatibility complexes targeted by TCRs.
- Pfizer - Development of mRNA-based vaccines to prevent Influenza.
- Sanofi - Development of up to five mRNA-based intratumoral immunotherapies, each containing a mixture of synthetic mRNAs.

## 2 Analysis of the Development of the Company's Business

### 2.1 General Economic and Industry-Related Conditions

The German economy grew last year by 0.5% in price-adjusted terms in an unsettled foreign economic environment, after +1.5% in 2018. Growth has thus lost considerable momentum. New industrial orders have bottomed out. Global economic growth amounted to approximately 2.9% in 2019.<sup>1</sup> The German economy remained subdued at the beginning of 2020. The improvement originally hoped for in Germany in the further course of 2020 is now unlikely to materialize due to the COVID-19 pandemic, as is the global economic growth of 3.3% initially expected by the International Monetary Fund ("IMF"). Instead, a massive recession is expected both in Germany and internationally, the exact extent of which is difficult to assess at present.<sup>2</sup>

The development of BioNTech, which has so far been very strongly focused on research and development activities and generates only very small revenues, is particularly in the area of external financing very much dependent on the general market environment. In addition, we are subject to the general conditions of the market in the area of personnel recruitment and procurement; the pandemic may also lead to deterioration and considerable difficulties in this regard.<sup>3</sup>

#### Oncology Therapeutics

The global market for oncology therapeutics amounted to USD 97 billion in 2017 and is expected to grow by 7.6% annually to USD 177 billion by 2025. Growth drivers include increased cancer rates and higher monthly treatment costs driven by innovative therapeutics. Cancer immunotherapies are a key driver of oncology therapeutics and are expected to grow by 10.4% annually over the same period.<sup>4</sup> The cancer vaccine sub-market is expected to grow even faster at 16.7% per year between 2019 and 2024.<sup>5</sup>

The shift towards more precise and individualized therapies for smaller patient groups and administration by specialized physicians enables BioNTech to bring drug candidates to later stages of development and market these drugs. The number of collaborations with large pharmaceutical companies is also growing steadily and offers biotech companies improved opportunities for revenue generation.

Marketing authorization, pricing and reimbursement are heavily regulated in the healthcare sector. On the one hand, there is the political will of governments to provide cancer patients with highly effective and safe cancer drugs on time. On the other hand, the cost pressure on global health care systems has been increasing for years. As a result, drug manufacturers must not only prove the efficacy and safety of their products in order to obtain marketing authorization, but also demonstrate the cost-effectiveness of their new drug compared to the respective standard of care in order to receive reimbursement. The extent of the increased benefit determines the achievable price of a drug - the prerequisite for significant sales and profits in prescription treatments such as oncology. Precise immunotherapies offer great potential for increased value.

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<sup>1</sup> Source: <https://www.imf.org/en/Publications/WEO/Issues/2020/01/20/weo-update-january2020>

<sup>2</sup> Source: <https://www.imf.org/en/News/Articles/2020/03/27/sp032720-opening-remarks-at-press-briefing-following-imfc-conference-call>

<sup>3</sup> Source: <http://www.euro.who.int/de/health-topics/health-emergencies/coronavirus-covid-19/news/news/2020/3/who-announces-covid-19-outbreak-a-pandemic>;  
<https://www.imf.org/en/News/Articles/2020/03/31/pr20124-remarks-md-kristalina-georgieva-conference-call-g20-finance-ministers-central-bank-governors>

<sup>4</sup> Source: <https://www.alliedmarketresearch.com/oncology-cancer-drugs-market>

<sup>5</sup> Source: <https://www.mordorintelligence.com/industry-reports/cancer-vaccines-market>

## 2.2 Business Performance

### Collaborations

In the 2019 financial year, BioNTech further developed and expanded the collaborations initiated in previous years.

In January 2019, BioNTech entered into an agreement to acquire MAB Discovery GmbH's operational antibody generation unit based near Munich, Germany (hereinafter also referred to as "MAB Discovery"), for a total consideration of kEUR 6,050. The employees of MAB Discovery were transferred automatically to BioNTech with effect as of the closing date. The acquisition closed on April 1, 2019. The acquisition follows on from the existing collaboration between the two companies, in which MAB Discovery uses its proprietary technology to generate antibodies that are currently being developed by BioNTech.

In May 2019, BioNTech acquired from MabVax Therapeutics Holding, Inc. a San Diego-based company focused on the clinical development of cancer therapies, MabVax Therapeutics' lead product candidate MVT-5873 and other preclinical antibody assets to expand and complement its existing antibody portfolio and the development capabilities of its proprietary RiboMABS platform. The product candidate is currently in Phase 1 clinical development in pancreatic cancer and has been tested in 35 patients. First positive interim results were published in February 2018. MVT-5873 is a human IgG1 monoclonal antibody directed against Sialyl Lewis A (sLea), an epitope expressed in pancreatic cancer and other gastrointestinal cancers where it plays a role in tumor adhesion and metastasis.

In June 2019, BioNTech announced the start of clinical development of the product candidate DuoBody®-PD-L1x4-1BB. PD-L1x4-1BB is a bispecific antibody being developed in collaboration with Genmab A/S. In the Phase I/IIa study, the bispecific antibody will be tested in patients with metastatic or surgically unresectable solid tumors that cannot be treated with standard therapy. The DuoBody®-PD-L1x4-1BB is the first jointly developed product candidate to reach the clinical phase. The costs and profits arising from the partnership will be shared on a 50/50 basis. The collaboration, which was signed in 2015 and expanded in 2016 to include additional targets and technologies, aims to develop and commercialize several novel bispecific antibodies with superior in vivo efficacy that specifically activate the immune system against cancer cells.

In September 2019, BioNTech announced a partnership with the Bill & Melinda Gates Foundation for the development of HIV and tuberculosis vaccines. Under this agreement, BioNTech received an initial equity investment of kEUR 49,864 (kUSD 55,000) in September 2019. The funds will be used to develop preclinical vaccine and immunotherapy candidates to prevent HIV and tuberculosis infection as well as to lead to durable antiretroviral therapy-free remission of HIV disease. Total funding under the collaboration could reach kUSD 100 through potential future grant funding from the Gates Foundation that would be used to underwrite the evaluation of these candidates in the clinic and support the initiation of new infectious disease projects.

### Financing

#### *Acquisition of Non-Controlling Interest<sup>6</sup>*

On March 14, 2019, the Company acquired the remaining 5.5% interest in BioNTech Cell & Gene Therapies GmbH, Mainz, Germany, held by Eli Lilly Nederland B.V., Utrecht, Netherlands, in exchange for the issuance of 131,933 new no-par value bearer shares, each with a notional value of EUR 1.00. The exchange of shares resulted in a total increase in equity of kEUR38,249.

#### *Series B Capital Increase<sup>7</sup>*

In June and August 2019, BioNTech completed the Series B financing round, to further develop its individualized cancer medicine pipeline. The financing round represents one of the largest single private funding rounds for a European biotechnology company. BioNTech issued an aggregate of 692,516 ordinary shares (excluding 306,917 ordinary shares which were issued to a Hong Kong-based

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<sup>6</sup> Information before stock split.

<sup>7</sup> Information before stock split.

investor and subsequently transferred to BioNTech for no consideration; these shares are held as treasury shares) to certain new and existing shareholders at a price of USD 18.10 per share for aggregate proceeds of kEUR 198,548 (kUSD 225,622). These share issuances led to an increase of share capital of kEUR 17,990 and capital reserves of kEUR 186,390 and recognition of a treasury share balance of kEUR 5,525.

#### *Initial Public Offering - IPO*

On October 10, 2019, BioNTech increased its share capital by kEUR 10,000 in conjunction with the Initial Public Offering. American Depositary Shares (ADS), which represent ordinary shares, were offered on the Nasdaq Global Select Market at a price of USD 15.00. On November 6, 2019, BioNTech increased its share capital by kEUR 517 upon the execution of the underwriter's option. American Depositary Shares, which represent ordinary shares, were also issued at a price of USD 15.00. The gross proceeds were kEUR 143,260 (kUSD 157,761) including kEUR 10,517 increase in share capital and kEUR 132,743 increase in capital reserve.

#### *European Investment Bank Loan (EIB)*

On December 17, 2019, BioNTech and the European Investment Bank (hereinafter also referred to as "EIB") announced that they had signed an agreement granting BioNTech financing of up to EUR 50 million. Within the scope of the clinical development of patient-specific immunotherapies for the treatment of cancer and rare diseases, BioNTech will use the funds for research and development, market access and the expansion of manufacturing facilities for mRNA-based product candidates. The payout is subject to various conditions such as the achievement of milestones.

## **2.3 Net Assets, Financial Position and Results of Operations**

### **2.3.1 Results of Operations**

#### **Revenues**

Sales revenues rose by EUR 5.8 million year-on-year from EUR 25.4 million to EUR 31.2 million, an increase of 23%. The increase is due to the allocation of increased intercompany expenses for projects and management services.

#### **Research and Development Expenses**

Research and development expenses amounted to EUR 87.4 million (2018: EUR 55.9 million, +56%). The increase was mainly due to higher personnel expenses and costs for purchased services and materials. The number of employees in the research increased by 151 (2018: 60) compared to the previous year's end.

#### **General and Administrative Expenses**

General and administrative expenses rose by EUR 34.5 million year-on-year to EUR 53,794 million. The increase was mainly due to higher personnel costs and expenses in connection with the IPO on the Nasdaq Global Select Market.

#### **Other Operating Income**

Other operating income amounted to EUR 0.6 million (2018: EUR 2.2 million). BioNTech SE released funds from public institutions in the amount of EUR 0.2 million in the 2019 financial year (2018: EUR 1.8 million).

#### **Financial Result**

The financial result shows a negative development compared to the previous year. This is due in particular to a EUR 74.8 million increase in the transfer of losses from affiliated companies. At EUR 2.3 million, net interest income improved by EUR 1.8 million year-on-year.



### **Loss for the Period**

In the 2019 financial year, a net loss of EUR 194.5 million (2018: EUR 16.9 million) was reported.

### **2.3.2 Financial Position**

The goal of BioNTech SE's financial management is to provide liquidity for the growth of its subsidiary companies. In addition to equity providers, important sources are public subsidies and the operating activities of parts of the group and the resulting cash inflows. Scenario and cash flow planning is used to determine liquidity requirements.

#### **Capital Structure**

On September 18, 2019, BioNTech effected a 1:18 share split by issuing 206,595,492 shares by way of a capital increase from its own funds; thus, no outside proceeds were received. This capital increase came into effect upon registration with the commercial register (*Handelsregister*).

The subscribed capital increased by EUR 221.6 million in the financial year, from EUR 10.7 million to EUR 232.3 million, due to capital increases by issuing new shares. Of these, 5,524,506 ordinary shares are held as treasury shares as of 31 December 2019. As a result of the financing transactions, the capital reserve increased by EUR 318.3 million to EUR 745.9 million in the financial year ended December 31, 2019.

#### **Investments**

In the 2019 financial year, investments in property, plant and equipment such as plant and equipment (EUR 4.8 million). Total capital expenditures amounted to EUR 16.1 million (2018: EUR 11.3 million), while investments in intangible assets amounted to EUR 7.4 million (2018: EUR 0.7 million), mainly related to the acquisition of the intangible assets of MAB Discovery.

Depreciation of property, plant and equipment - land, plant and equipment - amounted to EUR 5.3 million in 2019 (2018: EUR 2.5 million). Amortization of intangible assets amounted to EUR 2.4 million compared to EUR 0.7 million in 2018.

#### **Liquidity**

As of December 31, 2019, the Company had cash and cash equivalents of EUR 366.3 million, compared to EUR 209.1 million at the end of 2018. The increase is mainly due to the inflow of cash and cash equivalents resulting from the capital increases in the financial year (EUR 392.0 million; 2018 EUR 361.7 million). In contrast, the Company spent EUR 206.8 million on investment activities. There was a cash outflow from operating activities of EUR 52m, which is mainly due to the change in working capital.

### **2.3.3 Net Assets**

As of December 31, 2019, total assets amounted to EUR 706.2 million, an increase of EUR 353.4 million compared to EUR 352.8 million as of December 31, 2018. The increase is due to the cash inflow from the capital increase.

#### **Current and Long-Term Assets**

Compared to December 31, 2018 (EUR 82.3 million), non-current assets increased by EUR 242.0 million to EUR 324.3 million as of December 31, 2019, primarily due to higher liquidity requirements as a result of the increased business volume and the associated increase in loans to affiliated companies by EUR 198.6 million.

The increase in current assets by EUR 111.4 million to EUR 381.9 million (2018: EUR 270.5 million) is primarily due to the increase in cash and cash equivalents, among other things as a result of the capital increase. At the same time, receivables from affiliated companies declined by EUR 49.2 million year-on-year, mainly due to the settlement of the profit transfer for 2018.

## Equity

Equity rose by EUR 340.6 million to EUR 589.5 million as of December 31, 2019. The increase in capital reserves (2018: EUR 427.6 million) amounted to EUR 318.3 million year-on-year, while subscribed capital rose by EUR 221.6 million to EUR 232.3 million.

## Liabilities

The increase of EUR 86.4 million in liabilities to EUR 108.0 million (2018: EUR 21.6 million) is mainly due to the increase in liabilities to affiliated companies as a result of the absorption of losses in 2019.

## 2.4 Overall Summary of Business Performance and of Economic Position

BioNTech aims to develop new therapies for various diseases. At this stage, these activities still require high investment. Therefore, the Company does not primarily measure its business success in terms of key financial figures, but rather in terms of its research performance and, in particular, in terms of the extent to which it achieves its goals. Together with collaboration partners, BioNTech has developed a pipeline of over 20 product candidates. Since the IPO, the number of product candidates has increased from seven to ten, which are currently in eleven ongoing clinical trials. Overall, we believe that the progress made in the pipeline and the further development of the collaborations in the 2019 financial year were positive and are in line with our expectations and plans.

## 2.5 Performance Indicators

### 2.5.1 Non-Financial Performance Indicators

As a company that combines innovative research with modern technologies in the development of therapies for cancer and rare diseases, progress in research performance is a key performance indicator. BioNTech is working to clinically prove the benefits of this approach to treatment and is continuously expanding collaborations and production capabilities to provide individualized treatments to patients around the world. Research progress is monitored through the pipeline, which tracks the development of product candidates.

In 2019, BioNTech started to strategically deal with the topic of Corporate Social Responsibility (CSR). First measures undertaken were the establishment of a CSR management with a steering board, the implementation of a materiality analysis and the development of suitable CSR goals and performance indicators in dialogue with the relevant departments. These were published in 2020 in the first CSR program and grouped into the following topics:

- Attractive Employer
- Environmental Protection
- Responsible Governance
- Economic Success
- Corporate Citizenship

A detailed description of the CSR program is part of the non-financial reporting in the annual report. With this voluntary publication of relevant non-financial information, we address all stakeholders, especially investors with high expectations of the performance of companies in the areas of environmental, social and governance (ESG).

The CSR report is published as a separate part of the annual report.

### 2.5.2 Financial Performance Indicators

Since BioNTech does not generate significant revenues from products based on its research and development expenditures, compliance with cash flow planning serves as a financial performance

indicator. BioNTech's liquidity requirements are monitored and managed on the basis of a liquidity management system. This liquidity management includes the setting of expenditure budgets, the planning of financing requirements and the securing of sufficient liquidity. The BioNTech group's controlling committee reviews the group's existing liquidity holdings on a weekly basis. In doing so, the total of cash and cash equivalents, cash outflows and currency-related changes in cash and cash equivalents are taken into account. The group monitors the liquidity holdings using the so-called cash burn rate. The cash burn rate is the average monthly net cash flows from operating activities and investing activities within a year. At present, BioNTech assumes that the existing cash and cash equivalents will be sufficient to fund our operating expenses and capital expenditure requirements into the third quarter of 2021.

## 3 Report on Forecast, Opportunities and Risk

### 3.1 Forecast Report

BioNTech is part of the pharmaceutical and biotechnology industry, which is characterized nationally and internationally by its high innovative power. Global demographic change and medical progress offer the industry solid growth prospects. The demand and competitive situation for BioNTech's technologies remains very favorable and discussions with potential partners are ongoing. BioNTech's desired growth and the development of new and ongoing projects and studies is driven by business development activities and increases the need for financing.

In the 2020 financial year, we expect the start of several clinical studies and data updates in numerous development programs. In connection with product candidates that are in ongoing clinical trials, BioNTech intends to initiate up to four Phase 2 studies in 2020. In the area of preclinical programs, BioNTech expects to start several clinical trials across all platforms.

At the beginning of March 2020, BioNTech announced the development of a vaccine to induce immunity for and prevent COVID-19 infection. BioNTech's product candidate BNT162 is a potential first-in-class mRNA vaccine in the worldwide effort against COVID-19. As part of this program, BioNTech has announced two strategic collaborations with large pharmaceutical companies to globally develop BioNTech's vaccine candidates and supply an approved vaccine globally. BioNTech and Pfizer Inc. ("Pfizer"; NYSE: PFE) are jointly developing a vaccine against COVID-19, initially in the United States and Europe. In a strategic alliance with Shanghai Fosun Pharmaceutical (Group) Co., Ltd ("Fosun Pharma"; stock symbol: 600196.SH, 02196.HK), BioNTech and Fosun Pharma are further developing COVID-19 vaccine candidates in China.

In addition to its development efforts, as the global COVID-19 pandemic continues to evolve, BioNTech has continuously monitored the situation in regards to its operations and has put significant measures in place to protect supply chain, operations, employees and the execution of clinical trials. BioNTech has not seen any impact on its mRNA manufacturing, nor on its CAR-T manufacturing operations. BioNTech has implemented a plan to manage the evolving disruptions on the clinical programs, and is prioritizing execution of ongoing clinical trials, whereas certain first-in-human (FIH) clinical trial timelines have been affected. BioNTech intends to initiate Phase 2 trials as planned, manage ongoing Phase 1 trials to support timely completion and optimize ability to initiate and conduct FIH studies. The extent to which the COVID-19 pandemic impacts BioNTech's operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. BioNTech will continue to evaluate potential effects and will provide updates as appropriate.

For the 2020 financial year, we expect net cash to be used of EUR 242 million for operating activities and EUR 58 million for investments into property, plant and equipment. The 2020 base business plan was prepared before the acquisition of Neon Therapeutics, Inc. ("Neon"; Nasdaq: NTGN) and the BNT162 vaccine program for the prevention of COVID-19 infections. The current development, taking into account the acquisition of Neon and the BNT162 vaccine program, remains consistent with current forecasts of EUR 300 million net cash to be used for operating activities and investments into property, plant and equipment. The majority of BioNTech development costs for the BNT162 program in 2020 will be funded via Pfizer and Fosun Pharma cost sharing, equity investments and upfront payments. We also anticipate additional funding to support the manufacturing scale-up for our BNT162 program in 2020. Therefore, we believe that our existing cash and cash equivalents will be sufficient to fund our operating expenses and capital expenditure requirements into the third quarter of 2021. The EUR 152 million operating cash outflow on group level expected last year was actually EUR 199 million in 2019. The EUR 55 million cash outflow expected last year for investments was actually EUR 77 million in 2019. The higher cash outflows are mainly due to increased spending in the area of research and the associated investments in fixed assets.

## 3.2 Risk Report

### Risk Management

The risk management of BioNTech SE includes the identification, evaluation and management of risks of the BioNTech Group across all segments, whereby risks are understood as a deviation from the plan in both the negative (risk) and positive (opportunity) sense. It aims to make risks and their impact on the Company and the corporate strategy transparent, thus enabling these risks to be managed effectively. For this reason, all significant risks in the organization are considered and all departments and divisions are included in the risk management processes.

As a first step, a systematic risk assessment was carried out by means of extensive interviews with various departments and hierarchical levels. The result was a first comprehensive risk list for BioNTech SE. This extensive list was then checked for plausibility and 85 individual risks were identified, which were summarized in 19 thematic risk categories. The individual risks are assigned to so-called risk owners who are responsible for managing these risks and who have the necessary competencies and responsibilities to do so. In a second step, the individual risks and the risk categories were reviewed and refined once again with the risk owners. The individual risks were evaluated by the risk owners by determining the probability of occurrence and the expected impact on company value. Both the probability of occurrence and the effect on the enterprise value were divided into different groups. From both values, a key figure was determined for each risk category; the risk inventory was sorted according to the extent of the expected impact on the enterprise value.

It is planned to carry out this risk assessment process twice a year, once in Q1 and once in Q3, with a more detailed and comprehensive survey at the beginning of the year, while Q3 is more likely to be a review of the results. It is also planned to include risk mitigation measures in the risk management processes. The aim is to determine the possible effects of these measures on company value, so that a net risk can be determined. The results of both cycles of the risk survey will be presented to the Management Board and the Audit Committee on a quarterly basis from 2020 onwards, so that the results can be discussed and, where necessary, additional measures taken.

The following areas were identified as the risk categories with the greatest impact (greater than EUR 10 million):

- Market
- Communication
- Intellectual Property (IP)
- Partnerships
- Manufacturing
- Research and Development (R&D)

The Management Board and Supervisory Board will continue to focus on the development of the risk management system in 2020 and methods and processes will be continuously developed.

### Risks

The risk categories identified within the framework of risk management can be summarized as follows with regard to BioNTech:

#### *Market*

The long-term risk of generating lower revenues than expected exists due to lower than expected prices and volumes achievable, e.g. as a result of negotiations with health insurance companies and other cost units, market entry barriers, growing competition or changes in health care legislation. A financial market risk results from the currency risk from the development of the U.S. dollar. We generate income and incur expenses in U.S. dollars as well as in euros. While we are able to offset cash outflows in U.S. dollars with cash inflows in U.S. dollars, we have additional U.S. dollar money positions that are subject

to exchange rate risk. We therefore monitor the development of the U.S. dollar exchange rate on an ongoing basis and conduct exchange transactions at favorable rates in order to be able to service current obligations in euros. As part of the further expansion of our structures, we set up a treasury function in the first quarter of 2020.

#### *Communication*

The considerably stricter regulations associated with the IPO as well as the increasing number of addressees (existing and potential shareholders, supervisory authorities, employees and the public) increase the complexity of communication. The new requirements necessitate a much greater need for coordination between internal and external communications and the specialist departments and lead to an increased risk of penalties and loss of reputation for violations of existing regulations.

#### *Intellectual Property (IP)*

Due to the strong growth and increase in collaborations with scientific and commercial partners and BioNTech's very broad scientific basis, there is always the risk that existing knowledge or patents cannot be sufficiently protected and defended.

#### *Partnerships*

A growing number of commercial partnerships always involves the risk of legal disputes and, in the worst case, termination of the partnership with serious consequences for the reputation and financial situation of BioNTech.

#### *Manufacturing*

Despite strict controls and careful production processes, there is both the risk that a product does not meet the quality requirements and must be recalled and the risk that capacity is not sufficient to produce the necessary quantities. Both situations can lead to legal disputes with penalties and loss of reputation.

#### *Research and Development (R&D)*

This category includes the usual risk in the industry that product candidates may not be developed to market maturity, or only with a delay, due to scientific, procedural or regulatory reasons. Likewise, despite optimal preparation, unforeseeable complications or side effects may occur during clinical trials, which in the worst case could lead to legal disputes and compensation payments.

The potential impact of COVID-19 on BioNTech will be closely monitored. The COVID-19 pandemic could affect our ability to recruit patients for clinical trials. In addition, the availability and performance of our suppliers, licensors and CROs may be impaired by the effects of COVID-19. In particular, absences of our employees due to self-isolation procedures or prolonged illness must be expected. Such absences of such third parties and our employees can lead to considerable disruption of our activities. Overall, the pandemic may also have the effect that we will not be able to complete our clinical studies on the dates currently expected and that we will not be able to build up our manufacturing capacities at the desired speed. It is currently not possible to predict the likelihood, timing or severity of the above-mentioned direct and indirect effects of COVID-19 on our business.

At the time of preparing this report, the Management Board considers the overall risks to be manageable and the Company's continued existence as a going concern not to be at risk.

### **3.3 Opportunities Report**

BioNTech possesses patent-protected technologies, which could create opportunities for the Company in the future. In addition to developing its own product candidates, the Company has the option to license its own technologies to external partners or join forces with them. This option represents a diversification opportunity in the therapeutic business field.

BioNTech is very confident that the products currently being developed for various indications as part of its diversification strategy will cover a considerable medical need and can be successfully marketed. BioNTech continues to invest in its existing and new technologies. New technology modules could also open up new disease areas. This includes the COVID-19 vaccine development announced at the beginning of 2020, which BioNTech is planning with its partners Pfizer Inc. and Shanghai Fosun Pharmaceutical (Group) Co, Ltd.

The technology development is driven by a team of scientists who focus on the further development of BioNTech technologies. In addition to internal technology development, BioNTech also relies on external partners to strengthen its technological position.

## 4 Declaration on Corporate Governance pursuant to Section 289f of the Commercial Code (HGB)

### 4.1 Declaration on the Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

The German Stock Corporation Act requires that the Management Board and Supervisory Board of German companies that are listed on a stock exchange regulated and supervised by an officially recognized body issue a declaration each year in which either (i) it declares that the recommendations of the Corporate Governance Code (“Code”) have been complied with or (ii) lists the recommendations with which the company has not complied and explains the reasons for the deviation from the recommendations of the Corporate Governance Code (declaration of compliance). There is no obligation to comply with the recommendations (*Empfehlungen*) or suggestions (*Anregungen*) of the Corporate Governance Code. A company listed in this sense is obliged to state in this annual declaration whether it intends to comply with the recommendations or to list the recommendations which it does not intend to comply with in the future. These declarations must be made available to shareholders at all times. If, between these annual declarations, the company changes its policy with regard to certain recommendations, it must disclose this fact and explain the reasons for the deviation from the recommendations. Non-compliance with the suggestions contained in the Corporate Governance Code in addition to the recommendations does not have to be disclosed.

As a company listed exclusively on the Nasdaq Global Select Market, we are not subject to the provisions of Section 161 of the German Stock Corporation Act (*AktG*), so the Corporate Governance Code does not apply to us either. However, we would like to issue the annual declaration of compliance on a voluntary basis. We therefore follow the recommendations of the Corporate Governance Code with the exception of the provisions which are expressly listed in the Declaration of Compliance and for which we explain why we do not comply with them.

The Management Board and Supervisory Board have dealt extensively with the recommendations of the Corporate Governance Code, and on May 4, 2020, the following declaration of conformity pursuant to Section 161 para. 1 of the German Stock Corporation Act (*AktG*) was adopted; such declaration was made in accordance with Section 3.10 of the Code in connection with the declaration on corporate governance pursuant to section 315d in conjunction with section 289f of the Commercial Code (*HGB*):

With the exception of the points listed below, BioNTech has complied with all recommendations of the German Corporate Governance Code (“Code”) in the version from December 16, 2019 and will continue to comply with them in the future.

- In the few months since its IPO on NASDAQ, the Supervisory Board did not carry out a self-evaluation of its activities (see Item D.13 of the Code), since a large number of matters had to be dealt with as a matter of priority and the Supervisory Board considers that it should undergo such a measure at most once a year. It intends to carry out such an assessment later in 2020.
- Contrary to Item F.2 of the Code, the management report has not been made available within 90 days of the end of the financial year. In light of its presence on the capital market in the USA, the Company has initially focused on the publication of its annual report on Form 20-F within this period, which contains comparable information. For the future, the Company intends to publish the management report within the above-mentioned period.
- The variable remuneration for the Management Board is only payable if the defined stringent performance criteria are met. If necessary, the Supervisory Board is authorized to reduce the remuneration pursuant to section 87(2) of the German Stock Corporation Act. Furthermore, the Company does not consider it appropriate to provide for the possibilities of withholding or even repayment of the remuneration (see Item G.11 of the Code).



## 4.2 Composition and Working Methods of the Management Board, Supervisory Board and Committees

### 4.2.1 Two-Tiered Board Structure

A fundamental feature of BioNTech's corporate governance system is the two-tiered board structure with a transparent and effective division of corporate management and its supervision between the Management Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*). The Management Board is strictly separated in terms of personnel from the Supervisory Board, which monitors the activities of the Management Board and decides on its appointment: no individual may simultaneously be a member of both boards.

Our Management Board is responsible for the day-to-day management of our business in accordance with applicable laws, our Articles of Association (*Satzung*) and the Management Board's internal rules of procedure (*Geschäftsordnung*). Our Management Board represents us in our dealings with third parties.

The principal function of our Supervisory Board is to supervise our Management Board. The Supervisory Board is also responsible for appointing and removing the members of our Management Board, representing us in connection with transactions between a current or former member of the Management Board and us, and granting approvals for certain significant matters.

Our Management Board and our Supervisory Board are solely responsible for and manage their own areas of competency (*Kompetenztrennung*); therefore, neither board may make decisions that, pursuant to applicable law, our Articles of Association or the internal rules of procedure are the responsibility of the other board. Members of both boards owe a duty of loyalty and care to us. In carrying out their duties, they are required to exercise the standard of care of a prudent and diligent businessperson. If they fail to observe the appropriate standard of care, they may become liable to us.

In carrying out their duties, the members of both boards must take into account a broad range of considerations when making decisions, including our interests and the interests of our shareholders, employees, creditors and, to a limited extent, the general public, while respecting the rights of our shareholders to be treated on equal terms. Additionally, the Management Board is responsible for implementing an internal monitoring system for risk management purposes.

Our Supervisory Board has comprehensive monitoring responsibilities. To ensure that our Supervisory Board can carry out these functions properly, our Management Board must, among other duties, regularly report to our Supervisory Board regarding our current business operations and future business planning (including financial, investment and personnel planning). In addition, our Supervisory Board or any of its members is entitled to request special reports from the Management Board on all matters regarding the Company, our legal and business relations with affiliated companies and any business transactions and matters at such affiliated companies that may have a significant impact on our position at any time.

Under German law, our shareholders have, as a general rule, no direct recourse against the members of our Management Board or the members of our Supervisory Board in the event that they are believed to have breached their duty of loyalty and care to us. Apart from when we are unable to fulfill our third party obligations, tortious conduct to board members or other special circumstances, only we have the right to claim damages against the members of our two boards.

We may waive these claims to damages or settle these claims only if at least three years have passed since a claim associated with any violation of a duty has arisen and only if our shareholders approve the waiver or settlement at a shareholders' meeting with a simple majority of the votes cast, provided that no shareholders who in the aggregate hold one-tenth or more of our share capital oppose the waiver or settlement and have their opposition formally recorded in the meeting's minutes.

## 4.2.2 Supervisory Board

German law requires that the Supervisory Board consists of at least three members, while a company's articles of association may stipulate a certain higher number. Our Supervisory Board currently consists of four members. As we are not subject to co-determination, the members of our Supervisory Board are all elected by the shareholders' meeting in accordance with the provisions of the SE Regulation and the German Stock Corporation Act (*AktG*).

The following table sets forth the names and functions of the current members of our Supervisory Board, their ages as of December 31, 2019, their terms (which expire on the date of the relevant year's general shareholders' meeting) and their principal occupations outside of our Company:

Name	Age	Start of the Term (Original Appointment)	Term Expires	Principal Occupation
Helmut Jeggle	49	2008	2023	Chief Executive Officer and Chief Operating Officer of ATHOS Service GmbH, Munich
Michael Motschmann	62	2008	2023	Member of the Board of Management and Head of Equity Investments of MIG Verwaltungs AG, Munich
Prof. Christoph Huber, M.D.	75	2008	2023	Chairman Emeritus at the Johannes-Gutenberg University Mainz
Dr. Ulrich Wandschneider	58	2018	2023	Independent consultant to life sciences companies

The business address of the members of our Supervisory Board is the same as our business address: An der Goldgrube 12, D-55131 Mainz, Germany.

German law does not require the majority of our Supervisory Board members to be independent and neither our Articles of Association (*Satzung*) nor the rules of procedure for our Supervisory Board provide otherwise. In the opinion of the Supervisory Board, an appropriate number of the Supervisory Board members are independent of the shareholders (i.e. of the entire Supervisory Board) if the Supervisory Board has two independent members. In fact, three members are independent, namely Michael Motschmann, Prof. Christoph Huber, M.D and Dr. Ulrich Wandschneider. The Supervisory Board considers Mr. Motschmann and Prof. Huber, M.D. to be independent, notwithstanding that they will soon have been members of the Supervisory Board for a period of more than 12 years; this does not constitute a conflict of interest. The rules of procedure for our Supervisory Board provide that the Supervisory Board should have an independent member with expertise in the field of accounting, internal control processes and auditing. Dr. Ulrich Wandschneider fulfills this criterion.

Under European law, a member of a supervisory board of an SE may be elected for a maximum term to be specified in the articles of association, which must not exceed six years. Re-election, including repeated re-election, is permissible. The shareholders' meeting may specify a term of office for individual members or all of the members of our Supervisory Board which is shorter than the standard term of office and, subject to statutory limits, may set different start and end dates for the terms of members of our Supervisory Board. Our Articles of Association provide for a term of approximately five years, depending on the date of the annual general shareholders' meeting in the year in which the term of the relevant member is to expire.

The shareholders' meeting may, at the same time as it elects the members of the Supervisory Board, elect one or more substitute members. The substitute members replace members who cease to be members of our Supervisory Board and take their place for the remainder of their respective terms of office. Currently, no substitute members have been elected or have been proposed to be elected.

Members of our Supervisory Board may be dismissed at any time during their term of office by a resolution of the shareholders' meeting adopted by at least a simple majority of the votes cast. In addition, any member of our Supervisory Board may resign at any time by giving one month's written notice - or, in the event of cause, giving written notice with immediate effect - of his or her resignation to the Management Board.

Our Supervisory Board elects a chairperson and a deputy chairperson from its members. The deputy chairperson exercises the chairperson's rights and obligations whenever the chairperson is unable to do so. The members of our Supervisory Board have elected Mr. Helmut Jeggle as chairperson and Dr. Ulrich Wandschneider as deputy chairperson, each for the term of their respective membership on our Supervisory Board.

The Supervisory Board meets at least twice each calendar half-year. Our Articles of Association provide that a quorum of the Supervisory Board members is present if at least three of its members participate in the vote. Members of our Supervisory Board are deemed present if they attend the meeting via telephone or other (electronic) means of communication (including via video conference) or submit their written vote through another member. Additionally, our Articles of Association allow for resolutions to be taken via telephone or other (electronic) means of communications (including via video conference).

Resolutions of our Supervisory Board are passed by the vote of a simple majority of the votes cast unless otherwise required by law, our Articles of Association or the rules of procedure of our Supervisory Board. In the event of a tie, the chairperson of the Supervisory Board has the casting vote. Our Supervisory Board is not permitted to make management decisions, but in accordance with European and German law and in addition to its statutory responsibilities, it has determined that certain matters require its prior consent, including:

- entering into certain large transactions;
- creating or holding any interest in businesses (except wholly owned subsidiaries) or disposing of shares in businesses (except for a sale of JPT);
- issuing shares from authorized capital, unless the shares are issued pursuant to a redemption of stock appreciation rights; and
- acquiring treasury shares in return for valuable consideration.

The remuneration of the members of the Supervisory Board is described in the following remuneration report.

### **Supervisory Board Practices**

Decisions are generally made by our Supervisory Board as a whole, however decisions on certain matters may be delegated to committees of our Supervisory Board to the extent permitted by law. The chairperson, or if he or she is prevented from doing so, the deputy chairperson, chairs the meetings of the Supervisory Board and determines the order in which the agenda items are discussed, the method and order of voting, as well as any adjournment of the discussion and passing of resolutions on individual agenda items after a due assessment of the circumstances. Our Supervisory Board may designate further types of actions as requiring its approval.

In addition, each member of the Supervisory Board is obliged to carry out his or her duties and responsibilities personally, and such duties and responsibilities cannot be generally and permanently delegated to third parties. However, the Supervisory Board and its committees have the right to appoint independent experts for the review and analysis of specific circumstances in accordance with its control and supervision duties under applicable European and German law. BioNTech would bear the costs for any such independent experts that are retained by the Supervisory Board or any of its committees.

Pursuant to Section 107 para. 3 of the German Stock Corporation Act (*AktG*), the supervisory board may form committees from among its members and charge them with the performance of specific tasks. The committees' tasks, authorizations and processes are determined by the supervisory board. Where permissible by law, important powers of the supervisory board may also be transferred to committees.

By resolution, the Supervisory Board has established an Audit Committee, a Remuneration, Nominating and Governance Committee and a Capital Markets Committee. Set forth in the table below are the current members of the Audit Committee, the Remuneration, Nominating and Corporate Governance Committee and the Capital Markets Committee.

Name of Committee	Current Members
Audit Committee	Dr. Ulrich Wandschneider, Michael Motschmann and Helmut Jeggle
Remuneration, Nominating and Corporate Governance Committee	Michael Motschmann, Prof. Christoph Huber, M.D. and Dr. Ulrich Wandschneider
Capital Markets Committee	Helmut Jeggle and Michael Motschmann

### **Audit Committee**

Our Audit Committee consists of Dr. Ulrich Wandschneider, Michael Motschmann and Helmut Jeggle. Dr. Ulrich Wandschneider is the chair of the Audit Committee. The Audit Committee assists the Supervisory Board in overseeing the accuracy and integrity of our financial statements, our accounting and financial reporting processes and audits of our financial statements, the effective functioning of our internal control system, our risk management system, our compliance with legal and regulatory requirements, our independent auditor's qualifications and independence, the performance of the independent auditor and the effective functioning of our internal audit functions, and, subject to certain limitations, adopts and implements pertinent decisions on behalf of the Supervisory Board. The Audit Committee's duties and responsibilities to carry out its purpose, include, among others:

- considering the commissioning of the audit engagement, as well as the compensation, retention and oversight of the independent auditor;
- evaluating the qualifications, independence and performance of the independent auditor;
- reviewing and pre-approving the audit and non-audit services to be performed by the independent auditor;
- reviewing and discussing with the independent auditor and management the annual audit plan, as well as critical accounting policies and practices to be used;
- reviewing and discussing with the independent auditor and management the adequacy and effectiveness of our internal accounting controls and critical accounting policies;
- reviewing and discussing with the independent auditor and management the results of our annual audit;
- reviewing and discussing with the independent auditor and management any quarterly or annual earnings announcements;
- reviewing any related party transactions and reviewing and monitoring potential conflict of interest situations on an ongoing basis for compliance with our policies and procedures;
- overseeing procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters; and
- reviewing and evaluating the performance of the Audit Committee and its members.

Within the limits of applicable European and German law, the Audit Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other engagement terms of special or independent

counsel, accountants or other experts and advisors, as it deems necessary or appropriate for so discharging its duties and responsibilities, without seeking approval of the Management Board or Supervisory Board. The Audit Committee has legal power to enter into contracts on our behalf and we will be bound to these and will be obliged to discharge any obligations as the Audit Committee may incur on our behalf for these purposes.

Dr. Ulrich Wandschneider and Michael Motschmann qualify as “independent directors” as such term is defined in Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended, and Nasdaq Rule 5605. We intend to have a fully independent audit committee within one year from effectiveness of our initial public offering registration statement, as permitted by Rule 10A-3. Additionally, our Supervisory Board has determined that Dr. Ulrich Wandschneider qualifies as an “audit committee financial expert” as that term is defined under the U.S. Securities Exchange Act of 1934, as amended.

### **Remuneration, Nominating and Corporate Governance Committee**

Our Remuneration, Nominating and Corporate Governance Committee consists of Michael Motschmann, Prof. Christoph Huber, M.D. and Dr. Ulrich Wandschneider. Mr. Motschmann is the chair of the committee. The Remuneration, Nominating and Corporate Governance Committee’s duties and responsibilities to carry out its purpose include, among others:

- preparing and discussing with management policies relating to the remuneration of the members of our Management Board;
- reviewing and supervising corporate goals and objectives for the remuneration of the members of the Management Board, including evaluation of the performance of the members of the Management Board in light of these goals and proposals to the Supervisory Board for remuneration based on such evaluations;
- reviewing all equity-based compensation plans and arrangements and making recommendations to the Supervisory Board regarding such plans;
- assisting with identifying and recruiting candidates to fill positions on the Management Board and the Supervisory Board;
- considering any corporate governance issue that arises and developing appropriate recommendations for the Supervisory Board;
- overseeing the evaluation of the Supervisory Board and reporting on its performance and effectiveness; and
- reviewing and evaluating the performance of the Remuneration, Nominating and Corporate Governance Committee and its members.

### **Capital Markets Committee**

Our Capital Markets Committee consists of Helmut Jeggle and Michael Motschmann. Mr. Jeggle is the chair of the committee. The Capital Markets Committee advises the Supervisory Board on issues in connection with capital measures and takeover, merger and acquisition activities. Its responsibilities include the following tasks:

- overseeing the activities of the Company relating to its capital structure and capital raising, including preparation for and implementation of public offerings and share issuances; and
- overseeing the activities of the Company relating to takeovers, mergers and acquisitions activities.

### 4.2.3 Management Board

Our Management Board consists of at least two members. Our Supervisory Board determines the exact number of members of our Management Board. Pursuant to the Articles, the Supervisory Board may also appoint a chairperson or a spokesman of the Management Board. Prof. Ugur Sahin, M.D. has been appointed chairman of the Management Board.

Name	Age	Term Expires	Position
Prof. Ugur Sahin, M.D.	54	2022	Chief Executive Officer
Sean Marett	54	2022	Chief Business Officer and Chief Commercial Officer
Dr. Sierk Poetting	46	2022	Chief Financial Officer and Chief Operating Officer
Dr. Özlem Türeci	52	2022	Chief Medical Officer
Ryan Richardson	40	2022	Chief Strategy Officer

The appointment of Ryan Richardson as a member of the Management Board came into effect on January 12, 2020.

The members of our Management Board are appointed by our Supervisory Board for a term of up to five years. They are eligible for reappointment or extension, including repeated re-appointment and extension, after the completion of their term in office, in each case again for up to an additional five years. Under certain circumstances, such as a serious breach of duty or a vote of no confidence by the shareholders in a shareholders' meeting, a member of the Management Board may be removed from office by our Supervisory Board prior to the expiration of his or her term.

The members of our Management Board conduct the daily business of our Company in accordance with applicable laws, our Articles of Association and the rules of procedure for the Management Board adopted by our Supervisory Board. They are generally responsible for the management of our Company and for handling our daily business relations with third parties, the internal organization of our business and communications with our shareholders.

A member of the management board of an SE governed by German law may not deal with or vote on matters relating to proposals, arrangements or contractual agreements between himself or herself and our Company, and a member of our Management Board may be liable to us if he or she has a material interest in any contractual agreement between our Company and a third party which is not disclosed to and approved by our Supervisory Board.

The rules of procedure for our Management Board provide that certain matters require a resolution of the entire Management Board, in addition to transactions for which a resolution adopted by the entire Management Board is required by law or required by our Articles of Association. In particular, the entire Management Board shall decide on, among others:

- the budget plan for the following year, which is to be presented by the Management Board to the Supervisory Board by December 20 of each year;
- reporting to the Supervisory Board;
- all measures and transactions that require the Supervisory Board's approval;
- all measures and transactions relating to a business area that is of extraordinary importance to the us or involving an extraordinary economic risk;
- taking on new lines of business or discontinuing existing lines of business;
- investments with a total value above EUR 100,000;
- acquisitions or sales of interests or holdings; and
- certain large transactions.

#### **4.3 Objectives for the Appointment of the Management Board in accordance with Section 76 para. 4 of the German Stock Corporation Act (AktG) and the Supervisory Board in accordance with Section 111 para. 5 of the German Stock Corporation Act (AktG) and Diversity Concept**

BioNTech's social commitment in its core business is complemented by good corporate governance. In this context, the composition of the Management Board and the Supervisory Board as well as long-term succession planning must be appropriately adapted to the needs of the Company. In addition to the professional and personal qualifications of the members of the Management Board and Supervisory Board, BioNTech takes into account diversity and the appropriate participation of women in the composition of both boards. In addition, BioNTech pays attention to a balanced age structure to ensure long-term succession planning and has set the maximum age of members of the Management Board at 70 years and of the Supervisory Board at 80 years. The Management Board and the Supervisory Board are of the opinion that the current composition of the Management Board and the Supervisory Board fully meets the objectives thus defined for the composition of these bodies.

In BioNTech's Management Board, which currently consists of five members, Dr. Özlem Türeci takes over the function of Chief Medical Officer. Thus the current quota of women on the board is 20%.

In total, 34% of the members of the top management level below BioNTech's Management Board are women. At the second highest management level below the Management Board, 48% of the positions at BioNTech are filled by women.

On May 4, 2020, the Supervisory Board set the target for the proportion of women on the Management Board at 25% and on the Supervisory Board at 25% in accordance with Section 111 para. 5 of the German Stock Corporation Act (*AktG*). The deadline by which this target figure is to be achieved was set at December, 31 2022.

In accordance with Section 76 para. 4 of the German Stock Corporation Act (*AktG*), the Management Board also resolved on April 29, 2020, the target figure for women in management positions. The proportion of women in members of the top management level below the Management Board and the second highest management level below the Management Board should be at least 30% in each case. The respective target figure should be achieved by December 31, 2022 at the latest.

#### **4.4 Code of Conduct and Conflicts of Interest Policy**

We have adopted a Code of Business Conduct & Ethics, or Code of Conduct, which outlines the principles of legal and ethical business conduct under which we do business. The Code of Conduct applies to all of our Supervisory Board members, Management Board members, directors of our subsidiaries and our affiliates and employees. The full text of the Code of Conduct is available on our website at <https://www.biontech.de>. The information and other content appearing on our website are not incorporated by reference into this Annual Report and our website address is included in this report as an inactive textual reference only. Any amendments or waivers from the provisions of the Code of Conduct for members of our Supervisory or Management Boards will be made only after approval by our Supervisory Board and will be disclosed on our website promptly following the date of such amendment or waiver.

We have also adopted a Conflicts of Interest Policy which sets forth the procedures by which we manage potential and actual conflicts of interest. Under the Conflicts of Interest Policy, which applies to all of our Supervisory Board Members, Management Board members, directors of our subsidiaries and our affiliates and employees, an actual, potential or perceived conflict of interest must be disclosed as soon as a Board member, director or employee discovers the conflict. If the conflict is transactional in nature and involves a member of the Management Board or the Supervisory Board, the Management or Supervisory Board, as the case may be, with the abstention of the conflicted member, shall decide whether to approve the transaction.

In addition, we have implemented compliance policies that describe the compliance management systems that have been implemented for us and our subsidiaries. Our compliance policies are designed to ensure compliance with applicable legal requirements, while at the same time implementing high ethical standards that are mandatory for both management and each employee. The overall responsibility for the compliance management system lies with the Management Board. The Audit Committee will receive regular reports on the operation of the compliance management system.



## 5 Remuneration Report

### 5.1 Remuneration of Supervisory Board Members

The remuneration of the Supervisory Board is set out in our Articles of Association. Each member of the Supervisory Board receives a fixed annual remuneration of kEUR 50 per year in addition to reimbursement of their expenses. However, the chairman is entitled to receive three times the amount of an ordinary member, namely kEUR 150 per year and the vice chairman kEUR 75 per year. In addition, the chairman of the Audit Committee receives an annual remuneration of kEUR 20 per year.

<i>(in thousands)</i>	<b>Helmut Jegg</b>	<b>Michael Motschmann</b>	<b>Prof. Christoph Huber, M.D.</b>	<b>Dr. Ulrich Wandschneider</b>
<b>2019</b>	EUR 150	EUR 50	EUR 50	EUR 95
<b>2018</b>	EUR 31	EUR 16	EUR 46	EUR 7

A member of the Supervisory Board who serves for only a portion of a given fiscal year or who holds the position of chairman or vice chairman of the Supervisory Board or of chairman of the Audit Committee for only a portion of a given fiscal year shall only be remunerated pro rata. The same is true if the clause of the Articles of Association regarding the remuneration of the members of the Supervisory Board becomes ineffective (e.g., because it is repealed) during the course of a year.

In case any remuneration or reimbursement of expenses is subject to value added tax, such amount shall be paid additionally by the Company.

There are no arrangements or understandings between us and any member of our Supervisory Board providing for benefits upon termination of their service as director.

### 5.2 Remuneration of Management Board Members

We have entered into agreements with all current members of our Management Board. We believe that the agreements between us and the members of our Management Board provide for payments and benefits (including upon termination of employment) that are in line with customary market practice.

The following sets forth the end dates of the current service agreements of our Management Board:

- Prof. Ugur Sahin, M.D.: December 31, 2022
- Sean Marett: September 30, 2022
- Dr. Sierk Poetting: September 30, 2022
- Dr. Özlem Türeci: May 31, 2022
- Ryan Richardson: December 31, 2022

From January 1, 2019 until August 31, 2019, the annual base salaries for our Management Board members, Prof. Ugur Sahin, Sean Marett, Dr. Sierk Poetting and Dr. Özlem Türeci, were kEUR 210, kEUR 360, kEUR 300 and kEUR 300 respectively. Effective September 1, 2019 the annual base salaries for Prof. Ugur Sahin M.D., Sean Marett, Dr. Sierk Poetting and Dr. Özlem Türeci are kEUR 360, kEUR 400, kEUR 360 and kEUR 360, respectively. Effective January 1, 2020 the annual base salary for Ryan Richardson is kEUR 320. In December 2019, the Management Board members, Prof. Ugur Sahin M.D., Sean Marett, Dr. Sierk Poetting and Dr. Özlem Türeci, were each awarded a cash bonus of kEUR 50, to be paid in 2020.

Our current service agreements with our Management Board provide for short-term incentive compensation of up to a maximum of 50% of the annual base salary. The amount of such short-term incentive compensation will depend on the achievement of certain company goals in a particular fiscal year, which goals will be set uniformly for all members of the Management Board. Half of the incentive compensation will be paid promptly upon achievement of the applicable company goals, with the remaining amount payable one year later, subject to adjustment relative to our share price performance during that year. The provisions in relation to the short-term incentive compensation will take effect from the beginning of the first year after the year in which BioNTech Shares or ADSs of the Company are listed on a stock exchange or other multilateral trading system, e.g., from the first year following the completion of our initial public offering.

The service agreements of our Management Board provide for long-term incentive compensation in terms of a yearly grant of options to purchase BioNTech Shares. The options granted each year will be subject to the terms, conditions, definitions and provisions of our ESOP and the applicable option agreement thereunder. The number of options to be granted each year to Prof. Ugur Sahin M.D., Sean Marett, Dr. Sierk Poetting, Dr. Özlem Türeci and Ryan Richardson is to be calculated based on a value of kEUR 750, kEUR 300, kEUR 300, kEUR 300 and kEUR 260 respectively, in each case divided by the amount by which a certain share price exceeds the exercise price (which in the case of each grant is equal to the stock as at the time of that grant). These provisions in relation to the long-term incentive compensation took effect from January 1, 2020.

There are no arrangements or understandings between us and any member of our Management Board providing for benefits upon termination of their service as director.

In the years ended December 31, 2019 and December 31, 2018, the members of our Management Board received aggregate remuneration of EUR 19.6 million and EUR 7.2 million, respectively.

<i>(in thousands)</i>	<b>Prof. Ugur Sahin, M.D.</b>	<b>Sean Marett</b>	<b>Dr. Sierk Poetting</b>	<b>Dr. Özlem Türeci <sup>(1)</sup></b>
<b>Fixed and Variable Compensation</b>				
2019	EUR 311	EUR 430	EUR 370	EUR 370
2018	EUR 210	EUR 315	EUR 283	EUR 175
<b>Fringe Benefits <sup>(2)</sup></b>				
2019	5	12	11	-
2018	1	12	11	-
<b>ESOP Plan Granted <sup>(3)</sup></b>				
2019	6,748	1,180	1,180	9,043
2018	442	147	147	5,426
<b>Total</b>				
<b>2019</b>	<b>EUR 7,064</b>	<b>EUR 1,622</b>	<b>EUR 1,568</b>	<b>EUR 9,413</b>
<b>2018</b>	<b>EUR 653</b>	<b>EUR 474</b>	<b>EUR 441</b>	<b>EUR 5,601</b>

<sup>(1)</sup> Dr. Özlem Türeci commenced employment with us on June 1, 2018.

<sup>(2)</sup> Includes social security, health and additional insurance, company bike and travel expenses.

<sup>(3)</sup> The fair value was determined pursuant to the regulations of IFRS 2 “Share-based Payments.” This table shows the pro-rata share of personnel expenses resulting from stock-based compensation for the respective financial year.

The table below provides an overview of the share options granted to our Management Board in the years ended December 31, 2019 and December 31, 2018.

	Grant Date <sup>(1)</sup>	Number of Ordinary Shares Underlying Options <sup>(4)</sup>	Exercise Price (EUR)	Option Expiration Date
Prof. Ugur Sahin, M.D.	11/15/2018	1,830,348	10.14	09/17/2026
	10/10/2019 <sup>(2)</sup>	4,374,963	13.60	10/11/2029
Sean Maret	11/15/2018	610,110	10.14	09/17/2026
Dr. Sierk Poetting	11/15/2018	610,110	10.14	09/17/2026
Dr. Özlem Türeçi	11/15/2018 <sup>(3)</sup>	1,952,334	10.14	09/17/2026

- <sup>(1)</sup> Except as otherwise indicated, all options fully vest on September 16, 2022.
- <sup>(2)</sup> Options vest in four equal installments on October 10 of 2020, 2021, 2022 and 2023.
- <sup>(3)</sup> Options fully vested on March 16, 2019, however these options will not become exercisable until September 16, 2022.
- <sup>(4)</sup> Share amounts reflect an 18-for-1 stock split of our ordinary shares which became effective on September 18, 2019, upon registration with the commercial register (*Handelsregister*).

#### *Employee Stock Ownership Plan*

Based on a pertinent authorization of the general meeting on August 18, 2017, we have established a share option program under which we grant selected employees options to receive our shares. The program is designed as an Employee Stock Ownership Plan, or ESOP. We have offered the participants a certain number of rights by explicit acceptance of the participants. The exercise of the option rights in accordance with the agreement gives the participants the right to obtain shares against payment of the exercise price. The option rights (other than Dr. Türeçi's options referred to above and one other senior employee's options) generally fully vest after four years and can only be exercised if: (i) the waiting period of four years has elapsed; and (ii) at the time of exercise, the average closing price of the shares of the Company or the average closing price of the right or certificate to be converted into an amount per share on the previous ten trading days preceding the exercise of the option right exceeds the strike price by a minimum of 32%, with this percentage increasing by eight percentage points as of the fifth anniversary of the respective issue date and as of each subsequent anniversary date. The option rights can be exercised at the latest eight years after the allocation date. If they have not been exercised by that date, they will forfeit without compensation.

By way of shareholders' resolution of the general meeting on August 19, 2019, the authorization to issue such option rights was amended such, that, in order for the options to be exercisable, the average closing price of the Company's shares or the average closing price of the right or certificate to be converted into an amount per share on the ten trading days immediately preceding the exercise must exceed the strike price by a minimum of 28%, with this percentage increasing by seven percentage points as of the fifth anniversary of the issue date and as of each subsequent anniversary date. Also, in addition to the aforementioned requirements, the exercise is only possible if the share price (calculated by reference to the price of the ordinary share underlying the ADS) has performed similar to or better than the Nasdaq Biotechnology Index. The changes made do not affect option rights already issued.

#### *Chief Executive Officer Grant*

In September 2019, we agreed to grant Prof. Ugur Sahin, M.D. an option to purchase 4,374,963 of our ordinary shares, subject to Prof. Sahin's continuous employment with us. The options' per share

exercise price is the Euro translation of the public offering price from our initial public offering, EUR 13.60 (USD 15.00). The option will vest annually in equal installments after four years commencing on the first anniversary of our initial public offering and will be exercisable four years after our initial public offering. The option will be subject to the terms, conditions, definitions and provisions of our ESOP and the applicable option agreement thereunder. The vested option rights can only be exercised if and to the extent that each of the following performance criteria has been achieved: (i) at the time of exercise, the current price is equal to or greater than the threshold amount (that is, the exercise price, provided that such amount increases by seven percentage points on each anniversary of the allocation date); (ii) at the time of exercise, the current price is at least equal to the target price (that is, (a) for the twelve-month period starting on the fourth anniversary of the allocation date, USD 8.5 billion divided by the total number of the shares outstanding immediately following the initial public offering (other than shares owned by us), and (b) for each twelve-month period starting on the fifth or subsequent anniversary of the allocation date, 107% of the target share price applicable for the prior twelve-month period); and (iii) the closing price for the fifth trading day prior to the start of the relevant exercise window is higher than the exercise price by at least the same percentage by which the Nasdaq Biotechnology Index or a comparable successor index as of such time is higher than such index was as of the last trading day before the allocation date. The Option Rights can be exercised at the latest ten years after the Allocation Date. If they have not been exercised by that date, they will lapse without compensation.

## 6. Affiliated Enterprises Report

Final declaration of the BioNTech Management Board on the report on relations with affiliated companies for the 2019 financial year (affiliated enterprises report pursuant to Section 312 para. 3 sentence 3 of the German Stock Corporation Act (*AktG*)):

„According to the circumstances known to us at the time when the legal transactions were carried out or the measures were taken, BioNTech SE received adequate consideration for each legal transaction and has not been disadvantaged or favored by the fact that measures were taken or omitted.”

## 7. Events after the Reporting Period Report

A detailed description of the events after the reporting period can be found in the notes to the consolidated financial statements.

Mainz, May 14, 2020

BioNTech SE

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Prof. Ugur Sahin, M.D.  
Chairman of the Management Board and  
Chief Executive Officer

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Sean Marett  
Chief Business Officer and Chief  
Commercial Officer

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Dr. Sierk Poetting  
Chief Financial Officer and Chief  
Operating Officer

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Dr. Özlem Türeci  
Chief Medical Officer

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Ryan Richardson  
Chief Strategy Officer