

Alvotech S.A.

Société anonyme

Registered office: 9, rue Bitbourg

L-1273 Luxembourg

Share capital: USD 2,897,275.-

R.C.S. Luxembourg: B 258.884

Annual accounts and Report of the *Réviseur d'entreprises agréé*
thereon as at and for the
year ended 31 December 2023

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Société Anonyme

(the "Company")

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R.C.S. Luxembourg B 258.884

Management report to the General Meeting of Shareholders

Dear shareholders,

We hereby wish to submit to you the financial statements of the Company for the financial year ending on 31 December 2023. The present report relates to the accounts in accordance with article 1720-1 (3) of the law of 10 August 1915 on commercial companies, as amended.

I. Business developments for the financial year ended 31 December 2023

On 25 January 2023, the Company issued an additional \$10.0 million Tranche B of the December 2022 Convertible Bonds.

On 6 February 2023, Alvotech announced that it had entered into an exclusive agreement with Advanz Pharma, for the commercialization of AVT23, a proposed biosimilar to Xolair (omalizumab). The agreement covers the European Economic Area, UK, Switzerland, Canada, Australia and New Zealand. According to the agreement, Alvotech will be responsible for development and manufacture, while Advanz Pharma will handle registration and commercialization.

On 10 February 2023, Alvotech completed a private placement for gross proceeds of \$137.0 million, and transaction costs of \$4.1 million, of its Ordinary Shares at a purchase price of \$11.57 per Ordinary Share.

On 27 February 2023, Alvotech and Teva signed an amendment to the License and Development Agreement. As part of that amendment, Alvotech agreed to provide future financial consideration to Teva to assist with the cost of launching and marketing the licensed biosimilar products.

On 19 May 2023, Alvotech entered into three termination agreements (the "Termination STADA Agreements") with STADA to terminate the license and supply agreements between Alvotech and STADA pertaining to Alvotech's product candidates AVT03, AVT05, and AVT16. Pursuant to the terms of the Termination STADA Agreements, Alvotech repaid the aggregate amount of €17.4 million that Alvotech had previously received from STADA under the Terminated STADA Agreements. All rights, title and/or interest in respect of the products which became jointly owned as a result of the Agreements with STADA, excluding any trademarks of STADA and/or any of its affiliates, fully reverted back to the entire and sole ownership alone by Alvotech. STADA has no further rights or licenses under the

Terminated STADA Agreements. The other agreements between Alvotech and STADA, that pertain to AVT02, AVT04 and AVT06, were not terminated or amended.

On 24 May 2023, Alvotech announced that Alvotech and Advanz Pharma had extended their exclusive partnership agreement, adding the supply and commercialization of five biosimilar candidates in Europe. Alvotech will be responsible for development and commercial supply and Advanz Pharma will be responsible for registration and commercialization in Europe. The agreement includes candidate biosimilars to Simponi (golimumab) and Entyvio (vedolizumab) and also includes three additional early-stage, undisclosed biosimilar candidates. In conjunction with these agreements, which included three biosimilar candidates previously licensed to STADA, Advanz Pharma agreed to make upfront payments of \$61 million and agreed to make additional payments for an aggregate amount of up to \$287.5 million, upon the achievement of certain development and commercial milestones.

In July 2023, the Company secured a private placement of the December 2022 Convertible Bonds denominated in Icelandic krona and US dollar for a principal amount of \$100 million. As part of this private placement, ATP Holdings ehf., which is affiliated with Aztiq, acquired Tranche A Convertible Bonds in principal amount of \$30 million

On 24 July 2023, Alvotech announced that it had expanded its strategic partnership agreement with Teva. The expanded agreement pertained to the exclusive commercialization in the U.S. by Teva of two new biosimilar candidates to be developed and manufactured by Alvotech and line extensions of two current biosimilar candidates in the partnership, also to be developed and manufactured by Alvotech. The agreement includes milestone payments, the majority paid following product approvals and upon achieving significant sales milestones. Teva and Alvotech will share profit from the commercialization of the biosimilars. Teva also acquired Tranche B Convertible Bonds which were issued by Alvotech pursuant to a convertible bond agreement, dated 20 December 2022, for \$40 million.

In September 2023, Fuji Pharma received marketing approval for AVT04 from the Japanese Ministry of Health, Labor and Welfare.

In October 2023, Alvotech announced that it had entered into an exclusive licensing agreement with Kashiv Biosciences ("Kashiv") for AVT23 (also called ADL018), a proposed biosimilar to Xolair (omalizumab), which is currently in clinical development, following the termination of the co-development agreement with Biosana for this product earlier in the year. The agreement covers all 27 countries of the European Union, the UK, Australia, Canada, and New Zealand. Under terms of the agreement, Alvotech will receive an exclusive license to commercialize AVT23, which will be developed and manufactured by Kashiv. Kashiv received an upfront payment and is eligible for subsequent milestone payments and royalties.

The Company's Balance sheet total assets amount to **2,505.7** million United States dollars (USD).

The financial year ending on 31 December 2023 has produced a loss of **118.7** million USD.

We suggest the following allocation of the result:

USD (thousand)

Result brought forward from the previous year	(30,655.8)
Result for the year	(118,704.5)
Distribution of dividends	0
Result to be carried forward to the following financial year	(149,360.3)

II. Future developments

On 15 February 2024, the Company announced it has reached settlement agreements with Johnson & Johnson in Japan, Canada and in the European Economic Area (EEA) for AVT04, a biosimilar to Stelara (ustekinumab). Regulatory approval for AVT04 in these markets has already been granted. Market applications for AVT04 are currently pending in additional global markets, including in the U.S. Alvotech's commercialization partner in Canada, JAMP Pharma launched AVT04 in Canada on March 1, 2024. Launch of AVT04 in Japan is anticipated after the upcoming round of National Health Insurance reimbursement price listings, in May 2024. Entry to the first European markets is expected as soon as possible after the expiration date of the European Supplementary Protection Certificate (SPC) for Stelara, which is in late July 2024.

On 23 February 2024, the Company announced that the U.S. Food and Drug Administration (FDA) has approved SIMLANDI (adalimumab, or AVT02 for Alvotech) injection, as an interchangeable biosimilar to Humira, for the treatment of adult rheumatoid arthritis, juvenile idiopathic arthritis, adult psoriatic arthritis, adult ankylosing spondylitis, Crohn's disease, adult ulcerative colitis, adult plaque psoriasis, adult hidradenitis suppurativa and adult uveitis. In 2023, Humira was one of the highest-grossing pharmaceutical products in the world, with sales in the U.S. of nearly \$12.2 billion. Teva is Alvotech's strategic partner for the exclusive commercialization of SIMLANDI in the United States.

On 26 February 2024, the Company announced the sale of 10,127,132 Ordinary Shares for an approximate value of \$166 million (net proceeds of \$160 million), par value USD 0.01 per share, at a purchase price of \$16.41 per share, or ISK 2,250 per share at foreign exchange rates on 23 February 2024. The Shares have been delivered to the Investors from previously issued treasury shares held by Alvotech's subsidiary, Alvotech Manco ehf. The Transaction took place on the Nasdaq Iceland Exchange.

At this point, the Board of Directors is confident that the appropriate level of funding will be available from these sources to meet the business needs in 2024 and beyond.

III. Business risks and their mitigation

This section contains a summary of the main risks that the Company may face during the normal course of its business.

Please note however, that

- This section does not purport to contain an exhaustive list of the risks faced by the Company, as the Company may be significantly affected by risks that it has not identified, or not considered as material;
- Some risks faced by the Company, whether they are mentioned in this section or not, may arise from external factors beyond the Company's control;
- Where means of mitigation are mentioned in this section, such mention does not constitute a guarantee that the means of mitigation will be effective (in whole or in part) to remove or reduce the effect of the risk.

The Company's business model is built around the development, manufacturing and commercialization of biosimilar medicine. Development of biosimilar medicine is subjected to numerous risks, as the product travels through different stages of development, scale-up, clinical, regulatory to name a few. On the commercial side the Company is faced with an ever-changing competitive landscape, as well as pricing pressure for its products.

IV. Additional disclosures

Alvotech is committed to strong and transparent corporate governance. Our corporate governance framework, along with our internal controls and policies, is intended to support sustainable financial performance and long-term value creation for all of our stakeholders including shareholders, patients, employees and other stakeholders. Further information on corporate governance can be found in these financial statements and on the Company's website at www.alvotech.com.

Information about sustainability and non-financial reporting is disclosed in the Consolidated Group Annual Report, where information about operations, environment, social environment and governance can be found.

Pursuant to Article 68 of the law of 19 December 2002 regarding the trade and companies' register and the accounting as well as annual accounts of companies, as amended, the board of directors hereby declares:

1. To the best of our knowledge, we are not aware of any events which would have a material bearing on the accounts since the end of the previous financial year. Information on subsequent events can be found in note 20.
2. The Company's likely foreseeable future development is stable.
3. Research and development expenses consist primarily of costs incurred in connection with Alvotech's research, development and pre-commercial manufacturing activities prior to the commercialization of its biosimilar products. Expenditures related to research and development activities are generally recognized as an expense in the period in which they are incurred. Due to significant regulatory uncertainties and other uncertainties inherent in the development of pharmaceutical products, Alvotech did not capitalize any research and development expenses as internally developed intangible

assets during the year. Research and development activities will continue to be central to Alvotech's business model and will vary significantly based upon the success of its programs. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of development, primarily due to the increased size and duration of later-stage clinical trials. The Group conducts research and development activities at its subsidiaries in Iceland, Germany and Switzerland.

4. The Company did not purchase any of its own shares, however own shares are held by Alvotech's subsidiary, Alvotech Manco ehf.
5. The Company does not have established branches.

V. Responsibility Statement by the Board of Directors for the year ended 31 December 2023.

The Board of Directors of the Company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the Company with reasonable accuracy at any time and ensuring that an appropriate system of internal controls is in place to ensure that the

Company's business operations are carried out efficiently and transparently.

The Company declares that, to the best of our knowledge, the audited annual accounts for the period ended 31 December 2023, prepared in accordance with Luxembourg legal and regulatory requirements, give a true and fair view of the assets, liabilities, financial position as of that date and results for the period then ended.

In addition, management's report includes a fair review of the development and performance of the Company's operations during the period and of business risks, where appropriate, faced by the Company, as well as other information required by the Article 68 ter of the law of 19 December 2002 on the commercial companies register and on the accounting records and financial statements of undertakings, as amended.

We kindly ask you to grant discharge to the directors for the exercise of their mandates during the financial year ended on 31 December 2023.

Done in Luxembourg on 3 May 2024,

For the Board of Directors:



Robert Wessman

Title: Director and authorized signatory

Corporate Governance Report for 2023

This corporate governance report (the “**Report**”) covers the period from 1 January 2023 through 31 December 2023 of Alvotech, a *société anonyme*, incorporated and existing under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B258884, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg (“**Alvotech**” or the “**Company**”). Alvotech was incorporated on August 23, 2021 for the sole purpose of completing a business combination between Alvotech Holdings S.A., Oaktree Acquisition Corp. II and Alvotech. The business combination closed on 15 June 2022 and, concurrently with the closing, the current Directors of Alvotech S.A. were appointed.

The ordinary shares and warrants of Alvotech are listed on The Nasdaq Stock Market LLC (“**Nasdaq US**”) under the symbol “ALVO” and “ALVOW”, respectively, since 16 June 2022. Alvotech’s ordinary shares are also listed on the Nasdaq Iceland Main Market under the ticker symbol “ALVO” since 8 December 2022 and, prior to that, on the Nasdaq First North Growth Market since 23 June 2022 until their admission to trading to the Nasdaq Iceland Main Market. This Report will be a part of the financial statements for the year ended 31 December 2023, and has been approved by the board of directors of the Company (the “**Board of Directors**” or “**Board**”) and reviewed by its Audit Committee.

As regards general meetings of shareholders, at an ordinary general meeting, there is no quorum requirement and resolutions are adopted by a simple majority cast votes. Abstentions are not considered “votes”.

Resolutions at an extraordinary general meeting are required for any of the following matters, among others (i) an increase or decrease of the authorized or issued capital, (ii) a limitation or exclusion of preferential subscription rights, (iii) approval of a statutory merger or de-merger (scission), (iv) Alvotech’s dissolution and liquidation, (v) any and all amendments to Alvotech’s articles of association and (vi) change of nationality. Pursuant to Alvotech’s articles of associations, for any resolution to be considered at an extraordinary general meeting of shareholders, the quorum shall be at least one half of Alvotech’s issued share capital unless otherwise mandatorily required by law. If the said quorum is not present, a second meeting may be convened, for which Luxembourg Company Law does not prescribe a quorum. Any extraordinary resolution shall be adopted at a quorate general meeting, except otherwise provided by law, by at least a two-thirds majority of the votes validly cast on such resolution by shareholders. Abstentions are not considered “votes”.

An annual general meeting of shareholders (“**AGM**”) shall be held in the Grand Duchy of Luxembourg within 6 months of the end of the preceding financial year.

Each Ordinary Share entitles the holder thereof to one vote. Neither Luxembourg law nor Alvotech’s articles of association contain any restrictions as to the voting of Ordinary Shares by non-Luxembourg residents. The Luxembourg Company Law distinguishes ordinary general meeting of shareholders and extraordinary general meetings of shareholders with respect to the required quorums and majorities.

Alvotech is committed to recognizing general principles aimed to ensure good corporate governance. Our approach to corporate governance is further described in this Report.

Alvotech's corporate governance consists of a framework of principles and rules, including its Articles of Association, the 6th edition from February 2021 of the Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, Nasdaq Iceland Main Market and the Confederation of Icelandic Employers. The Board of Directors also adopted a Code of Business Conduct and Ethics (the "Code") applicable to the directors, officers, employees and other team members that complies with the rules and regulations of Nasdaq US, Nasdaq Iceland Main Market, and the SEC. The Code is available on Alvotech's website.

Alvotech's regulatory framework for corporate governance practices consists of the law applicable listed companies as well as other applicable law and regulations, including those imposed by Nasdaq Iceland Main Market and Nasdaq US available at their respective websites.

The Board of Directors is committed to excellence in corporate governance by complying with the applicable regulatory standards and international best practices in the field of corporate governance.

All directors of the Company must act honestly, with due skill and care in the best interests of the Company and the group. All directors must adhere to the highest standards of honest and ethical conduct, including taking proper and due actions to avoid any conflicts of interest in his or her dealings with the Alvotech or the group, or dealings with other parties that may relate to or affect the group of Alvotech, its interest and assets.

Internal Control

The Audit and Risk Committee is responsible, among other things, for establishing procedures for the confidential anonymous submission of complaints (a whistle blowing mechanism).

Risk Management

Alvotech has a strong track record of growth. The Board of Directors is responsible for overseeing Alvotech's risk management process. The Board of Directors focuses on Alvotech's general risk management strategy, the most significant risks, and oversees the implementation of risk mitigation strategies by management. The audit and risk committee is also responsible for discussing Alvotech's policies with respect to risk assessment and risk management. The Board of Directors believes its administration of its risk oversight function has not negatively affected the Board's leadership structure. As part of the steady expansion of Alvotech's risk management processes, the Company has launched a number of initiatives. Each initiative is contributing to achieving the company's objectives with regard to efficacy and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The Company has identified certain key risks that are given special attention and monitored.

Audit, accounting and risk

The Board of Directors adopted the Audit and Risk Committee Charter. The Chief Executive Officer of the Company ensures that the directors are provided with accurate information on Alvotech's finances, development, operations and risk assessments on a regular basis and the Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities concerning the financial reporting process and the system of internal controls. The Board of Directors ensures that internal procedures for risk management are revised at least annually.

The financial statements are published on an annual, semi-annual and quarterly basis as applicable, subject to and in accordance with applicable publication requirements under Icelandic and/or Luxembourg and/or U.S laws.

The **AGM** appoints the independent auditor (*réviseur d'entreprises agréé*) and shall determine their office, in accordance with Alvotech's Articles of Association. The Board's proposal to the AGM is based on the Audit and Risk Committee's recommendation on the selection of an audit firm the statutory auditors and shall determine their office, which may not exceed six years, in accordance with Alvotech's Articles of Association. The Board's proposal to the AGM is based on the Audit and Risk Committee's recommendation on the selection of an audit firm. Deloitte hf. has carried out the external audit of Alvotech in recent years. In addition, Deloitte Audit (20, Boulevard de Kockelscheuer L-1821, Luxembourg, Grand Duchy of Luxembourg) is appointed as the independent auditor (*réviseur d'entreprises agréé*) of Alvotech and in recent years conducted external audits in accordance with the Luxembourg law of 23 July 2016 on the audit profession (the "Audit Law"). In accordance with article 51 of the Audit Law and by way of derogation from Article 17 (1) of Regulation (EU) No 537/2014, the maximum duration of a statutory audit of a public-interest entity may be of 20 years, where a public tendering process for the statutory audit is conducted in accordance with paragraphs 2 to 5 of Article 16 of the above-mentioned regulation.

Compliance

Alvotech has a Compliance function. The General Counsel of the company is the Compliance Officer and is responsible for the Code, the training of employees and business ethics. Under the Icelandic law no. 60/2021 on actions against market abuse a Securities Compliance Officer has been appointed to oversee the compliance in accordance with the above-mention law and in compliance with the Company's Insider Trading policy. The Securities Compliance Officer is responsible for assessing and monitoring if Alvotech, its directors, officers and employees are in compliance with the laws and regulations that apply to a company listed on the Nasdaq Iceland Main Market. The Compliance Officer monitors if the company is in compliance with other applicable law and the Company's Business Code of Conduct.

Code of Business Conduct and Ethics

The Board of Directors adopted a Code of Business Conduct and Ethics for Alvotech's directors, officers and employees. The Code sets out Alvotech's code of business conduct and ethics, consisting of the principal business, ethical, moral and legal standards which Alvotech's directors, officers and employees are required to observe. The aim of the Code is a further testament to Alvotech's commitment to

sustainability, having oversight and managing relevant environment, social and government risks and opportunities in Alvotech’s operations and value chain.

Sustainability

Alvotech has adopted a Sustainability Policy that is focused on making its operations exemplary in the pharmaceutical environment based on established international environmental, social and governance (“ESG”) criteria.

Board Committees

Alvotech has five committees of the Board of Directors (an audit and risk committee, a compensation committee, a nominating and corporate governance committee, a strategy committee and a corporate sustainability committee). All the committees are constituted of members of the Board based on their expertise, skills and experience relevant to that Committee and in accordance with the rules set for each committee by the Board.

Audit and Risk Committee

The members of Alvotech’s audit and risk committee are Dr. Linda McGoldrick (Chair), Ann Merchant and Richard Davies. Each member of Alvotech’s audit and risk committee qualifies as independent directors according to the rules and regulations of the SEC and Nasdaq with respect to audit and risk committee membership. In addition, all audit and risk committee members meet the requirements for financial literacy under applicable SEC and Nasdaq rules and at least one of the audit and risk committee members qualifies as an “audit and risk committee financial expert,” as such term is defined in Item 407(d) of Regulation S-K under the United States Securities Act of 1933, as amended. The audit and risk committee is responsible for, among other things:

- appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- reviewing, with our independent registered public accounting firm, the scope and results of their audit;
- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the annual financial statements that we file with the SEC;
- overseeing our financial and accounting controls and compliance with legal and regulatory requirements;
- reviewing our policies on risk assessment and risk management;

- reviewing related party transactions; and
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

Compensation Committee

Richard Davies (Chair), Árni Harðarson and and Tomas Ekman. Mr. Davies qualifies as an independent director according to the rules and regulations of the SEC and Nasdaq with respect to compensation committee membership, including the heightened independence standards for members of a compensation committee. The compensation committee is responsible for, among other things:

- reviewing and approving the corporate goals and objectives, evaluating the performance of and reviewing and approving, (either alone or, if directed by the board of directors, in conjunction with a majority of the independent members of the board of directors) the compensation of our chief executive officer;
- overseeing an evaluation of the performance of and reviewing and setting or making recommendations to our board of directors regarding the compensation of our other executive officers;
- reviewing and approving or making recommendations to our board of directors regarding our incentive compensation and equity-based plans, policies and programs;
- reviewing and approving all employment agreement and severance arrangements for our executive officers;
- making recommendations to our shareholders regarding the compensation of our directors; and
- retaining and overseeing any compensation consultants.

Corporate Sustainability Committee

The members of Alvotech's ESG committee are Ann Merchant (Chair), Árni Hardarson and Róbert Wessman. The ESG committee is responsible for, among other things:

- reviewing, monitoring and setting strategy in the area of corporate responsibility;
- overseeing Alvotech's activities in the area of corporate responsibility that may have an impact on the Company's reputation and operations;
- periodically assess the Alvotech's compliance obligations;
- monitor and review matters of health and safety and report findings to the broader board; and
- review and evaluate environmental, social and political issues and trends and their relevance to Alvotech's business and make recommendations to the board regarding those trends and issues.

Nomination and Corporate Governance Committee

The members of Alvotech’s nominating and corporate governance committee are Richard Davies (Chair), Dr. Linda McGoldrick and Ann Merchant. The nominating committee is responsible for, among other things:

- identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors;
- overseeing succession planning for our Chief Executive Officer and other executive officers;
- periodically reviewing our board of directors’ leadership structure and recommending any proposed changes to our board of directors;
- overseeing an annual evaluation of the effectiveness of our board of directors and its committees; and
- developing and recommending to our board of directors a set of corporate governance guidelines.

Strategy Committee

The Strategy committee is responsible for, among other things, reviewing, monitoring and setting strategy for the business of Alvotech. The members of Alvotech’s Strategy committee are Faysal Kalmoua (Chair), Lisa Graver and Róbert Wessman.

The structure and composition of the Board of Directors

Alvotech’s Board of Directors is currently composed of eight members. In accordance with Alvotech’s Articles of Association, the Board is not divided into classes of directors. Each director was appointed at the closing of the business combination on June 15, 2022, to serve as director until the end of the general meeting of shareholders called to approve the Alvotech’s annual accounts for the 2024 financial year. There are no limitations on the duration of the board membership. The composition of the board shall at any time be diverse, with regard to educational and professional background, gender and age.

The board undertakes Alvotech’s affairs in between shareholders’ meetings unless otherwise provided by law or Alvotech’s Articles of Association. The board is responsible for setting Alvotech’s general strategy. The board has a supervisory role in overseeing that Alvotech’s organization and activities are at all times in accordance with the relevant law, regulation and good business practices. The board met 16 times last year.

Members of the Board of Directors

Robert Wessman, Chairman and CEO, is the founder of Alvotech and has served as Executive Chairman and member of the board of directors of Alvotech since January 2019. Since November 2018, he has also served as Director at Fuji Pharma and chairman of the board of directors of Lotus Pharmaceuticals and since May 2009, he has served as a member of the board of directors of Aztiq and as a member of the board of directors of Aztiq GP, the general partner of Aztiq Fund I SCSp, a Luxembourg alternative investment fund, and the parent company of Aztiq. Mr. Wessman is also the founder and main partner of the Aztiq group. Mr. Wessman founded Alvogen in July 2009, and served as its Executive Chairman and Chief Executive Officer until June 2022. He continues to serve as Alvogen's chairman since July 2022. Between 1999 and 2008, Mr. Wessman served as the Chief Executive Officer of Actavis. He has a Bachelor of Science degree in Business Administration from the University of Iceland. We believe Mr. Wessman is qualified to serve on Alvotech's board of directors due to the perspective he brings as Alvotech's founder and his experience in top executive positions in the pharmaceutical industry.

Richard Davies, Director and Deputy Chairman, has served as Deputy Chairman of Alvotech's board from June 2022. He was previously the Chairman of Alvotech's board, and as one of Alvotech's directors since January 2019. Since November 2018, he has served as Chief Executive Officer of Auregen Bio Therapeutics SA. Prior to joining Auregen Bio Therapeutics, Mr. Davies served as Chief Executive Officer of Bonesupport AB between 2016 and 2018, as Senior Vice President and Chief Commercial Officer of Hospira Inc. between 2012 and 2015, and in various leadership roles at Amgen Inc between 2003 and 2012. Mr. Davies holds an MBA from the University of Warwick and Bachelor of Science in applied chemistry from the University of Portsmouth.

Tomas Ekman, Director, has served as one of Alvotech's directors since January 2019. Since November 2014 he has served as a partner at CVC Capital Partners where he is a member of the CVC Nordics team and is based in Stockholm. Prior to joining CVC in 2014, Mr. Ekman was a partner and Managing Director at 3i, responsible for its Nordic business. Mr. Ekman holds MSc degrees from the University of Strathclyde and Chalmers University of Technology, and an MBA from IMD, Switzerland.

Faysal Kalmoua, Director, has served as one of Alvotech's directors since June 2020. Mr. Kalmoua has also served as a partner of the Aztiq group since June 2022. Between April 2020 and June 2022, Mr. Kalmoua served as Executive Vice President of Portfolio, Business Development and Research and Development for Alvogen. Between November 2015 and March 2020, Mr. Kalmoua served as Executive Vice President of Portfolio for Alvogen, Inc. Prior to joining Alvogen, Mr. Kalmoua served in various management positions for Synthron for nearly 16 years. Mr. Kalmoua holds a master's degree in chemistry from the Radboud University Nijmegen and an executive MBA from Insead.

Ann Merchant, Director, has served as one of Alvotech's directors since June 2022. Since 2018, she has served as Vice President for MorphoSys, and as Head of Global Supply Chain since January 2019. Prior to joining MorphoSys, from September 2011 to August 2018, Ms. Merchant served as the President for Schreiner Medipharm. Between 1994 and 2011, Ms. Merchant held various roles at Amgen, including Vice President, Head of International Supply Chain and Site Head between 2007 and 2011. Ms. Merchant holds

an MBA from the Henley Business School and a Bachelor of Science in Languages from Georgetown University. We believe Ms. Merchant is qualified to serve on Alvotech's board of directors because of her experience in executive positions with several pharmaceutical companies and expertise in financial planning, new product launches and creating and executing international strategies to increase market share.

Arni Hardarson, Director, has served as one of Alvotech's directors since June 2022. Mr. Hardarson is a co-founder and partner of the Aztiq group. Between 2009 and June 2022, he served as Deputy to the Chief Executive Officer and General Counsel of Alvogen. Prior to joining Alvogen, Mr. Hardarson was Vice President of Tax and Structure at Actavis, and as partner, member of the executive management committee, and served as a head of tax and legal at Deloitte. Mr. Hardarson holds a Master's degree in law from the University of Iceland. We believe Mr. Hardarson is qualified to serve on Alvotech's board of directors because of his extensive expertise in financial and legal matters and his past experience in top executive positions.

Lisa Graver, Director, has served as one of Alvotech's directors since June 2022. Ms. Graver has served in various leadership positions for Alvogen since June 2010, including as President of Alvogen Inc, a subsidiary of Alvogen, since August 2015, as Executive Vice President and Deputy to the Chief Executive Officer of Alvogen Inc. since February 2013, and as Vice president Intellectual Property of Alvogen since June 2010. Prior to joining Alvogen, Ms. Graver was Vice President Intellectual Property and Senior Director Intellectual Property at Actavis Inc. between 2006 and 2008. Ms. Graver holds a BSc in Biology from Lakehead University and a law degree from the Case Western Reserve University School of Law. We believe Ms. Graver is qualified to serve on Alvotech's board of directors because of her extensive expertise in intellectual property and the pharmaceutical industry.

Dr. Linda McGoldrick, Director, has served as one of Alvotech's directors since June 2022 and as the Chairman of the Audit Committee. In 1985, Dr. McGoldrick founded, and currently serves as Chairman and Chief Executive Officer of, Financial Health Associates International, a strategic consulting company specializing in healthcare and life sciences. Since January 2020, she has served as the Chief Executive Officer for 2Enable Health LLC. Prior to joining 2Enable Health LLC, Dr. McGoldrick served as interim CEO at Zillion between June 2019 and December 2019. Over her professional career, Dr. McGoldrick has served in a number of leadership roles, including Senior Vice President and National Development Director for the Healthcare and Life Sciences Industry Practices at Marsh-MMC Companies, International Operations and Marketing Director of Veos plc, and Managing Director Europe for Kaiser Permanente International. In 2018, Dr. McGoldrick was appointed by the Governor of Massachusetts to serve on the state's Health Information Technology Commission. Dr. McGoldrick has served as a director of numerous publicly traded and private held companies and non-profit organizations in the U.S., UK and Europe, including as director for Compass Pathways since September 2020. In 2012, Dr. McGoldrick was named as one of the Top 100 Corporate Directors of Fortune 100 Companies by the Financial Times. Dr. McGoldrick holds a Master's Degree in Healthcare from the University of Pennsylvania and an MBA from Wharton. We believe Ms. McGoldrick is qualified to serve on Alvotech's board of directors because of her extensive expertise in financial matters and the healthcare and life sciences industry.

Business ethics and Code of Conduct

Alvotech sets high standards for all employees and directors. We also adhere to ethical commitments in every aspect of our business, with respect to our employees as well as outside stakeholders, including contractors, suppliers, commercial partners, government authorities and the general public. These commitments are spelled out in our Code of Corporate Conduct and Ethics, which applies to all our employees, including our senior executive, officers and directors. We apply our Code of Conduct both in internal and external relations and give preference in our business dealings to those who adhere to comparable ethical standards.

It is the duty of the Board of Directors to serve as fiduciary for shareholders and to oversee the management of the company. To fulfill its responsibilities and to discharge its duties prudently, the Board of Directors follows the procedures and standards that are set forth in guidelines and charters. These documents are subject to modification from time to time as the Board of Directors deems appropriate in the best interests of Alvotech or as required by applicable laws and regulations.

The Code of Conduct and charters for the Board of Directors are accessible on Alvotech's website at <https://investors.alvotech.com/corporate-governance/documents-charters>

Approved by the board on: 3 May 2024

To the Shareholders of
Alvotech S.A.
9, rue Bitbourg,
L - 1273 Luxembourg

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of Alvotech S.A. (the “Company”), which comprise the balance sheet as at December 31, 2023, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at December 31, 2023, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the *réviseur d’entreprises agréé* for the Audit of the annual accounts” section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw your attention to Note 2.1 to the annual accounts, which indicates that, the Company incurred recurring losses since its inception, including net losses of \$118.7 million and \$30.6 million for the years ended December 31, 2023 and 2022, respectively. The Company and its subsidiaries have not generated positive operational cash flow, largely due to the continued focus on biosimilar product development and expansion efforts. In February 2024, the closing of the private placement equity offering provided the Company with gross proceeds of \$166 million (net proceeds of \$160 million) that is expected to be used to finance the operations of the Company and its subsidiaries. Additionally, the Company and its subsidiaries expects to continue to source its financing during the development of its biosimilar products from existing out-license contracts with customers. These events or conditions, along with the matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw your attention to Note 9.1.2 and Note 14 of the annual accounts, which describe the correction of an error identified during the financial year 2023 relating to the financial period ended December 31, 2022. Our opinion is not modified in respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except by the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the annual accounts and our report of the *réviseur d'entreprises agréé* thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the Annual Accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format as amended ("the ESEF Regulation").

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the Audit of the Annual Accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *réviseur d'entreprises agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors 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 may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *réviseur d'entreprises agréé* to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *réviseur d'entreprises agréé*. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

Our responsibility is also to assess whether the annual accounts have been prepared in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, "related safeguards" or "actions taken to eliminate threats or safeguards applied".

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as *réviseur d'entreprises agréé* by the General Meeting of the Shareholders on June 6, 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 two years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The accompanying Corporate Governance Statement is presented on pages 6 to 14. The information required by Article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the annual accounts of the Company as at December 31, 2023 with the relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to:

- Annual accounts prepared in a valid xHTML format.

In our opinion, the annual accounts of the Company as at December 31, 2023 have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

For Deloitte Audit, *Cabinet de révision agréé*

Ludovic Mosca, *Réviseur d'entreprises agréé*
Partner

May 7, 2024

Alvotech
(Société anonyme)

Balance Sheet

Financial year as at 31 December 2023

(Expressed in USD)

	References	12/31/2023	12/31/2022
<u>ASSETS</u>			
FIXED ASSETS			
Financial assets			
Shares in affiliated undertakings	3	1,557,442,752	1,541,374,053
Loans to affiliated undertakings	3	39,637,405	36,159,003
Other loans or other assets	3	26,132,309	25,186,723
CURRENT ASSETS			
Debtors			
Amounts owed by affiliated undertakings			
Becoming due and payable within one year	4	876,940,874	544,926,561
Other debtors			
Becoming due and payable within one year	4	501,923	4,159,461
Cash at bank and in hand		3,630,008	32,926,509
PREPAYMENTS		1,425,700	2,567,110
Total Assets		2,505,710,971	2,187,299,420
LIABILITIES			
CAPITAL AND RESERVES			
Subscribed capital	5	2,897,275	2,757,217
Share premium account	6	1,623,528,246	2,682,157,041
Reserves			
Other reserves, including the fair value reserve			
Other non available reserves	7	104,131	(1,247,602,829)
Profit or loss brought forward		(30,655,764)	(135,437)
Profit or loss for the financial year / period		(118,704,511)	(30,520,327)
		1,477,169,377	1,406,655,665
CREDITORS			
Debenture loans			
Convertible loans			
Becoming due and payable after more than one year	8	267,530,342	57,285,451
Amounts owed to credit institutions			
Becoming due and payable after more than one year	8	550,755,093	532,738,285
Trade creditors			
Becoming due and payable within one year		1,270,769	2,605,323
Amounts owed to affiliated undertakings			
Becoming due and payable within one year	8	33,332	1,067,999
Becoming due and payable after more than one year	8	146,455,081	145,842,652
Other creditors			
Other creditors			
Becoming due and payable within one year	9	16,874,241	41,104,045
Becoming due and payable after more than one year	9	45,622,736	0
		1,028,541,594	780,643,755
Total Capital, Reserves and Liabilities		2,505,710,971	2,187,299,420

Alvotech
(Société anonyme)

Profit and Loss account
Financial year ended 31 December 2023
(Expressed in USD)

	References	1.1.2023 to 12/31/2023	1.1.2022 to 12/31/2022
OTHER OPERATING INCOME	10	6,575,257	11,519,639
STAFF COSTS			
Wages and salaries	11	(29,811)	(97,006)
Social security costs			
relating to pensions		(2,385)	(2,141)
other social security costs		(1,514)	(1,422)
Other staff costs		0	(23,912)
OTHER OPERATING EXPENSES	12	(15,666,043)	(20,736,820)
INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS			
Derived from affiliated undertakings		69,273,234	12,068,097
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME			
Other interest and similar income		6,705,265	522,918
INTEREST PAYABLE AND SIMILAR EXPENSES			
Concerning affiliated undertakings	8	(21,743,961)	(6,030,152)
Other interest and similar expenses	14	(163,814,553)	(27,739,528)
TAX ON PROFIT OR LOSS	15	0	0
OTHER TAXES NOT SHOWN UNDER ABOVE ITEMS	15	0	0
PROFIT OR LOSS FOR THE FINANCIAL YEAR/PERIOD		<u><u>(118,704,511)</u></u>	<u><u>(30,520,327)</u></u>

Notes

1. General

Alvotech Lux Holdings S.A.S. was incorporated in Luxembourg on 23 August 2021 as a "Société par actions simplifiée" subject to the Luxembourg law for an unlimited period of time. The Company has its registered office at 9, rue Bitbourg, L-1273 Luxembourg. On 16 February 2022 the name of the company was changed to Alvotech S.A.S. Effective on 15 June 2022, the Company as surviving entity merged with Alvotech Holdings S.A. ("The Predecessor") and changed its corporate form in a „société anonyme“ and its name into „Alvotech“ (hereafter, the "Company" or "Alvotech").

The purpose of the Company is the holding of participations in any form whatsoever in Luxembourg and foreign companies and in any other form of investment, the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, management, control and development of its portfolio.

The Company may grant loans to, as well as guarantees or security for the benefit of third parties to secure its obligations and obligations of companies in which it holds a direct or indirect participation or right of any kind or which form part of the same Company as the Company, or otherwise assist such companies.

The Company may raise funds through borrowing in any form or by issuing any kind of notes, securities or debt instruments, bonds and debentures and generally issue securities of any type.

The Company may carry out any commercial, industrial, financial, real estate or intellectual property activities which it considers useful for the accomplishment of these purposes.

Ordinary shares and warrants issued by Alvotech are listed on The Nasdaq Stock Market LLC under the symbols ALVO and ALVOW, respectively. Ordinary shares are also listed on the Nasdaq Iceland Main Market under the ticker symbol "ALVO" since 8 December 2022, and, prior to that, on the Nasdaq First North Growth Market since 23 June 2022 until their admission to trading to the Nasdaq Iceland Main Market. Prior to 15 June 2022, there was no public trading market for Alvotech's ordinary shares or warrants.

The financial year starts on 1 January and ends on 31 December of each year, except for the first year which started on 23 August 2021 (date of incorporation) and ended on 31 December 2021.

The Company also prepares consolidated financial statements, which are available on the company's website and are published according to the provisions of the law and are available at the Company's registered office in Luxembourg.

1.1 Business Combination

On 15 June 2022 (the "Closing Date"), the Company consummated the capital reorganization with Alvotech Holdings S.A. and Oaktree Acquisition Corp. II ("OACB") (the "Business Combination" or "Capital Reorganization") pursuant to the business combination agreement, dated as of 7 December 2021, as amended by an amendment agreement dated 18 April 2022 and 7 June 2022 (the "Business Combination Agreement"), by and among the Company, OACB and the Predecessor. The closing of the Business Combination resulted in the following transactions:

- OACB merged with and into the Company, whereby (i) all of the outstanding ordinary shares of OACB ("OACB Ordinary Shares") were exchanged for ordinary shares of Alvotech ("Ordinary Shares") on a one-for-one basis, pursuant to a share capital increase of Alvotech and (ii) all of the outstanding warrants of OACB ceased to represent a right to acquire OACB Ordinary Shares and now represent a right to be issued one Ordinary Share, with Alvotech as the surviving company in the merger. Prior to the merger OACB shares were redeemed, resulting in \$9.8 million of cash proceeds from the OACB trust account;
- Alvotech redeemed and canceled the initial shares held by the initial sole shareholder of Alvotech pursuant to a share capital reduction of Alvotech;
- The legal form of Alvotech changed from a simplified joint stock company (société par actions simplifiée) to a public limited liability company (société anonyme) under Luxembourg law; and
- Alvotech Holdings S.A. merged with and into the Company, whereby (i) each one (1) issued and outstanding share in the share capital of Alvotech Holdings S.A. that is not, at the time of effectiveness of the first merger of OACB into the Company, redeemed, cancelled and/or held in treasury by Alvotech Holdings S.A., have been automatically exchanged as follows: each shareholder of Alvotech Holdings S.A. has received a number of shares of the Company corresponding to (a) 218,930,000 divided by (b) the number of ordinary shares of Alvotech Holdings S.A. outstanding at the effective time of the merger, multiplied by (c) the number of ordinary shares of the Company he holds and (ii) all assets and liabilities of Alvotech Holdings S.A. have been transferred to the Company by way of universal succession at the effective time of the merger. The Shareholders of Alvotech Holdings S.A. became the Shareholders of the Company and Alvotech Holdings S.A. was dissolved without liquidation.

Notes

1. General (cont.)

1.1 Business Combination (cont.)

Concurrently with the execution of the Business Combination Agreement, OACB and Alvotech entered into subscription agreements ("Subscription Agreements") with certain investors (the "PIPE Financing"). On 15 June 2022, immediately prior to the closing of the Business Combination, the PIPE Financing was closed, pursuant to the Subscription Agreements, in which subscribers collectively subscribed for 17,493,000 Ordinary Shares at USD 10.00 per share for an aggregate subscription price equal to USD 174.9 million.

As part of the Business Combination, Predecessor shareholders were granted a total of 38,330,000 Ordinary Shares subject to certain vesting conditions ("Predecessor Earn Out Shares"). Former OACB shareholders were granted a total of 1,250,000 Ordinary Shares subject to certain vesting conditions ("OACB Earn Out Shares"). Additionally, as part of the Business Combination the Company assumed the 10,916,647 outstanding warrants ("OACB Warrants"), on substantially the same contractual terms and conditions as were in effect immediately prior to the Business Combination.

2. Accounting policies, valuation principles and methods

2.1 General principles

The annual accounts are prepared in conformity with the Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in Luxembourg under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002 (as subsequently amended), determined and applied by the Board of Directors ("Conseil d'Administration").

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors ("Conseil d'Administration") to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and the annual accounts therefore present a true and fair view of the financial position and results of the Company.

The annual accounts have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has primarily funded its operations with proceeds from the issuance of ordinary shares and the issuance of loans and borrowings from third parties. The Company has also incurred recurring losses since its inception, including net losses of \$118.7 million and \$30.5 million for the years ended 31 December 2023 and 2022, respectively. Its subsidiary, Alvotech hf, has not generated positive operational cash flow, largely due to the continued focus on biosimilar product development and expansion efforts.

The closing of the private placement equity offering in February 2024 provided the Company with gross proceeds of \$166 million (net proceeds of \$160 million) that is expected to be used to finance the operations of the Company and its subsidiary.

The Company and subsidiaries expect to continue to source its financing during the development of its biosimilar products from existing out-license contracts with commercial partners. In light of these conditions and events management evaluated whether there is substantial doubt about the Company's ability to continue as a going concern for at least one year after the date that the annual accounts are issued. Based on the cash on hand, funding received, and projected future cash flows, management concluded that the Company has the ability to continue as a going concern for at least one year after the date that the annual accounts are issued. As such, the annual accounts have been prepared on a going concern basis.

However, although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund continuing operations, if at all. If financing is obtained, the terms of such financing may adversely affect the holdings or the rights of the Company's shareholders. The ability to obtain funding, therefore, is outside of management's control and is a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

The main valuation rules applied by the Company are the following:

Notes

2. Accounting policies, valuation principles and methods (cont.)

2.2 Accounting policies

2.2.1 Currency translation

The company maintains its accounting records in United States Dollars ("USD") and the annual accounts are prepared in this currency. The transactions made in another currency than USD are translated into USD at the exchange rate prevailing at the transaction date.

As at year-end:

- formation expenses, intangible fixed assets and financial fixed assets expressed in another currency than USD have been translated at the historical exchange rate;
- all other assets expressed in another currency than USD are valued individually at the lower of the value determined using the historical exchange rate or the value determined using the exchange rate prevailing at the balance sheet date; and
- all liabilities expressed in another currency than USD are valued individually at the higher of the value determined using the historical exchange rate or the value determined using the exchange rate prevailing at the balance sheet date.

Consequently only realized foreign exchange gains and losses and unrealized foreign exchange losses are taken into account in the profit and loss account.

Specific cases

Cash at bank, cheques and cash in hand denominated in currencies other than USD are translated at the exchange rates prevailing at the date of the balance sheet. Realized exchange gains and losses arising from the translations are recorded in the profit and loss account.

Current assets and liabilities denominated in currencies other than USD (having an economic link and similar characteristics) are recorded globally at the exchange rates prevailing at the date of the balance sheet.

2.2.2 Financial assets

Financial assets are recorded at their purchase price according to the opinion of the Board of Directors ("Conseil d'Administration"). A value adjustment is recorded at the end of each year in case of any permanent diminution in value. Value adjustments are not maintained if the reason for which they were made have ceased to apply.

Loans, defined as financial fixed assets, are stated at their nominal value. A value adjustment is recorded at the end of each year in case the recoverable value is estimated to be lower than the nominal value, in case the diminution in value is considered as permanent by the Board of Directors ("Conseil d'Administration"). Value adjustments are not continued if the reason for which the value adjustments were made, cease to apply.

2.2.3 Debtors

Debtors are recorded at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not maintained if the reason for which the value adjustments were made have ceased to apply.

2.2.4 Prepayments

Prepayments include expenditure incurred during the financial year but relating to subsequent financial year.

2.2.5 Provision for taxation

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years are recorded under the caption "Tax debts". The advance payments are shown in the assets of the balance sheet under the "Other receivables" item.

2.2.6 Debts

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear/actuarial method.

Notes

2. Accounting policies, valuation principles and methods (cont.)

2.2 Accounting policies (cont.)

2.2.7 Interest income and expenses

Interest income and expense are accrued on a timely basis, by reference to the principal outstanding and the nominal interest rate applicable.

3. Fixed assets

3.1 Financial assets

3.1.1 Shares in affiliated undertakings

Name of affiliated undertaking	Equity interest	12/31/2023	12/31/2022
	as at 31.12.2023	USD	USD
Alvotech hf., Iceland	99.99%	1,557,442,752	1,541,374,053
		1,557,442,752	1,541,374,053

As part of the merger on 15 June 2022, described in note 1.1, the Company received shares in Alvotech hf. amounting to USD 1.270.7 million.

In July 2022 the company invested a further USD 270.7 million in Alvotech hf. in a cash contribution. Alvotech hf. then invested the same amount in its subsidiary Alvotech Manco chf., which used the cash to acquire 27,072,167 shares in the Company, its ultimate parent.

In March 2023 the company also invested USD 16.1 million in Alvotech hf. in a cash contribution. Alvotech hf. then invested the same amount in its subsidiary Alvotech Manco chf., which used that cash along with other funds to acquire 14,005,790 shares in Alvotech, its ultimate parent.

Alvotech hf. recorded a loss of USD 321.8 million during the year 2023 and the net equity of the subsidiary was negative by USD 150.8 million at year end 2022 (based on audited annual accounts as at 31 December 2023).

The Board of Directors ("Conseil d'Administration") after considering the valuation of Alvotech hf., believes that there is no permanent decrease in value of the assets and therefore decided that no value adjustments are recorded on these financial assets in the annual accounts of the Company.

3.1.2 Loans to affiliated undertakings

Borrower	Original principal	Accrued interest	Total	Period interest for
	as at 31.12.2023	as at 31.12.2023	as at 31.12.2023	1.1.2023-31.12.2023
Alvotech hf.	35,105,828	4,531,577	39,637,405	3,478,402
	35,105,828	4,531,577	39,637,405	3,478,402

Borrower	Original principal	Accrued interest	Total book value	Period interest for
	as at 31.12.2022	as at 31.12.2022	as at 31.12.2022	1.1.2022-31.12.2022
Alvotech hf.	35,105,828	1,053,175	36,159,003	1,053,175
	35,105,828	1,053,175	36,159,003	1,053,175

On 29 August 2022 with effective date 4 July 2022, Alvotech, as lender, and Alvotech hf., as borrower, entered into an intercompany long term loan agreement. On 31 December 2023, the total outstanding balance including interest was 39,637,405 USD. The loan has 6% fixed interest per annum and is payable at any time at the option of the lender no later than 10 years after being issued.

Notes

3. Fixed assets (cont.)

3.1 Financial assets (cont.)

3.1.3 Other loans

	12/31/2023	12/31/2022
Restricted cash	26,132,309	25,186,723
	26,132,309	25,186,723

As part of the merger on 15 June 2022, described in note 1.1, the Company received a restricted cash balance amounting to USD 26.1 million. Restricted cash relates to certain of the Company's borrowing agreements. The Company's restricted cash is available for use after one year or later.

4. Debtors

4.1 Amounts owed by affiliated undertakings

4.1.1 Becoming due and payable within one year

Borrower	12/31/2023	12/31/2022
Alvotech hf. - Revolving facility principal	687,797,715	428,151,814
Alvotech hf. - Revolving facility accrued interest	77,118,087	19,263,256
Alvotech hf. - Loan due to the transfer of the Alvotech facility	80,000,000	80,000,000
Alvotech hf. - Loan due to the transfer of the Alvotech facility accrued interest	7,940,000	0
Alvotech hf. - Other balances	23,656,592	17,511,491
Alvotech Manco ehf.	428,480	0
	876,940,874	544,926,561

On 28 July 2021, Alvotech Holdings S.A., as lender, and Alvotech hf., as borrower, entered into an intercompany revolving loan agreement. As part of the merger on 15 June 2022, described in note 1.1, the Company received this loan balance which amounted to USD 265.7 million at the date of the merger. On 31 December 2023, the total outstanding balance including interest was USD 764,915,802. The borrower can draw on this loan facility when needed, up to a maximum amount of USD 800 million. The loan has a 10.5% fixed interest per annum and matured on 31 December 2022 but is automatically extended for consecutive, annual one year periods thereafter. The agreement with extensions can not exceed fifteen years from the value date of the agreement.

On 30 December 2022, Alvotech transferred the Alvotech facility to Alvotech hf. which was settled with an intercompany revolving loan agreement, amounting to USD 80 million. The loan has 6% fixed interest per annum and matures on 30 December 2023 but is automatically extended for consecutive, annual one year periods thereafter. The term of the agreement with extensions can not exceed ten years from the value date of the agreement. On 31 December 2023, the total outstanding balance including interest was USD 87,940,000.

During the year the Company recognised USD 65,794,831 of interest income in relation to the loans to Alvotech hf. which are disclosed above.

The other balances include funding of operating expenses for the Company.

4.2 Other debtors

4.2.1 Becoming due and payable within one year

	12/31/2023	12/31/2022
Unreceived loan proceeds from Tranche A Convertible bond (see note 8.1.1)	0	3,520,000
VAT receivables	479,322	617,607
Other receivables	22,601	21,854
	501,923	4,159,461

Notes

5. Subscribed capital

Alvotech was incorporated on 23 August 2021 with 4,000,000 Ordinary Shares with a nominal value of USD 0.01 each.

	12/31/2023	12/31/2022
Subscribed capital at beginning of the year / period	2,757,217	40,000
Share capital increase on 15 June 2022	0	72,265
Share capital decrease on 15 June 2022	0	(40,000)
Share capital increase resulting from Merger on 15 June 2022	0	2,189,300
Share capital increase from PIPE investors on 15 June 2022	0	174,930
Share capital increase on 4 July 2022	0	270,722
Share capital increase through loan conversion on 12 July 2022	0	50,000
Share capital increase on 28 March 2023	140,058	0
	2,897,275	2,757,217
	Shares	Shares
	as at 31.12.2023	as at 31.12.2022
Subscribed capital at beginning of the year / period	275,721,672	4,000,000
Share capital increase on 15 June 2022	0	7,226,505
Share capital decrease on 15 June 2022	0	(4,000,000)
Share capital increase resulting from Merger on 15 June 2022	0	218,930,000
Share capital increase from PIPE investors on 15 June 2022	0	17,493,000
Share capital increase on 4 July 2022	0	27,072,167
Share capital increase through loan conversion on 12 July 2022	0	5,000,000
Share capital increase on 28 March 2023	14,005,790	0
	289,727,462	275,721,672

On 15 June 2022, the share capital of the Company was increased by an amount of seventy-two thousand two hundred sixty-five US dollars and five cent (USD 72,265.05) from its former amount of forty thousand US dollars (USD 40,000) represented by four million (4,000,000) initial shares with a nominal value of one cent of US dollar (USD 0.01) each up to one hundred twelve thousand two hundred sixty-five US dollars and five cent (USD 112,265.05) through the issuance of seven million two hundred and twenty-six thousand five hundred and five (7,226,505) new ordinary shares with a nominal value of one US dollar cent (USD 0.01)

On 15 June 2022, the share capital of the Company was reduced by an amount of forty thousand US Dollars (USD 40,000) through the redemption and cancellation of four million (4,000,000) initial shares with a nominal value of one cent (USD 0.01) each, all fully paid up in the share capital of the Company.

On 15 June 2022, the share capital of the Company was increased by an amount of two million one hundred eighty-nine thousand three hundred US dollars (USD 2,189,300) through the issuance of two hundred and eighteen million nine hundred and thirty thousand (218,930,000) new ordinary shares with a nominal value of one cent of US dollar (USD 0.01) each.

On 15 June 2022, the share capital of the Company was increased by an amount of one hundred seventy-four thousand nine hundred thirty US dollars (USD 174,930) through the issuance of seventeen million four hundred ninety-three thousand (17,493,000) new shares with a nominal value of one United States cent (USD 0.01) each.

On 4 July 2022, the share capital of the Company was increased from its former amount of two million four hundred thirty-six thousand four hundred ninety-five US dollars and five cents (USD 2,436,495.05), represented by two hundred and forty three million six hundred and forty-nine thousand five hundred and five (243,649,505) shares with a nominal value of one US cent (USD 0.01) each, up to two million seven hundred seven thousand two hundred sixteen US dollars and seventy-two cent (USD 2,707,216.72) through the issuance of twenty-seven million seventy-two thousand one hundred and sixty-seven (27,072,167) shares with a nominal value of one US cent (USD 0.01).

Notes

5. Subscribed capital (cont.)

On 12 July 2022, the share capital of the Company was increased from its former amount of two million seven hundred seven thousand two hundred sixteen US dollars and seventy-two cent (USD 2,707,216.72), represented by two hundred and seventy million seven hundred and twenty-one thousand six hundred and seventy-two (270,721,672) shares with a nominal value of one US cent (USD 0.01) each, up to two million seven hundred fifty-seven thousand two hundred sixteen US dollars and seventy-two cent (USD 2,757,216.72) through the issuance of five million (5,000,000) shares with a nominal value of one US cent (USD 0.01)

On 28 March 2023, the share capital of the Company was increased from its former amount of two million seven hundred fifty-seven thousand two hundred sixteen US dollars and seventy-two cent (USD 2,757,216.72), represented by two hundred and seventy-five million seven hundred and twenty-one thousand six hundred and seventy-two (275,721,672) shares with a nominal value of one US cent (USD 0.01) each, up to two million eight hundred ninety-seven thousand two hundred seventy-four US dollars and sixty-two cent (USD 2,897,274.62) through the issuance of fourteen million five thousand seven hundred ninety (14,005,790) shares with a nominal value of one US cent (USD 0.01)

Total share capital issued at 31 December 2023 is 289,727,462 ordinary shares with a nominal value of USD 0.01 each. All of the share capital has been fully paid.

Predecessor Earn Out Shares

As part of the Business Combination, Predecessor shareholders were granted a total of 38,330,000 Ordinary Shares subject to certain vesting conditions ("Predecessor Earn Out Shares"). One half of the Predecessor Earn Out Shares vest if, at any time during the five years following the closing of the Business Combination, the Alvotech ordinary share price is at or above a volume weighted average price ("VWAP") of USD 15.00 per share for any ten trading days within any twenty-trading day period, with the other half vesting at a VWAP of USD 20.00 per share for any ten trading days within any twenty-trading day period. The Earn Out Shares are included in the share schedule above. The Earn Out Shares vested partially in 2024 as described in note 20 on subsequent events.

OACB Earn Out Shares

Former OACB shareholders were granted a total of 1,250,000 Ordinary Shares subject to certain vesting conditions ("OACB Earn Out Shares"). One half of the OACB Earn Out Shares vest if, at any time during the five years following the closing of the Business Combination, the Alvotech ordinary share price is at or above a VWAP of USD 12.50 per share for any ten trading days within any twenty-trading day period, with the other half vesting at a VWAP of USD 15.00 per share. The Earn Out Shares are included in the share schedule above.

On 17 February 2023, the first tranche of OACB Earn Out Shares vested resulting in the issuance of 625,000 Ordinary Shares. The remaining Earn Out Shares vested in 2024 as described in note 20 on subsequent events.

Penny Warrants

On 16 November 2022, Alvotech and the bondholders amended and restated certain terms and conditions of existing senior bonds and issued new senior bonds in an aggregate principal amount equal to USD 70,000,000 (the "Senior Bonds"). Pursuant to the terms of the amended Senior Bonds, the Company was required to use commercially reasonable endeavours to raise new funding through issuance of additional Ordinary Shares (by way of ordinary shares, structured equity and/or preference shares) and/or unsecured convertible bond(s), for net proceeds of at least USD 75.0 million by 15 December 2022, and USD 150.0 million by 31 March 2023. The terms thereof provided that if the Company failed to raise at least USD 75.0 million in net proceeds by 15 December 2022, it was required to grant penny warrants representing 1.5% of the ordinary share capital to the bondholders, and if the Company failed to raise at least USD 150.0 million by 31 March 2023, it was required to grant penny warrants representing 1.00% of the ordinary share capital to the bondholders.

Since the Company had not raised USD 75.0 million by 15 December 2022, it issued 4,198,807 warrants to the bondholders on December 31, 2022. Each new warrant entitles the bondholders, upon exercise, to receive from one fully paid and non-assessable Ordinary Share, at the exercise price of one cent (USD 0.01) per share. Following the issuance of the December 2022 Convertible Bonds and the closing of the private placement of Ordinary Shares for gross proceeds of USD 137.0 million on 10 February 2023, the Company was not obligated to issue the additional 1.00% warrants to the bondholders.

Notes

6. Share premium account

Share premium was 2,871,240,742 USD at 31.12.2023 compared to 2,682,157,041 USD at the beginning of the year. The increase mainly relates to the capital increases in March 2023. Breakdown of the movements during the year are below:

	12/31/2023	12/31/2022
Share premium at beginning of year / period	2,682,157,041	0
Transferred to/(from) Warrant reserve	5,536	(109,667)
Share premium increase resulting from Merger on 15 June 2022	0	2,187,110,700
Share premium increase from PIPE investors on 15 June 2022	0	174,755,070
Share premium increase on 5 July 2022	0	270,450,938
Share premium increase through loan conversion on 12 July 2022	0	49,950,000
Share premium increase on 28 March 2023	189,078,165	0
Reclassification of merger reserve to share premium	(1,247,712,496)	0
	1,623,528,246	2,682,157,041

7. Reserves

7.1 Legal reserve

In accordance with Articles 461-1 of the Company Law, the Company must allocate a minimum of 5% of the net profit to the legal reserve, until such reserve reaches 10% of the share capital. Distribution of the legal reserve is restricted.

For the period ended 31 December 2023, no allocation was made to the legal reserve as the Company has reported a loss for the financial period.

7.2 Other reserves, including the fair value reserve

7.2.1 Other non available reserves

	12/31/2023	12/31/2022
Reserves at beginning of year	(1,247,602,829)	0
Transferred (to)/from Share premium	(5,536)	109,667
Reserves resulting from the merger with OACB	0	(6,461,251)
Reserves resulting from the merger with the Predecessor	0	(1,241,251,245)
Reclassification of merger reserve to share premium	1,247,712,496	0
	104,131	(1,247,602,829)

Following the merger between Alvotech and OACB, and Alvotech and Alvotech Holdings S.A. as described in note 1.1, a merger reserve was created. In 2023 the merger reserve was reclassified to Share premium for improvement of disclosures.

Pursuant to the resolution of the Chairperson of the Company taken on 7 June 2022, the Company shall create a specific reserve in respect of the exercise of any Class A warrants or Class B warrants issued by the Company and allocated and transfer sums contributed to the share premium and/or any other distributable reserve of the Company to such Warrant Reserve. The Daily Managers of the Company may, at any time, fully or partially convert amounts contributed to such Warrant Reserve to pay for the subscription price of any Ordinary Shares to be issued further to an exercise of Class A warrants or Class B warrants issued by the Company. The Warrant Reserve is not distributable or convertible prior to the exercise, redemption or expiration of all outstanding Class A warrants and Class B warrants and may only be used to pay for the Ordinary Shares issued pursuant to the exercise of such Class A warrants and Class B Warrants; thereupon, the Warrant Reserve will be a distributable reserve.

As at 31 December 2023, USD 104,131 has been allocated to the Warrant Reserve from the Share premium account.

Notes

8. Debenture loans

8.1 Convertible loans

8.1.1 Becoming due and payable after more than one year

Loan	Original principal as at 31.12.2023	Accrued interest as at 31.12.2023	Total as at 31.12.2023	Period interest for 1.1.2023-31.12.2023
Convertible bond Tranche A	121,808,000	21,848,915	143,656,915	13,419,494
Convertible bond Tranche B	50,934,960	2,590,671	53,525,631	2,561,142
Convertible bond Mitsui	62,750,000	5,758,438	68,508,438	5,758,438
Convertible bond Shinhan	5,800,000	555,914	6,355,914	555,914
Capitalized borrowing cost	(4,516,556)	0	(4,516,556)	1,227,221
	236,776,404	30,753,938	267,530,342	23,522,209

Loan	Original principal as at 31.12.2022	Accrued interest as at 31.12.2022	Total as at 31.12.2022	Period interest for 1.1.2022-31.12.2022
Convertible bond Tranche A	59,276,800	271,685	59,548,485	271,685
Convertible bond Tranche B	600,000	2,292	602,292	2,292
Capitalized borrowing cost	(2,865,326)	0	(2,865,326)	23,354
	57,011,474	273,977	57,285,451	297,331

On 20 December 2022 the Group issued two tranches of convertible bonds (the "Convertible Bonds"). Tranche A is ISK denominated with a principal balance of USD 59.1 million, of which USD 3.5 million in cash proceeds were received on 13 February 2023, and carries an annual payment-in-kind interest rate of 15% per year, while Tranche B is USD denominated with a principal balance of USD 0.6 million and carries an annual payment-in-kind interest rate of 12.5% per year.

On 25 January 2023, the Company issued an additional \$10.0 million of Tranche B Convertible Bonds and on 24 July 2023, Alvotech announced that Teva and Alvotech have agreed to expand their existing partnership agreement. As part of the agreement, Teva acquired Tranche B Convertible Bonds in principal amount of \$40 million. On 11 August 2023, the Company also issued an additional USD 0.3 million of Tranche B Convertible Bonds.

On 31 July 2023, Alvotech completed an additional private placement of Tranche A Convertible Bonds for a total amount of \$100 million in cash proceeds, or approximately ISK 13 billion at current exchange rates. As part of this private placement, ATP Holdings ehf., an affiliate of Aztiq, acquired Tranche A Convertible Bonds in amount of approximately \$30 million.

The maturity date of the Convertible Bonds is the later of the (i) 20 December 2025 or (ii) 91 days after the earlier of the full redemption or the final maturity date of the Senior Bonds. Holders of both the Tranche A and Tranche B Convertible Bonds, may elect, at their sole discretion, to convert all or part of the principal amount and accrued interest into Alvotech Ordinary Shares at a conversion price of USD 10.00 per share on December 31, 2023, or June 30, 2024.

As of 31 December 2023, the carrying amount of the Tranche A and Tranche B Convertible Bond is USD 143.7 million and USD 53.5 million including accrued interest, respectively.

On 16 November 2022, the Group issued a USD 80 million convertible bond to ATP Holdings ehf, an affiliate of Aztiq. In April 2023, ATP Holdings ehf. sold a portion of the ATP Convertible Bond to Mitsui & Co., Ltd. ("Mitsui"), a global trading and investment company headquartered in Japan, and Shinhan Healthcare fund 5 ("Shinhan"), a fund established under the laws of the Republic of Korea. See note 8.3.2 for further details on the ATP Convertible Bond.

As of 31 December 2023, the carrying amount of the Mitsui and Shinhan Convertible Bonds is USD 68.5 million and USD 6.4 million including accrued interest, respectively.

Notes

8. Debenture loans (cont.)

8.2 Amounts owed to credit institutions

8.2.1 Becoming due and payable after more than one year

Loan	Original principal as at 31.12.2023	Accrued interest as at 31.12.2023	Total as at 31.12.2023	Period interest for 1.1.2023-31.12.2023
Senior bond owed to credit institutions	525,704,482	25,050,611	550,755,093	64,487,965

Loan	Original principal as at 31.12.2022	Accrued interest as at 31.12.2022	Total as at 31.12.2022	Period interest for 1.1.2022-31.12.2022
Senior bond owed to credit institutions	525,704,482	7,033,803	532,738,285	27,025,924

As part of the merger in 2022 explained in note 1.1 the Company absorbed a bond balance of USD 455.7 million including accrued interest.

On 16 November 2022, the Group amended and upsized the outstanding bonds by USD 70.0 million. The amended bond agreement (the "Senior Bonds") resulted in the following:

- An increase in principal from USD 455.7 million at the time of the amendment, to USD 525.7 million;
- An increase in the interest rate, resulting in a range from 10.75% to 12.0% depending on the occurrence of certain events, as defined by the terms of the agreement. ;
- Amended the terms of the related party loans from Alvogen, setting forth subordination conditions;
- Contingently issuable penny warrants (exercise price of USD 0.01) to the bondholders (the "Senior Bond Warrants") if certain events occur, issuable in two tranches representing 1.5% and 1.0% of the fully diluted ordinary share capital, as defined in the Senior Bonds agreement.

As of 31 December 2023, the carrying amount of the Senior Bonds is USD 525.7 million. Accrued interest on the Senior Bonds as of 31 December 2023 is USD 25.1 million. The Group has the option, at any time, to prepay all or any part of the outstanding bonds.

As at year end 2023 the Company is in compliance with the relevant covenants associated with the Senior Bond.

8.3 Amounts owed to affiliated undertakings

8.3.1 Becoming due and payable within one year

Lender	12/31/2023	12/31/2022
Floki Holdings S.à r.l.	0	40,000
Alvotech hf.	0	0
Aztiq Consulting ehf.	33,332	25,000
Alvotech US	0	1,002,999
	33,332	1,067,999

The balances includes funding of operating expenses for the company. These balances do not bear any interest.

Notes

8. Debenture loans (cont.)

8.3 Amounts owed to affiliated undertakings (cont.)

8.3.2 Becoming due and payable after more than one year

Lender	Original principal as at 31.12.2023	Accrued interest as at 31.12.2023	Total as at 31.12.2023	Period interest for 1.1.2023-31.12.2023
Amounts owed to affiliated entities:				
Alvogen Lux Holdings S.à r.l.	63,205,555	13,350,839	76,556,394	11,968,217
ATP Holdings ehf. CB	11,450,000	5,382,659	16,832,659	4,128,183
ATP Holdings ehf. CB Tranche A	28,483,200	2,263,821	30,747,021	1,653,259
Alvotech Manco ehf.	23,633,647	1,449,435	25,083,082	3,564,827
Capitalized borrowing cost	(2,764,075)	0	(2,764,075)	429,475
	124,008,327	22,446,754	146,455,081	21,743,961

Lender	Original principal as at 31.12.2022	Accrued interest as at 31.12.2022	Total as at 31.12.2022	Period interest for 1.1.2022-31.12.2022
Amounts owed to affiliated entities:				
Alvogen Lux Holdings S.à r.l.	63,205,555	1,382,622	64,588,177	4,775,677
ATP Holdings ehf.	80,000,000	1,254,475	81,254,475	1,254,475
	143,205,555	2,637,097	145,842,652	6,030,152

Related party loans and Alvogen Facility

As part of the merger explained in note 1.1 the Company absorbed related party loans to Alvogen amounting to USD 85.0 million and to Aztiq amounting to USD 25.0 million or a total of USD 110.0 million.

On 12 July 2022, the Company entered into settlement agreements with both Aztiq and Alvogen for the USD 25.0 million in related party loans provided by each party. As a result of the settlement agreements, Aztiq and Alvogen each received 2,500,000 Ordinary Shares.

In connection with the 16 November 2022 bond amendment, Alvotech entered into a subordinated loan agreement with Alvogen (the "Alvogen Facility"). As part of the subordinated loan agreement, the Group agreed to the following:

- Rollover the USD 63.3 million outstanding, which includes USD 3.3 million of accrued interest, under the Alvogen loans, into the new subordinated loan agreement, and withdraw an additional USD 50.0 million in loans;
- The interest rate was increased from 10% per annum to 17.5% per annum on the outstanding amounts under the loan facility;
- A repayment date of 91 days after the full redemption or the final maturity date of the Senior Bonds;
- Contingently issuable penny warrants to the bondholders (the "Alvogen Facility Warrants") if certain events occur, representing 4.0% of the fully diluted ordinary share capital, as defined in the Alvogen Facility agreement.

On 20 December 2022, the Company repaid USD 50.0 million under the Alvogen Facility, with proceeds from the Convertible Bonds. As a result, Alvotech extinguished the liability to issue the Alvogen Facility Warrants.

As of 31 December 2023, the carrying amount of the Alvogen Facility is USD 76.6 million including interest.

ATP Convertible bond

On 16 November 2022 the Group issued a convertible bond (the "ATP Convertible Bond") to ATP Holdings ehf. for the Share Purchase Agreement and the acquisition of the Alvotech Facility. The ATP Convertible Bond had a principal amount of USD 80.0 million and carries an interest rate of 12.50% per annum. Interest is payable in six-month intervals and is capitalized and added to the outstanding principal amount of the bonds. The maturity date of the convertible bond is the later of the (i) 16 November 2025 or (ii) 91 days after the earlier of the full redemption or the final maturity date of the Senior Bonds. Bondholders have the right to convert their outstanding bonds into ordinary shares of Alvotech on 31 December 2023, 30 June 2024, or when the bond has been called or put up for redemption, including on the maturity date, for a conversion price of USD 10.00 per share.

Notes

8. Debenture loans (cont.)

8.3 Amounts owed to affiliated undertakings (cont.)

8.3.2 Becoming due and payable after more than one year (cont.)

As explained in note 8.1.1 ATP Holdings sold a portion of the ATP Convertible Bond to Mitsui and Shinhan in April 2023. As of 31 December 2023, the carrying amount of the ATP Convertible Bond is USD 16.8 million including accrued interest.

ATP Convertible bond Tranche A

As explained in note 8.1.1 ATP Holdings acquired Tranche A Convertible Bonds in amount of approximately \$30 million when Alvotech completed an additional private placement of Tranche A Convertible Bonds on 31 July 2023. As of 31 December 2023, the carrying amount of the ATP Convertible Bond Tranche A is USD 30.7 million including accrued interest.

Alvotech Manco loan

On 10 February 2023, Alvotech Manco ehf., as lender, and Alvotech., as borrower, entered into an intercompany revolving loan agreement. On 31 December 2023, the total outstanding balance including interest was USD 25.1 million. The borrower can draw on this loan facility when needed, up to a maximum amount of USD 200 million. The loan has a 10.5% fixed interest per annum and the agreement with extensions can not exceed fifteen years from the value date of the agreement.

9. Other creditors

9.1 Other creditors

9.1.1 Becoming due and payable within one year

	12/31/2023	12/31/2022
Accrued interest on amounts owed to credit institutions	2,716,053	1,858,262
Accrual for share settlement with former executives	12,347,557	35,105,828
Accrued expenses	1,803,787	4,138,858
Other creditors	6,844	1,097
	<u>16,874,241</u>	<u>41,104,045</u>

9.1.2 Becoming due and payable after more than one year

	12/31/2023	12/31/2022
Warrant obligation for penny warrants	19,715,000	0
Warrant obligation for public warrants	14,241,068	0
Warrant obligation for private warrants	11,666,668	0
	<u>45,622,736</u>	<u>0</u>

In the 2022 financial year, the amount becoming due and payable after more than one year amounted to 55,477,481 USD which was not recorded in the prior year and relates to the fair value adjustments on warrants. This error was noted during the 2023 financial year and corrected through the profit and loss of the financial year 2023 as described in Note 14 "Other interest and similar expenses".

10. Other operating income

Other operating income includes revenue in connection with recharged cost to subsidiaries.

11. Staff costs

Staff costs included salaries for employees of the entity and special remuneration to management of the Company. At year end 2023 one employee was employed by the Company (2022: one).

Notes

12. Other operating expenses

This item is mainly composed of legal fees, consulting fees, advisory fees, travel and representative expenses.

	1.1.2023 - 12/31/2023	1.1.2022 - 12/31/2022
Fees relating to Bond upsizing	0	7,000,000
Fees relating to PIPE and capital increase	4,141,531	5,561,767
Legal and notary fees	2,991,535	1,983,747
Board fees	489,544	217,795
Auditing, accounting and tax fees	267,751	271,960
Other consultancy fees	3,384,684	3,116,364
Insurance cost	3,601,639	2,403,074
Other external charges	789,359	182,113
	15,666,043	20,736,820

13. Audit and non-audit services

For the financial year 2023, fees paid by the company to the Réviseur d'entreprises agréé were as follows:

	1.1.2023 - 12/31/2023	1.1.2022 - 12/31/2022
Audit fees	260,839	99,024
Tax fees	50,904	3,668
Other fees related to permissible Non audit services	0	169,268
	311,743	271,960

14. Other interest and similar expenses

	1.1.2023 - 12/31/2023	1.1.2022 - 12/31/2022
Interest on Convertible bonds (see note 8.1.1)	22,294,988	273,977
Interest on Senior bond owed to credit institutions (see note 8.2.1)	64,487,965	27,025,924
Amortization of deferred financing fees (see note 8.1.1)	1,227,221	23,354
Fair value adjustment on warrants	74,262,930	0
Other interest expenses	1,541,449	416,273
	163,814,553	27,739,528

This item includes a correction of the fair value adjustments on warrants in the amount of 55,477,481 USD relating to the 2022 financial year. This error was noted during the 2023 financial year and corrected through the profit and loss of the financial year 2023 in accordance with the accounting standards in force.

15. Other taxes

The Company is subject in Luxembourg to the applicable general tax regulations.

Notes

16. Related party transactions

In addition to all related transactions that have been disclosed in other notes above, the company recharged certain costs to its subsidiary Alvotech hf. in the amount of 6,575,257 USD during the year. This was recognised as other operating income in the annual accounts.

At 31 December 2023 and 2022 there are no loans to the members of the Board of Directors. In addition there were no transactions carried out between the Company and members of the Board of Directors in the years ended 31 December 2023 and 2022. The Board of Director's remuneration amounted to USD 489,544 in 2023.

17. Emoluments granted to the members of the Management and Supervisory Board and commitments in respect of retirement pensions for former members of those bodies

The Company did not grant any emoluments and has no commitments in respect of retirement pension to members of its Management Board during the financial year ended on 31 December 2023 (2022: nil).

18. Advances and loans granted to the members of the Management and Supervisory Board

The Company did not grant any advances or loans to members of its Management Board during the financial year ended on 31 December 2023 (2022: nil).

19. Off balance Sheet

On 14 December 2018, Alvotech Holdings S.A. entered into an Icelandic law governed share pledge agreement ("Share Pledge Agreement") with Alvogen Aztiq AB as pledgors, Madison Pacific Trust Limited as pledgee and Alvotech hf. as the company whose shares are pledged. On 28 October 2019, the Company entered into an amendment to the share pledge agreement replacing Alvogen Aztiq AB with Alvotech Swiss AG as pledgor. On 24 June 2021, the Company entered into an amendment to the Share Pledge Agreement as part of the amendment and restatement of the existing Alvotech bond.

On 14 December 2018, Alvotech Holdings S.A. entered into an English law governed intellectual property pledge agreement ("IP Pledge Agreement") as issuer, Alvotech Hf., Alvotech Hannover GmbH, Alvotech Germany GmbH and Alvotech Swiss AG as chargors and Madison Pacific Trust Limited as security trustee. On 24 June 2021, the Company entered into an amendment to the IP Pledge Agreement as part of the amendment and restatement of the existing Alvotech bond.

On 14 December 2018, Alvotech Holdings S.A. entered into two Icelandic law governed account pledge agreements (collectively the "Account Pledge Agreements") as pledgor and Madison Pacific Trust Limited as pledgee. On 24 June 2021, the Company entered into an amendment to the Account Pledge Agreements as part of the amendment and restatement of the existing Alvotech bond.

On 16 November 2022, the Company entered into a further amendment of the Share Pledge Agreement as part of the further amendment and restatement of the existing Alvotech bond.

On 16 November 2022, the Company entered into a further amendment of the IP Pledge Agreement as part of the further amendment and restatement of the existing Alvotech bond.

On 16 November 2022, the Company entered into a further amendment of the Account Pledge Agreements as part of the further amendment and restatement of the existing Alvotech bond.

Alvotech can issue share options, restricted share units ("RSUs"), and other share-based awards under the Company's incentive plan (the "Management Incentive Plan") which was approved by the Board in June 2022. On December 1, 2022, the Remuneration Committee authorized the grant of restricted stock units ("RSUs") to certain employees, executive officers and directors under the Alvotech Management Incentive Plan (the "2022 Plan"). Subject to certain vesting and other terms and conditions, the RSUs may be settled in Ordinary Shares. If all granted RSUs would have vested and been exchanged for Ordinary Shares, the combined grants would have resulted in an aggregate of 7,659,049 Ordinary Shares. At end of the year 2023 there were 3,745,781 RSUs outstanding.

Notes

19. Off balance Sheet (cont.)

Ordinary Shares reserved issued under the 2022 Plan become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up agreements and, in some cases, limitations on volume and manner of sale applicable to affiliates under US Securities Laws. The aggregate number of Ordinary Shares initially reserved for issuance under the 2022 Plan is 16,802,386 shares.

In connection with the Convertible Bonds the conversion feature on the Tranche A bonds has a fair value of USD 118.8 million as of 31 December 2023.

20. Subsequent events

The company evaluated subsequent events through 7 May 2024, the date the annual accounts were available to be issued.

On 26 February 2024, the Company announced the sale of 10,127,132 Ordinary shares for an approximate value of \$166 million (net proceeds of \$160 million), par value USD 0.01 per share, at a purchase price of \$16.41 per share, or ISK 2,250 per share at the foreign exchange rates on 23 February 2024. The Shares will be delivered to the Investors from previously issued shares held by Alvotech's subsidiary, Alvotech Manco ehf. The Transaction took place on the Nasdaq Iceland Exchange.

On 12 February 2024, the second tranche of OACB Earn out shares vested resulting in the issuance of 625,000 Ordinary shares and on the same day the first tranche of Predecessor Earn out shares vested resulting in the issuance of 19,165,000 Ordinary shares.

Subsequent to 31 December 2023, Senior Bond Warrant holders elected to exercise their warrants. As a result, 1,501,599 Ordinary shares were issued in exchange for the exercising of the penny warrants. The Company received an immaterial amount of cash in exchange for the warrants. The shares are expected to be delivered from previously issued ordinary shares held by Alvotech's subsidiary, Alvotech Manco ehf.

Subsequent to 31 December 2023, holders of the OACB Warrants exercised their warrant rights for an exercise price of USD 11.50 for the rights to one Ordinary share per warrant. The exercises result in the issuance of 419,660 Ordinary Shares and cash proceeds of USD 4.8 million. The shares are expected to be delivered from previously issued ordinary shares held by Alvotech's subsidiary, Alvotech Manco ehf.

On 12 March 2024, the Share Capital was increased from its current amount of USD 2,897,274.62 represented by 289,727,462 shares with a nominal value of USD 0,01 each, up to USD 3,027,274.62 through the issuance of 13,000,000 shares with nominal value of USD 0,01. The share capital increase was settled with cash.

There are no other events or conditions after the reporting period requiring disclosure in or adjustment to the annual accounts.